

Target Energy Limited

Report for the Quarter Ending 31 March 2010

Key Events

- Completion of Merta #1 well at Highway 71 prospect continuing.
- Pine Pasture daily production remains stable at approximately 100 BOPD.
- Other New Ventures opportunities under investigation.

1. Production

Period: 1 January – 31 March 2010

Well	TEX WI	Gross Ave Daily Gas Prodn in Period (mcfgd)	Gross Gas Prodn in Period (mmcf)	Gross Gas Prodn to date (mmcf)	Gross Ave Daily Oil Prodn in Period (BOPD)	Total Oil Prodn in Period (BO)	Total Oil to date (BO)
Snapper A-1	25%	501	45.1	877.3	2.1	186	3,225
Snapper A-2	25%	83	7.5	455.0	37.1	3,409	25,595
Snapper A-3	25%	1153	103.8	160.6	8.5	784	1,260
Beyt #1^	15%	-	-	40.8	-	-	1,534
Pine Pasture #1	35%				16.1	1,484	1,709
Pine Pasture #2	35%	-	-	-	71.7	6,592	43,007
Total (Gross)			156.4	1533.7		12,455	76,330
Total (Net TEX WI)			28.7	363.3		3,921	23,401

^ Well shut-in

mmcf = million cubic feet of gas, mmcfgd = million cubic feet of gas per day; mcfgd = thousand cubic feet of gas per day; BO = barrels of oil, BOPD = barrels of oil per day.

Target reports a thermal equivalent when combining gas and oil production, where 1BOE = 6000 mcf.

2. Exploration

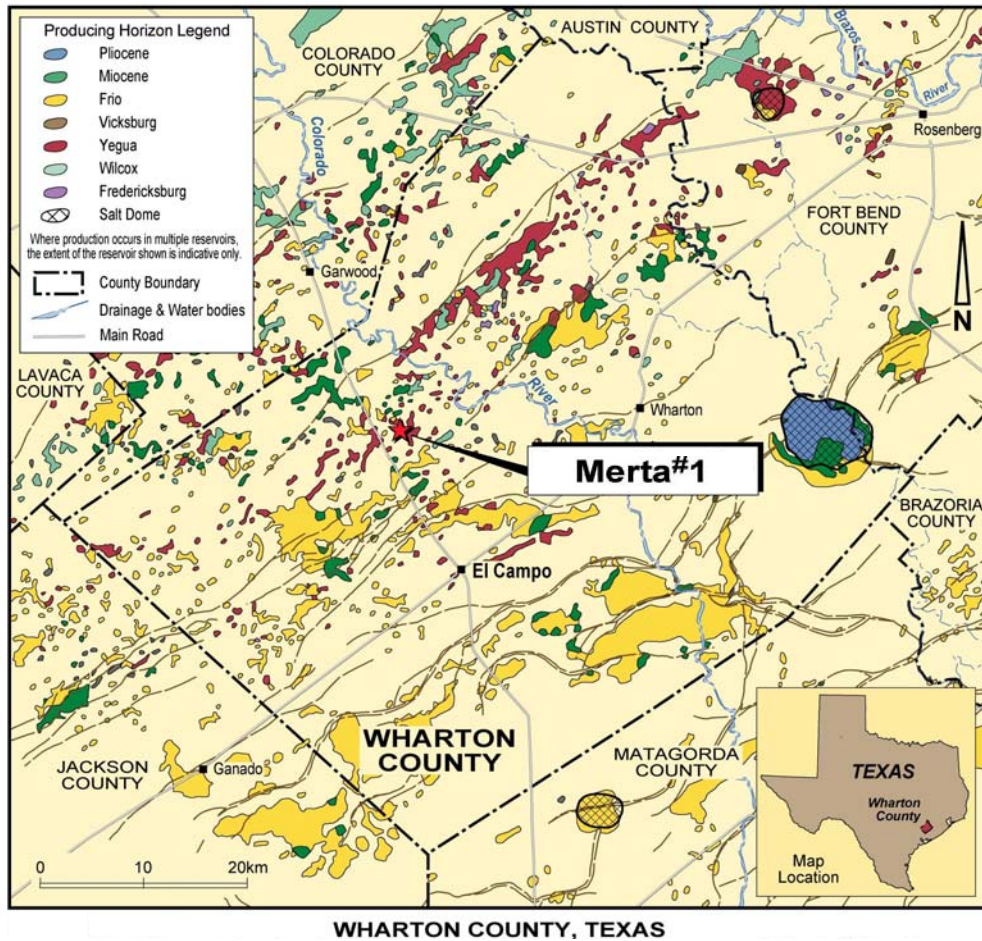
Texas – Wharton County

2.1. Highway 71 (Target Energy 25% WI)

In August 2009, Target acquired a 25% working interest in the “Highway 71” gas and condensate prospect, located in Wharton County Texas, approximately 100 kilometres west-southwest of Houston. The prospect was subsequently tested by the Merta #1 well.

Drilling at Merta #1 commenced on 26 October 2009. The well was drilled to a total depth of 4,125.2 metres and the rig released on 2 December 2009. Wireline log analysis indicated the presence of approximately 20 metres of net gas pay in the Cook Mountain, Upper Wilcox and Meek sands.

Zone	Potential Net Pay
Cook Mountain	9.0 m
Upper Wilcox "A"	4.9 m – tight on test
1 st Meek "B" Sand	6.4 m – tight on test
Total	20.3 metres



Completion operations commenced in January 2010, with construction of production facilities proceeding in parallel. The well was tied into the local gathering system on 25 January 2010.

The Operator is presently finalising a procedure to complete the well in the Cook Mountain interval, where strong gas shows were noted while drilling and with wireline log and formation test data subsequently indicating the presence of approximately 9 metres of potential net gas pay within three zones.

Previously, the 1st Meek "B" Sands and the Upper Wilcox sandstone were completed and tested.

The 1st Meek "B" sand flowed gas on test and was subsequently fracture stimulated ("fraced"). Following the fracture-stimulation, the well was flow tested and then shut-in for a pressure-buildup survey. Analysis of the pressure data indicated that the 1st Meek B sand appeared to be a permeable channel sand with limited width and unknown length. The configuration of this sand meant that an attempt to re-frac the zone would not be economically viable, and the 1st Meek B zone was abandoned.

Operations then moved up-hole to test approximately 4.9 metres of potential pay identified in the Upper Wilcox sandstone. The sand was perforated on the 2nd of March, and the well flowed back, recovering a portion of the load water with a light blow of gas. Following the perforation and flow-test, analysis of the pressure data was undertaken and the well subsequently "swabbed" to reduce the amount of fluid in the borehole. The well was again shut-in and monitored for pressure build up. A second swabbing run was later undertaken. While the swabbing runs recovered water with a minor amount of oil, there was no further evidence of gas; the work also confirmed the low permeability of the sands at this location. Operations at the Upper Wilcox sand are to be terminated.

Louisiana – St Martin Parish

2.2. Beyt #1 Sidetrack (Target Energy 15% working interest)

Drilling at the Beyt #1 well at the Bayou Berard prospect in 2008 encountered a major fault prior to intersecting the primary Marg Tex targets. The well was subsequently completed for production in the shallower Marg Vag sand and is presently shut-in.

There is an opportunity to drill out from the existing wellbore to intersect the Marg Tex sands. The 1st, 2nd and 3rd Marg Tex sands have an aggregate potential of over 750,000 barrels of oil.

Discussions are continuing regarding the timing of this well.

Other

2.3. USA & International

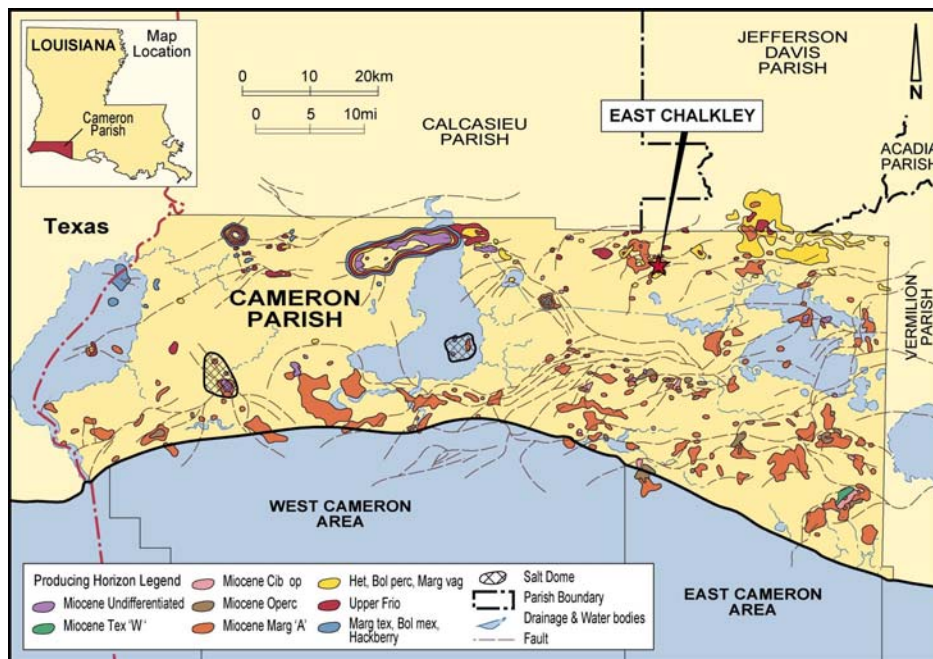
Target is presently investigating a number of new ventures opportunities, both in the USA and elsewhere internationally. It is the view of the Board that at the Company's current market capitalisation, its assets are substantially undervalued and the Board is therefore advancing strategies to allow the value of these assets to be leveraged in accelerating the Company's participation in new projects.

3. Development

Louisiana - Cameron Parish

3.1. East Chalkley (Target Energy 35% working interest)

The East Chalkley project is an oil field appraisal and development program, approx. 33 kilometres southeast of the town of Lake Charles in Cameron Parish, Louisiana.



The oil accumulation, on the east flank of the Chalkley Field, is a previously unidentified down-dip oil leg associated with the gas field. Target participated in the successful drilling of the Pine Pasture #2 well in 2008.

The drilling of a salt-water disposal well was undertaken in November 2009, with the well completed and brought on line on 22 December 2009. The Pine Pasture #1 well was subsequently brought back on line. Production from the Pine Pasture #1 and #2 wells is presently averaging a total of approximately 100 BOPD (average for March was 98.3 BOPD).

Target has been advised by the operator that further drilling at Pine Pasture is now scheduled for the 3rd quarter of 2010.



Oil Storage tanks at East Chalkley

4. Current Indicative Drilling Schedule

Estimated Timing	Prospect/Field	Location	Target Working Interest	Potential Recoverable Volumes*
Completion Underway	Highway 71	Wharton Co, Tx	25%	TBA
TBA	Bayou Berard ST	St Martin Parish, La	15%	750,000 BO
Q3 2010	East Chalkley	Cameron Parish, La	35%	2.1 mmBO

**Figures are operators' unrisks estimates and represent total prospect or field potential – additional drilling may be required to fully recover volumes.*

For further information, please contact Laurence Roe on 08 9476 9000 or contact the company at admin@targetenergy.com.au.

Yours sincerely,

Laurence Roe
Managing Director

NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr Laurence Roe, B Sc, Managing Director of Target Energy Limited, who is a member of the Society of Exploration Geophysicists and has 30 years experience in the sector. He consents to the reporting of that information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Target Energy Limited

ABN

73 119 160 360

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	356	830
1.2 Payments for (a) exploration and evaluation	-	(1,408)
(b) development	(376)	(908)
(c) production	(227)	(435)
(d) administration	(236)	(1,044)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(472)	(2,935)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	(796)
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(796)
1.13 Total operating and investing cash flows (carried forward)	(472)	(3,731)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(472)	(3,731)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	2,914
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue expenses	-	(274)
Net financing cash flows		-	2,640
Net increase (decrease) in cash held		(472)	(1,091)
1.20	Cash at beginning of quarter/year to date	1,950	2,651
1.21	Exchange rate adjustments to item 1.20	(10)	(92)
1.22	Cash at end of quarter	1,468	1,468

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.2 Aggregate amount of payments to the parties included in item 1.2	114
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Directors' fees and salaries.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	100
Total	250

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,418	1,900
5.2 Deposits at call	50	50
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,468	1,950

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1		Interests in mining tenements relinquished, reduced or lapsed		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	157,307,450	157,307,450		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and Conversion factor)</i>	<i>Incentive Options</i>		<i>Exercise price</i>	<i>Expiry date</i>
	6,000,000 1:1	Nil	20 cents	30/06/2011
	750,000 1:1	Nil	12 cents	7/8/2011
	52,986,280 1:1	52,986,280	10 cents	31/10/2012
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company Secretary)

Date: 30 April 2010

Print name: Rowan Caren

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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