

Report for the Quarter Ending 31 March 2008

Key Events

- *SML (Snapper) A2 commences production in February.*
- *Beyt #1 well (Bayou Berard prospect) completed for production after flow testing gas at rates up to 1.1 mmcfgd with up to 104 barrels of condensate per day from Marg Vag sand. Well is expected to be on-line in May.*
- *Riviana Foods #1 well (Teche prospect) plugged and abandoned.*

1. Production

Period: 1 January – 31 March 2008

Well	TEX WI	Ave Gas Prodn in Period (mcfgd)	Total Gas Prodn in Period (mmcf)	Total Gas to date (mmcf)	Ave Oil Prodn in Period (BOPD)	Total Oil Prodn in Period (BO)	Total Oil to date (BO)
Thoroughbred	25%	197	18.0	79.2	-	-	-
Snapper A-1	25%	1,311	119.3	285.6	10.2	926	1,898
Garwood	25%	210	19.1	36.0	-	-	-
Snapper A-2^	25%	955	49.6	49.6	7.9	409	409
Total			206.0	450.4		1335	2,307

^Production commenced Feb 9, 2008

2. Exploration

2.1. Louisiana

2.1.1. St Martin Parish

- **Bayou Berard (Target Energy 15% working interest)**

Operated by Cypress Productions of Azle, Texas, the Bayou Berard prospect was tested by the Beyt #1 well. Drilling commenced on 6 December 2007, reaching a total depth at 3,251.6 metres.

After observing a sustained increase in downhole pressure below 3,173 metres, wireline logs were run to confirm the geology being penetrated by the well bore. The logs indicated the presence of a fault not previously observed on the seismic data. The decision was taken to complete the well in the shallower Marg Vag sand (2,892m) which log analysis previously indicated contains approx 2 metres of net gas pay. The operator estimated that the Marg Vag sand may hold up to 1.8 Bcf of recoverable gas. A 5 inch production liner was run to 3,048m and the rig released on 21 January 2008.

The well was completed in the Marg Vag sand in March, flowing at rates up to 1.1 mmcfgd with 104 BCPD. Cypress believe an observed depletion effect is due to pressure differential associated with nearby boundaries (faults) and condensate dropping out.

The well is being tied in to local production facilities and, following some delays due to various pipeline rights of way expiring, is expected to come on-line in May. Cypress estimates that all landowner right of way agreements could be signed up by early May. The field engineers will then test the remaining portion of the line for any repairs prior to commencing production.

- **Snapper A-3 (Target Energy 25% working interest)**

Operated by Cypress Productions of Azle, Texas, the Snapper A-3 well is to be located approximately 122 metres north of Target's Snapper A-1 discovery in St Martin Parish, Louisiana. The well is designed to test Hackberry A3 and A4 sands that were not intersected by the A-1 well. Target will have a 25% working interest in the well, which will be drilled to a depth of approximately 3,048 metres.

Snapper A-3 will test a potential of up to 0.7 million barrels of oil and 4 billion cubic feet of gas (unrisked, recoverable). It is scheduled to be drilled in the third quarter of 2008.

- **Parks North (Target Energy up to 10% working interest)**

Located south-west of the Section 28 salt-dome, the proposed well at the Parks North prospect will test a proven fault segment. The main objective is the Hackberry "A5" Sand, a channel-like amplitude anomaly updip of shows. The secondary objective is a Hackberry "A4" amplitude anomaly with associated underlying velocity sag. A third objective with excellent reserve potential is the Hackberry "A3" Sand that has high amplitudes and a positive AVO (Amplitude vs. Offset) anomaly for gas. All three objectives are trapped against the upthrown side of a contemporary fault. All three objectives will be tested. Total unrisked potential hydrocarbon volumes are 25.7 BCF and 150,000 BO. Parks North could be brought on-stream within 4 months after completion. Programmed total depth is 4,236 metres (13,900 ft).

Drilling is expected to commence at Parks North in the third quarter of 2008.

2.1.2. Jefferson Davis/Acadia Parishes

- **Teche (Target Energy 10% working interest)**

Teche is located approximately 57 kilometres west of Lafayette in Jefferson Davis Parish, Louisiana. Target earned a 10% working interest in the well, operated by Aspect Energy LLC (Aspect).

Despite a number of operational difficulties, which necessitated the drilling of two side-track holes, the Riviana Foods #1 well was drilled to a depth of 4,020.4m (Measured Depth), and successfully encountered the targeted sands. Wireline logging indicated that the sands were wet and had not trapped commercial hydrocarbons. The well was subsequently plugged and abandoned, with the rig released on 31 March, 2008.

- **Bandito (Target Energy 15% working interest)**

Located approximately 44 kilometres west of Lafayette in Acadia Parish, Louisiana, the Bandito prospect is scheduled to be drilled in late second quarter, 2008. Target will earn a 15% working interest in the well, which will also be operated by Aspect. The well is planned to be drilled to a depth of 3,932 metres (12,900 feet) and will target up to 42.4 Bcfe of potential recoverable gas and condensate in Oligocene age "Bol mex" sands. Drilling is scheduled to commence in late May of 2008.

2.1.3. Vermilion Parish

- **Catapult 3 (Target Energy 15% working interest)**

The Catapult 3 prospect is located approximately 50 kilometres south west of Lafayette in Vermilion Parish, Louisiana and is scheduled to commence drilling in July of 2008. Drilling is expected to take approximately five weeks. Target will earn a 15% working interest in the prospect.

The Catapult 3 well is planned to be drilled to a depth of 4,724 metres (15,500 feet) and will target up to 204 Bcf and 10.2 million barrels of potential recoverable gas and condensate in Early Miocene-age Alliance (Planulina) and Trahan sands.

The prospect is thoroughly mapped on 3D seismic, well integrated with the local geology and is adjacent to two recently drilled wells that tested with combined rates of 40 million cubic feet of gas per day and 2,300 barrels of condensate per day. It is considered to be a high risk/high-reward play that, in the event of a discovery, has genuine “company-maker” potential for Target.

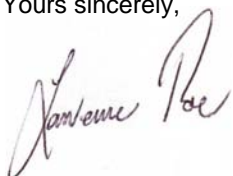
3. Current Indicative Drilling Schedule

Estimated Timing	Prospect	Location	Target [^] Working Interest	Potential Recoverable Volumes*
Q2 2008	Bandito	Acadia Parish, La	15%	42.4 Bcfe
Q3 2008	Parks North	St Martin Parish, La	10%	0.15 mmBC; 25.7 Bcf
Q3 2008	Snapper A-3	St Martin Parish, La	25%	0.7 mmBO; 4.0 Bcf
Q3 2008	Catapult 3	Vermilion Parish, La	15%	10 mmBO; 204 Bcf
TBA	Bayou Berard Sidetrack	St Martin Parish, La	15%	1.1 mmBO; 0.4 Bcf

**Figures are operators' unrisks estimates and represent total prospect or field potential – additional drilling may be required to fully recover volumes. [^]Subject to finalisation of farm-in and/or unitisation agreements*

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, who is a member of the Society of Exploration Geophysicists and has at least 5 years experience in the sector. He consents to 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 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (...9..months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	237	346
1.2 Payments for		
(a) exploration and evaluation	(446)	(1,663)
(b) development	(255)	(681)
(c) production	(8)	(8)
(d) administration	(244)	(716)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	61	172
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	(655)	(2,550)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(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	-	-
1.13 Total operating and investing cash flows (carried forward)	(655)	(2,550)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(655)	(2,550)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	2,550
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	(25)	(167)
	Net financing cash flows	(25)	2,383
	Net increase (decrease) in cash held	(680)	(167)
1.20	Cash at beginning of quarter/year to date	6,288	5,881
1.21	Exchange rate adjustments to item 1.20	(86)	(192)
1.22	Cash at end of quarter	5,522	5,522

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	95
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

Consulting 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	1,700
4.2 Development	400
Total	2,100

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	5,472	6,238
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)	5,522	6,288

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.

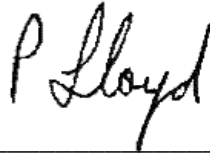
	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	78,200,000	65,793,750		
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
	36,550,000 1:1	34,000,000	25 cents	26/11/2009

+ See chapter 19 for defined terms.

7.8	Issued during quarter	2,550,000	2,550,000	25 cents	26/11/2009
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				

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: 29 April 2008

Print name: Paul Lloyd

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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