



Good Oil Conference 2010

target
TARGET ENERGY LIMITED

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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.

Since the last Good Oil Conference...

- ✓ Target increased its interest in East Chalkley Oil Field (Nov 09)
- ✓ Snapper A-3 completed for production and brought online (Nov 09)
- ✓ East Chalkley field electrification completed / SWD well drilled / Pine Pasture #1 well brought back online (Dec 09)
- ✓ Highway 71 prospect drilled (Merta #1; Oct-Dec 09)
- ✓ Chris Rowe joined Target as Chairman (Jan 10)
- ✓ Merta #1 completed for production and brought online (June 10)





Corporate

Objective

“To create shareholder wealth through building a world-class independent exploration and production company.”

Strategy


Balance low risk opportunities alongside high risk-high reward prospects.

Explore in known active, producing areas close to producing infrastructure.

Partner with successful explorers and producers.

Use technology to reduce exploration risk.





Shares on issue (TEX)	157.3m
Listed options TEXOB (exp 31/10/12; 10c)	53.0m
Recent Share price	2.2c
Market Cap	A\$3.5m
Cash (31/8/10)	A\$1.1m

Directors & Management

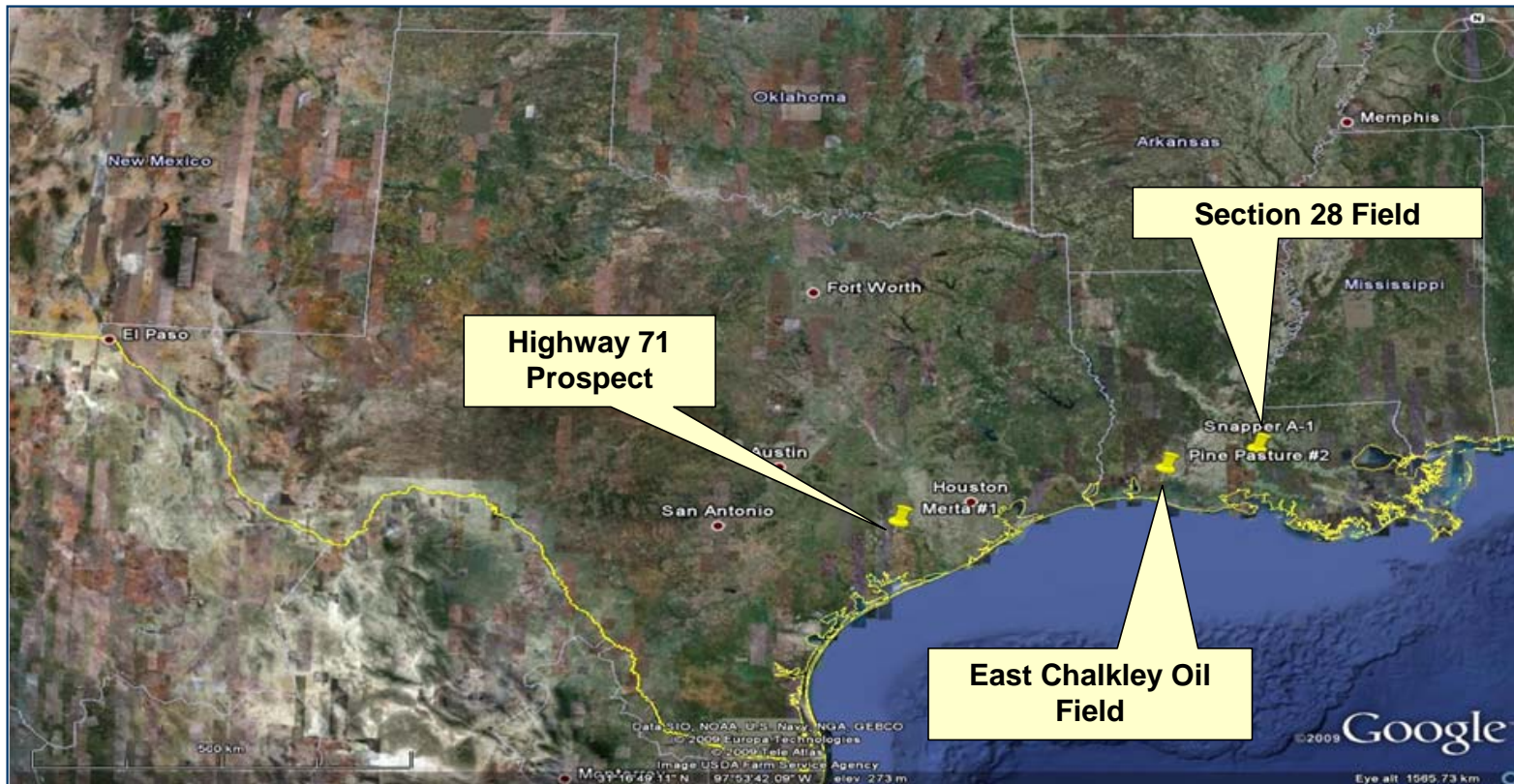
Chris Rowe	Chairman
Laurence Roe	Managing Director
Mike Martin	Non Executive Director
Paul Lloyd	Non Executive Director
Rowan Caren	Company Secretary
Stephen Morris	Development Advisor



Activity

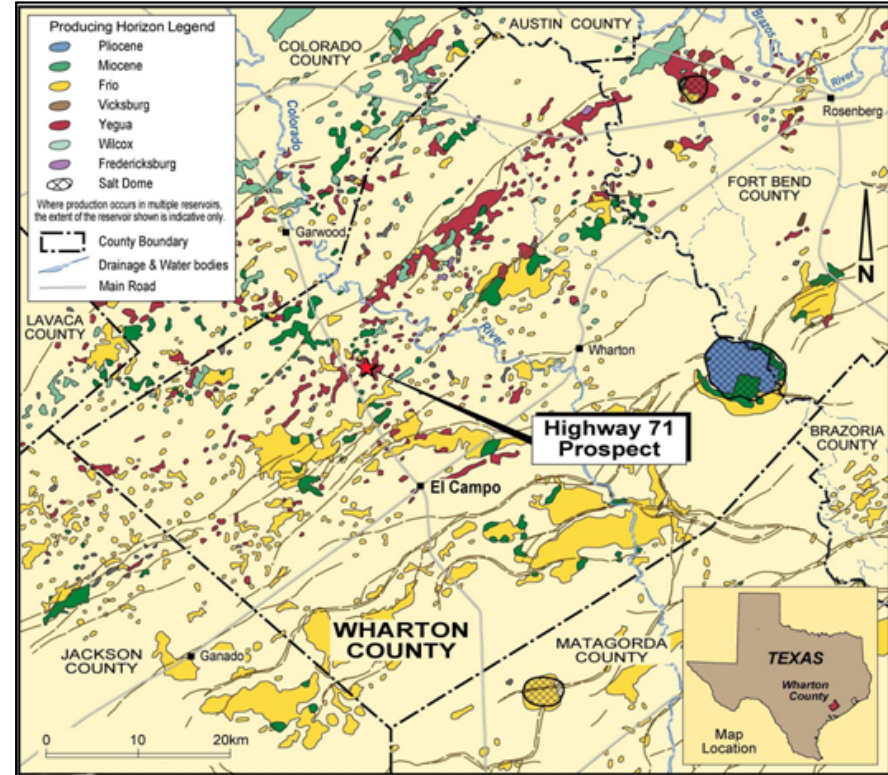
Projects

Texas & Louisiana

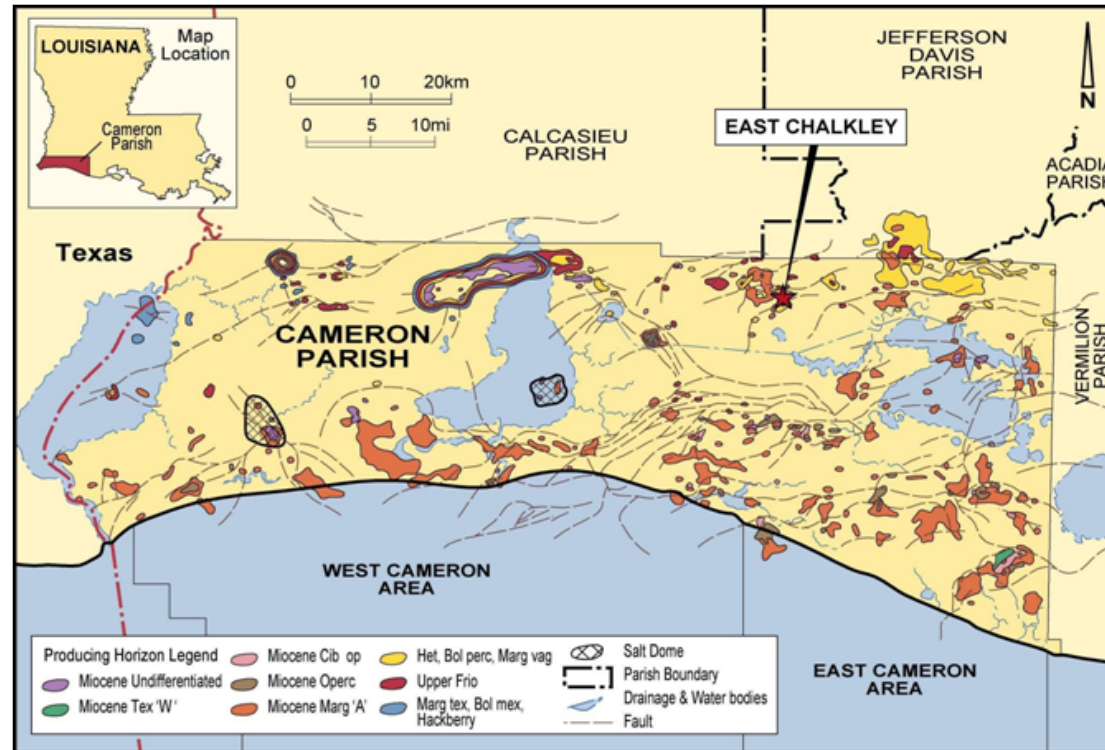


Texas - Highway 71 Prospect, Wharton County

- Target has 25% working interest
- Prospect was tested in Q4 last year with the Merta #1 well (drilling finished in early December)
- Primary target proved to be tight - well was completed as a gas producer from the Cook Mountain Sandstone
- Merta #1 brought on-line in June 2010
- Fracture stimulation planned for September (subject to availability of equipment / crews)



East Chalkley Field, Cameron Parish, Louisiana



East Chalkley Field, Cameron Parish, Louisiana

- Target Energy Working Interest 35%
- 2009 Independent Technical Specialist (RISC Pty Ltd) report on East Chalkley assessed most likely technically recoverable reserves and resources (“2P/2C”) of **1.7 MMBO** with an upside (“3P/3C”) estimate of **4 MMBO**.
- Field producing approx 100 BOPD from Pine Pasture #1, #2 wells.
- Pine Pasture #3 Development well scheduled Sept 2010 – potential Initial Production of 200-300 BOPD.
- Potential for up to 6 appraisal/development wells + 2 injectors to develop down dip sector plus additional development well + 1 injector updip from existing production.
- Based on reserves from RISC report, Target estimates East Chalkley’s (“most likely”) NPV10 value at **US\$12.1 million net to Target** with a (“upside”) PV10 value of **US\$31.8 million net to Target**.



East Chalkley Tank Battery

East Chalkley Field, Cameron Parish, Louisiana

Development scenario - 2: P50 (2C) case

Initial Reserves, Mstb	594	2P
Ultimate Recoverable Resource, Mstb	1700	P50 (2C)

Development scenario - 3: P10 (3C) case

Initial Reserves, Mstb	1087	3P
Ultimate Recoverable Resource, Mstb	4000	P10 (3C)

Development scenario - 2: P50 (2C) case

Remaining Resource, Mstb	1106	Incremental
Oil Recovery, Mstb	500	Well average
Well Initial rate, bopd	300	Well average
Prod Wells	2	Horizontal
Dry hole	1	Horizontal
Injector	1	Horizontal
Total Wells drilled	4	Additional

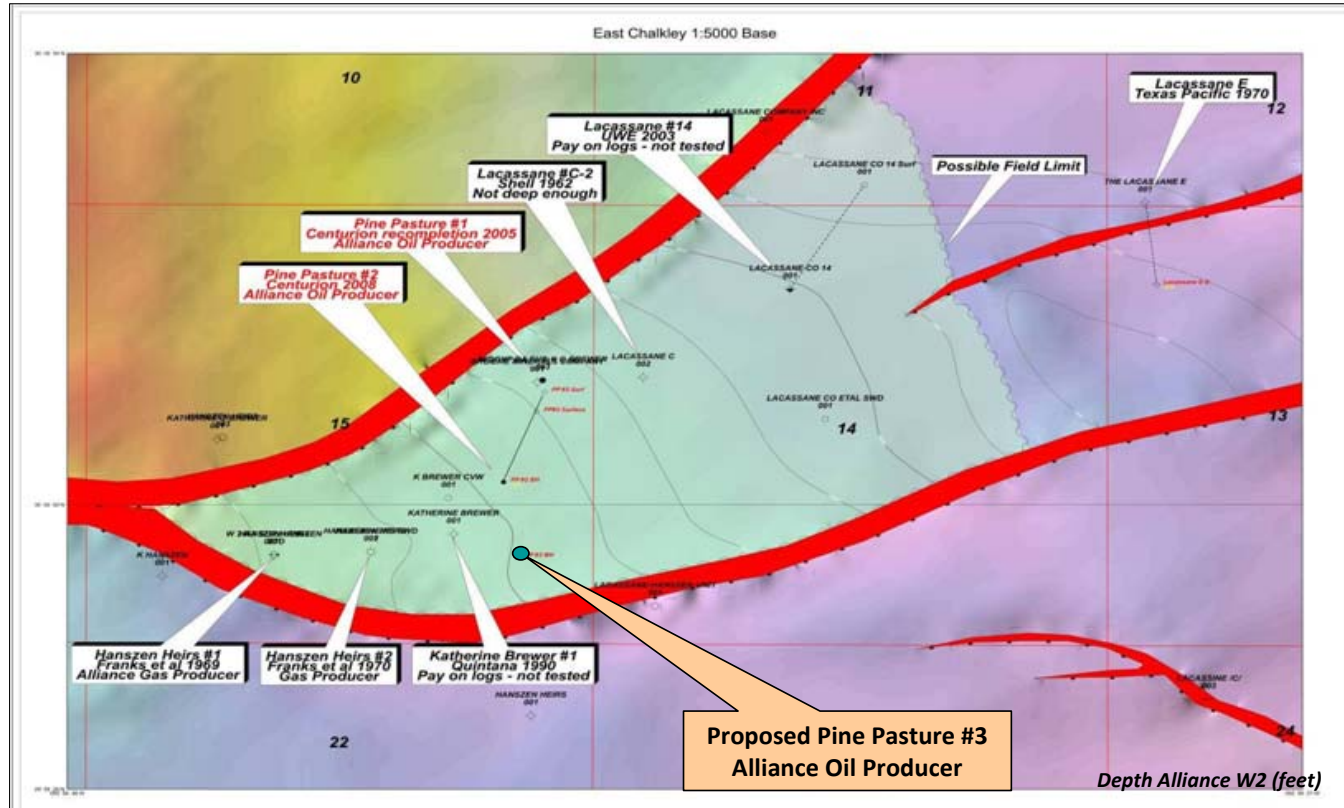
Development scenario - 3: P10 (3C) case

Remaining Resource, Mstb	2913	
Oil Recovery, Mstb	500	Well average
Well Initial rate, bopd	300	Well average
Prod Wells	6	Horizontal
dry holes	2	Horizontal
Injectors	2	Horizontal
Incremental Wells drilled	10	Additional

Potential Development Scenarios (RISC 2009 Report)

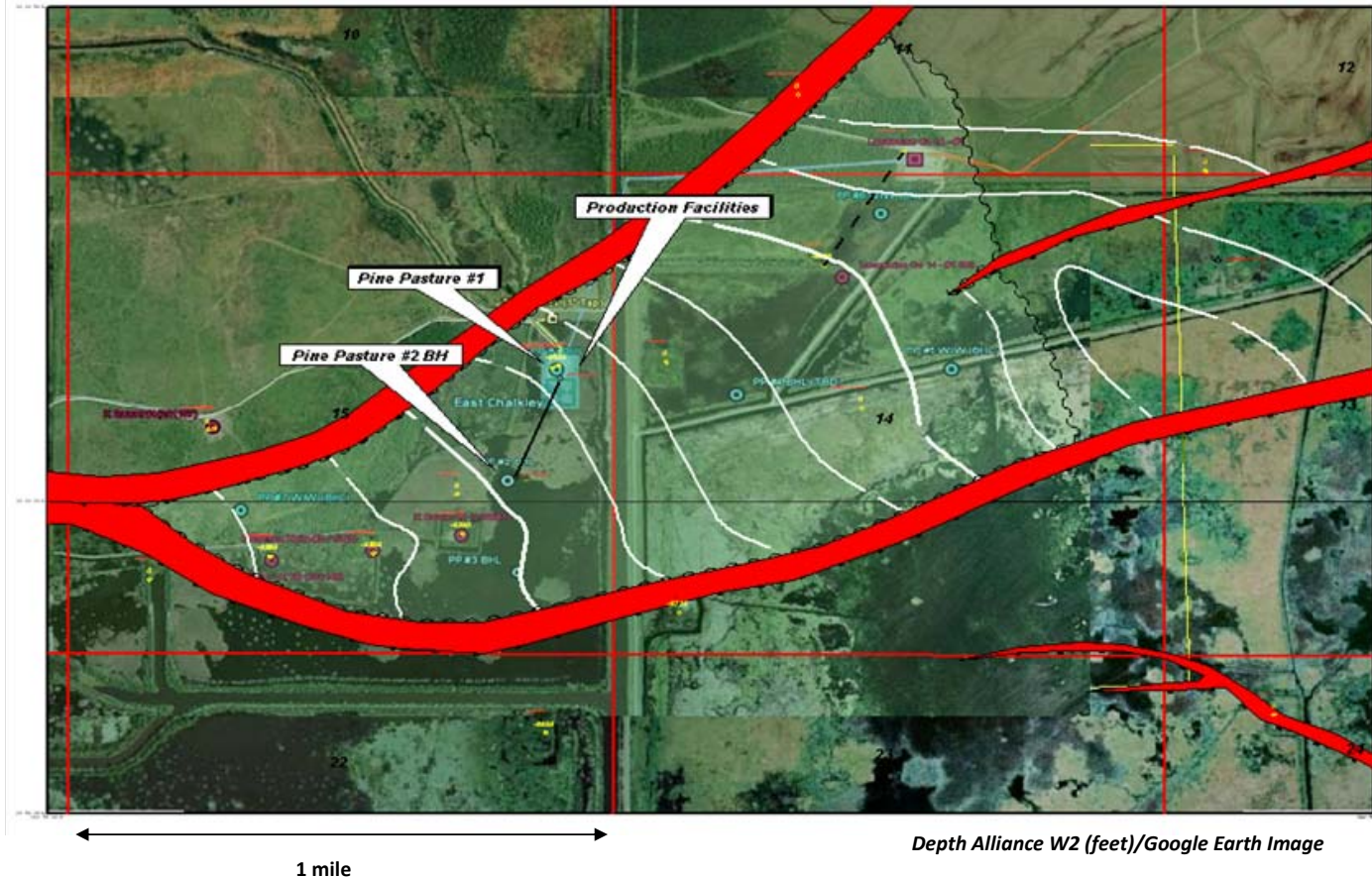


East Chalkley Field, Cameron Parish, Louisiana

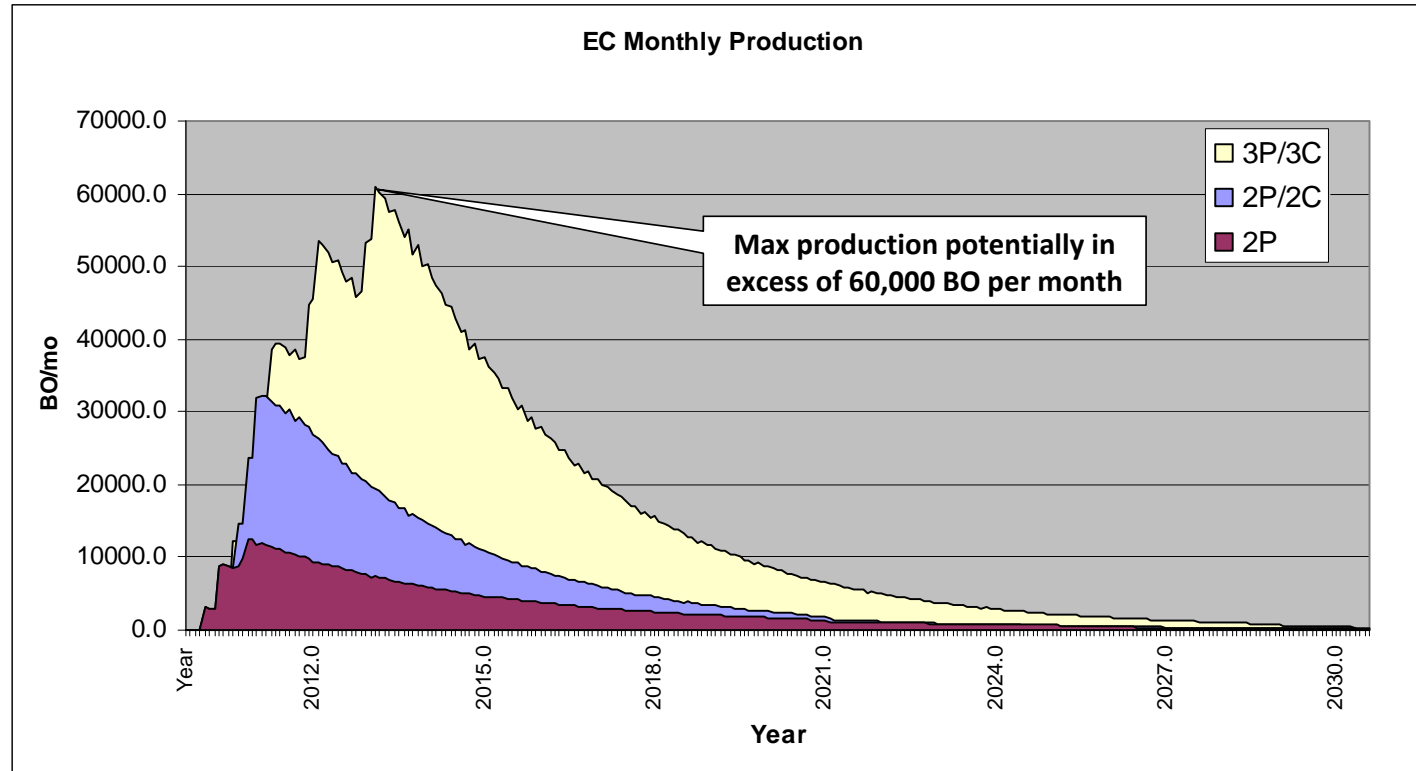


Present Development – 2 existing producers. Estimated Ultimate Recovery (EUR): 0.27 mmBO

East Chalkley Field, Cameron Parish, Louisiana

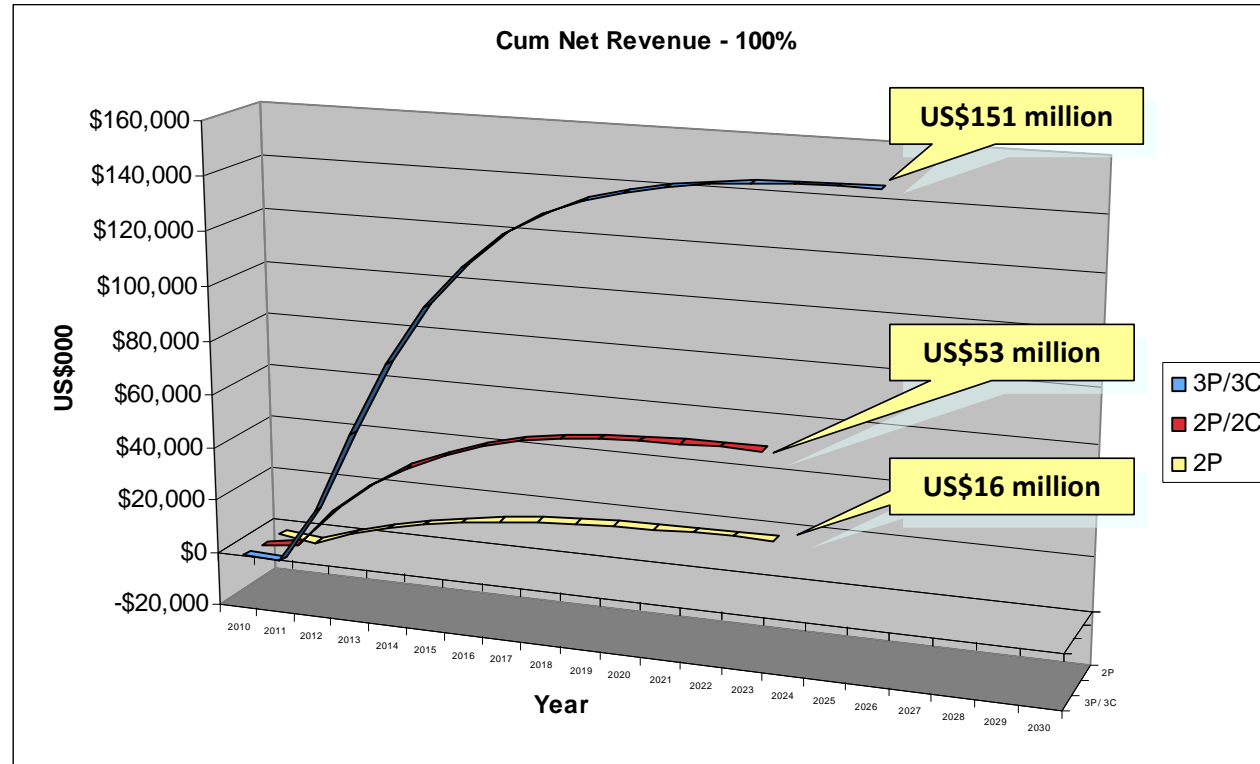


East Chalkley Field, Cameron Parish, Louisiana



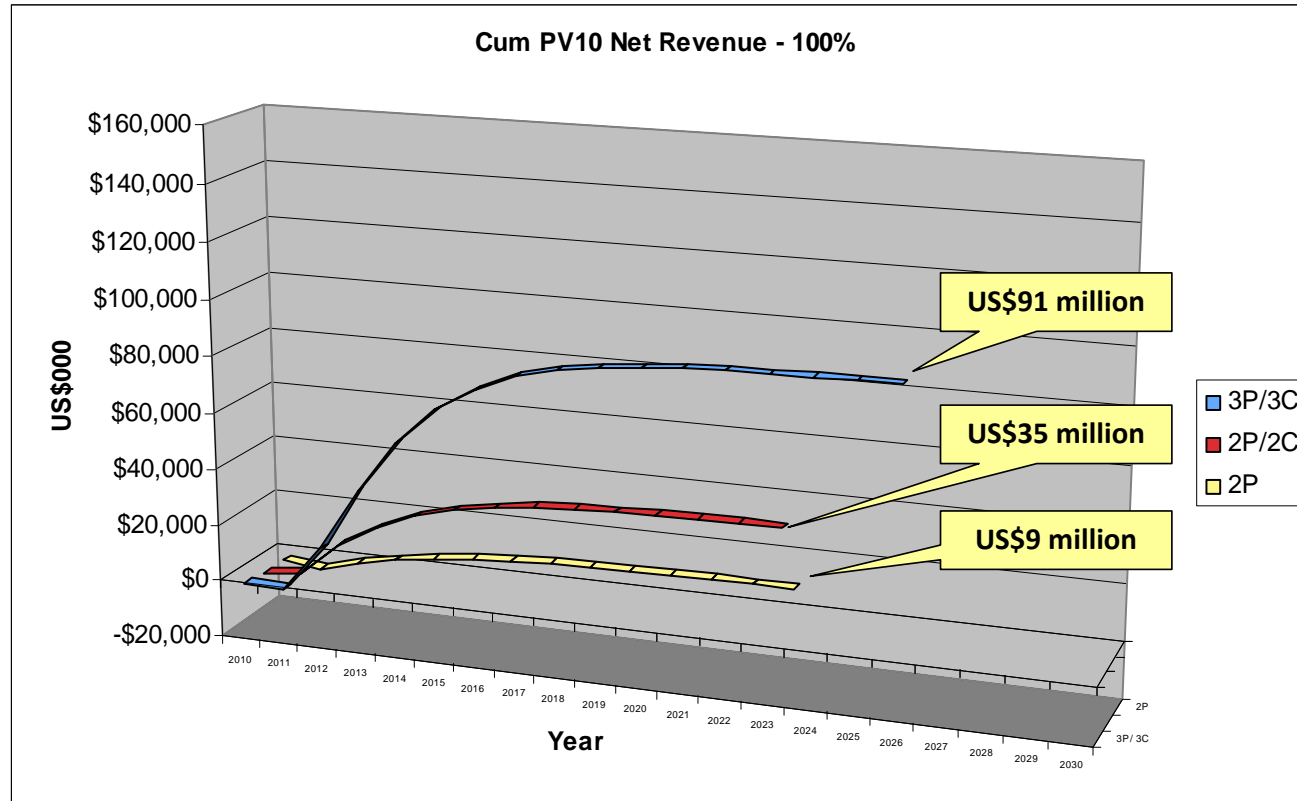
Potential Development Production Forecasts (Target modelling after RISC report)

East Chalkley Field, Cameron Parish, Louisiana



Target Energy Modelling - Potential Project Cash Flow (Cumulative Net Revenue)

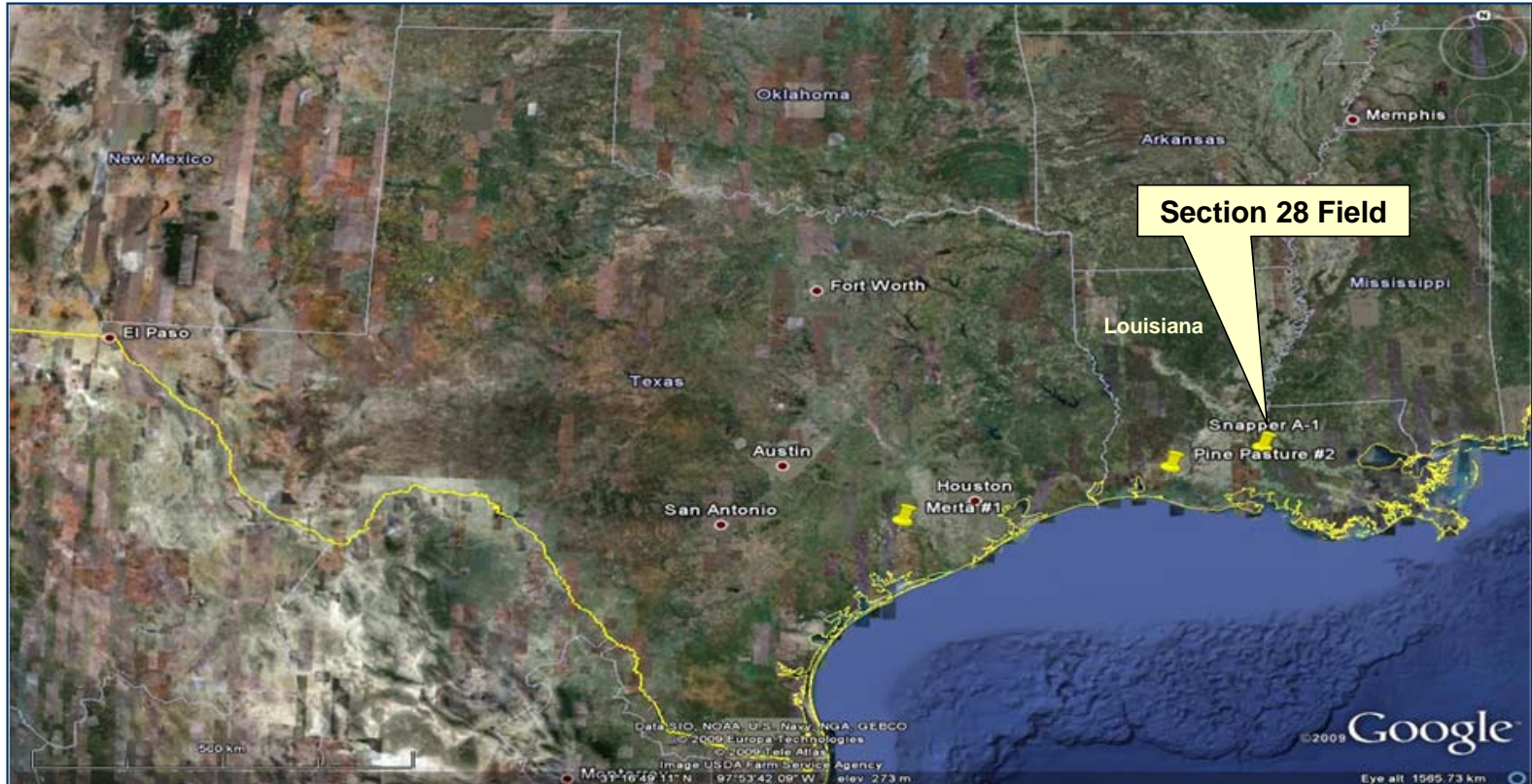
East Chalkley Field, Cameron Parish, Louisiana



Target Energy Modelling - Potential Project Cash Flow (Cumulative Net Revenue)

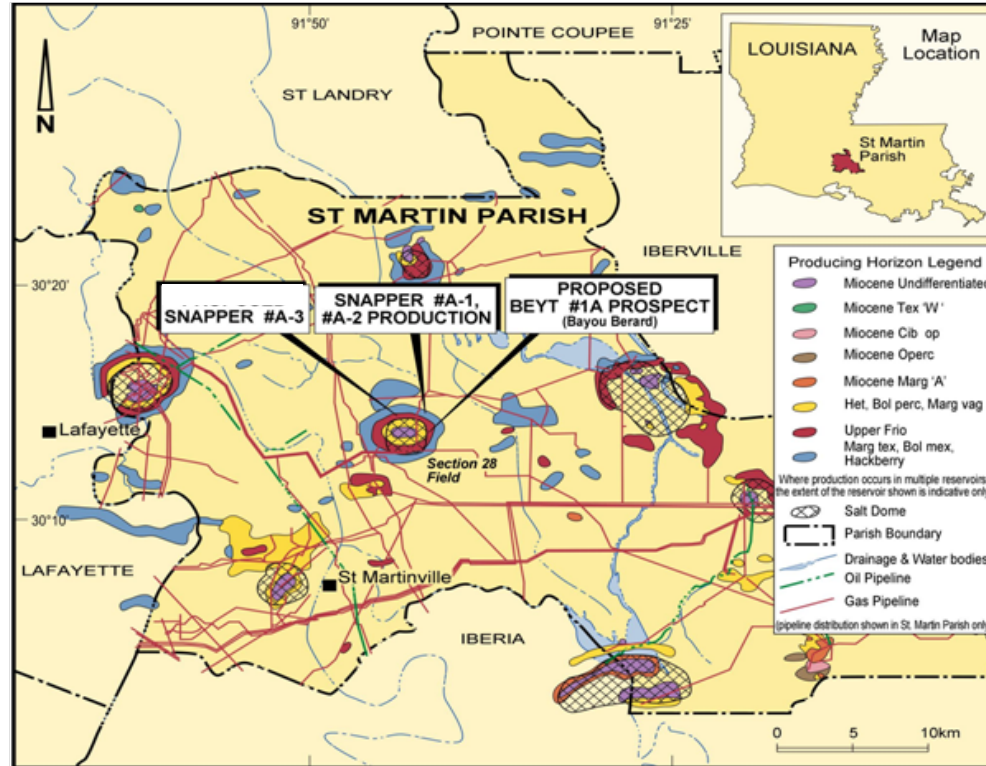
Projects – Production

Louisiana – Section 28 Program, St Martin Parish



Projects – Production

Louisiana – Section 28 Program, St Martin Parish



Louisiana – Section 28 Program, St Martin Parish

- 3 wells in production
 - Snapper A-1 (2007)
 - Snapper A-2 (2008)
 - Snapper A-3 (2009)
- All wells encountered pay in multiple zones
- Snapper A-3 brought on-line in November 2009
- Wells currently producing total approx 1.4mmcfgd + 35 BOPD
- Target working interest - 25%.



Projects – Production

Louisiana – Section 28 Program, St Martin Parish

Sand	Snapper A1	Snapper A3	Snapper A2
Marg Howie	Yet to be produced	Not Intersected	Yet to be produced
1st Camerina	Yet to be produced	Yet to be produced	Yet to be produced
3rd Marg Tex	In Production	Yet to be produced*	In Production
Lower 3rd Marg Tex	Not Intersected	Yet to be produced	Not Intersected
4th Marg Tex	Produced	Tight	In Production
Hackberry A1	Not Reached	Not Intersected	Produced
Hackberry A4	Not Reached	In Production	Produced

**Likely to be depleted by production from Snapper A-1*



Production & Revenue

Production and Revenue

East Chalkley Oil Field – Cameron Ph, La

TEX WI: 35%

Production: Alliance W2 sands – approx 100 BOPD

Pine Pasture #1

Pine Pasture #2 (2008)

Section 28 Project – St Martin Ph, La

TEX WI: 25%

Production: Marg Tex/Hackberry – approx 1400 mcfgd + 35 BOPD.

Snapper #A-1 (2007)

Snapper #A-2 (2008)

Snapper #A-3 (2009)

Multiple pay zones in all wells.

Highway 71 - Wharton Co, Texas

TEX WI: 25%

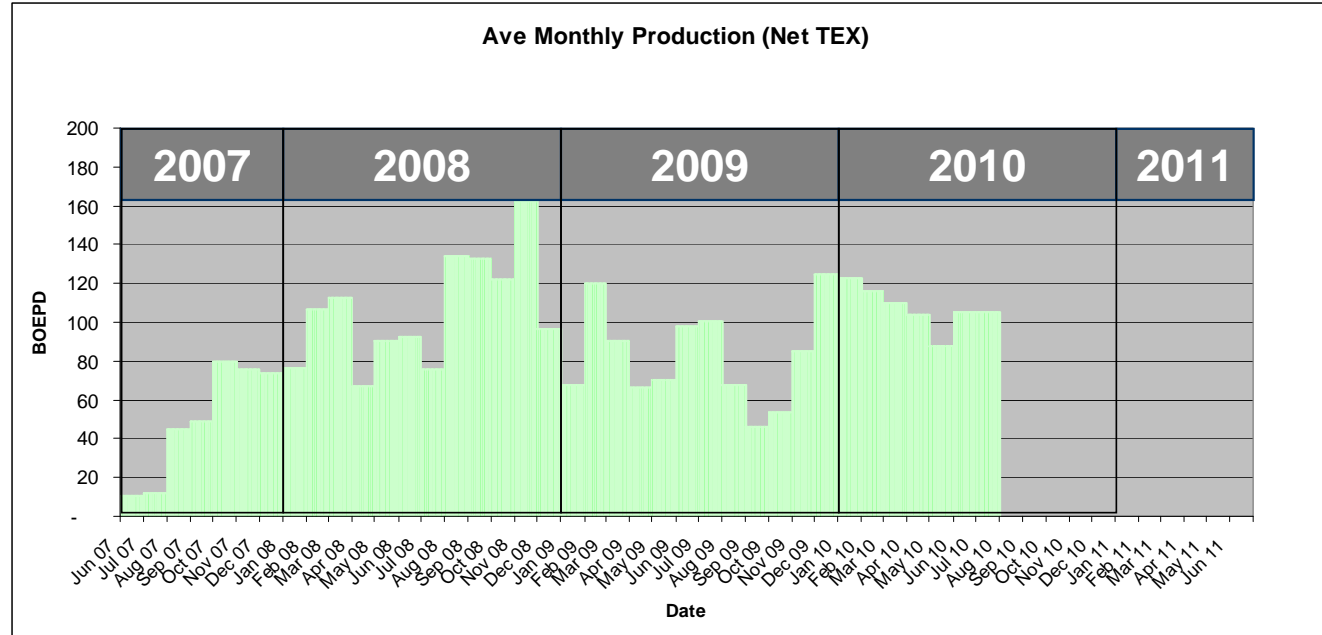
Production: Cook Mountain – approx 400 mcfgd + 5 BOPD (awaiting frac)

Merta #1 (2009)

Production and Revenue

Sales Revenue 1/7/09 to 30/06/10 A\$1.27m

Production (net WI) currently average 105 BOEPD



Target Energy production (BOEPD, net TEX WI)

Audited Reserves & Exploration Potential (net to WI/NRI)

Audited Reserves* (000 BOE)	Proved & Probable	Possible	Contingent (Best Estimate)	Contingent (High Estimate)	Prospective Resources	Total
31/12/09	241.2	177.6	265.1	433.2	80.6	1197.9

- *1. East Chalkley: Audited Reserves updated to 31/12/09
- 2. SML A1, A2, A3: Audited Reserves update to 31/12/09 is underway. Present estimate derived from 31/12/08 audit
- 3. Highway 71: Not included

22.5% increase over the 2008 reserves total

What's coming up for Target Energy

Ongoing Production:


Section 28 Project Area
East Chalkley Oil Field
Highway 71 (Merta #1)

East Chalkley Oil Field Development:

Pine Pasture #3 Development Well (September 2010)
Further Appraisal/Development Drilling 2011

Continue evaluation of new opportunities:

Corporate
Technical



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