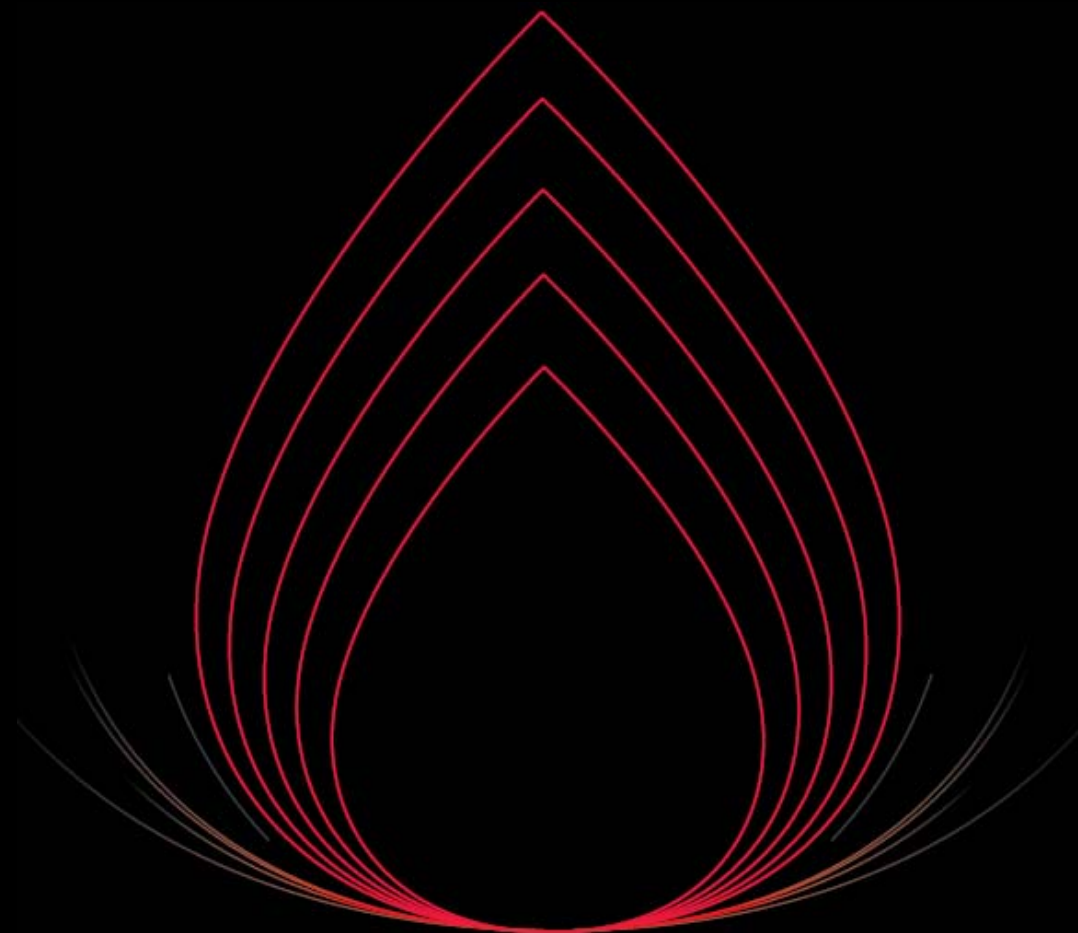


TARGET ENERGY LIMITED

**CORPORATE PRESENTATION
APRIL 2014**



DISCLAIMER AND FORWARD-LOOKING STATEMENTS



This Presentation is provided on the basis that none of the Company nor its respective officers, shareholders, related bodies corporate, partners, affiliates, employees, representatives and advisers make any representation or warranty (express or implied) as to the accuracy, reliability, relevance or completeness of the material contained in the Presentation and nothing contained in the Presentation is, or may be relied upon as, a promise, representation or warranty, whether as to the past or the future. The Company hereby excludes all warranties that can be excluded by law.

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Certain statements in this presentation contain 'forward-looking statements' including, without limitation to: expectations, beliefs, plans and objectives regarding production and exploration activities. Any matters that are not historical facts are forward-looking and accordingly, involve estimates, assumptions, risks and uncertainties and other factors discussed in our most recently lodged Annual Report, our website, <http://www.targetenergy.com.au>, and in our other public documents and press releases. These forward-looking statements are based on Target Energy Limited's ("Target") current expectations, estimates and projections about the company, its industry, its management's beliefs and certain assumptions made by management. No assurance can be given that such expectations, estimates or projections will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, including, Target's ability to meet its production targets, successfully manage its capital expenditures and to complete, test and produce the wells and prospects identified in this presentation; to successfully plan, secure necessary government approvals, finance and to achieve its production and budget expectations on its projects.

Whenever possible, these 'forward-looking statements' are identified by words such as "expects," "believes," "anticipates," "projects," and similar phrases. Because such statements involve risks and uncertainties, Target's actual results and performance may differ materially from the results expressed or implied by such forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date hereof. Unless legally required, we assume no duty to update these statements as of any future date. However, you should review carefully reports and documents that Target lodges periodically with the Australian Securities Exchange.

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 over 30 years experience in the sector. He consents to that information in the form and context in which it appears.

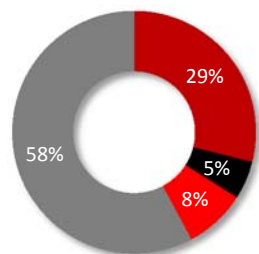
COMPANY SNAPSHOT



Overview

- US Permian Basin and Gulf Coast, oil focused
- Offices in Houston, Texas and Perth, Western Australia
- Producing oil & gas and generating strong operating cash flows
- Low-risk, development-led growth
- Actively expanding acreage position in the Permian Basin and Gulf Coast

Shareholder Composition



■ Investmet Ltd ■ Wyllie Group ■ Directors & Management ■ Market Float

Key Metrics

ASX Code	• TEX
OTCQX Code (US)	• TEXQY
Shares on issue ¹	• 453.7m
Unlisted options on issue ¹	• 8.6m (@7c), 0.8m (@12c)
Share price ¹	• A\$0.049 / US\$4.49 (TEXQY)
Market Capitalisation ¹	• A\$22.2m
Cash ²	• A\$1.8m
Convertible Notes ²	• A\$3.3m – 66m Con. Notes (@5c) ; a further A\$2.7m Con. Notes subject to EGM approval • A\$1.2m Con. Notes @7c (to be repaid in 4/14)

Operating Metrics

Net Daily Production ³	• 365 boepd (approx. 65% oil)
Gross Acres	• 5,626
Net Acres	• 3,017
Net Reserves & Resources ⁴	• 1P Reserves: 611 mboe • 2P Reserves: 1,178 mboe • 3P Reserves: 2,024 mboe • 3C Contingent Resources: 855 mbo

Notes:

1. As at 24 March 2014. On the OTCQX International platform, Target trades in American Depositary Receipts (ADR's). Each ADR = 100 Ordinary Target Energy shares

2. Cash position and debt position at 31 Mar 2014.

3. Average daily production 12 Feb- 11March 2014. Production figures are net to Target's working interest but before royalties

4. Reserves and resources as at 30 June 2013. See full list of disclosures and risks related to reserves and resources detailed in ASX release on 27 August 2013. The Company is not aware of any new information or data that materially effects the information included in the previous announcement and believes that all material assumptions and technical parameters underpinning the estimates in the previous announcement continue to apply and have not materially changed.

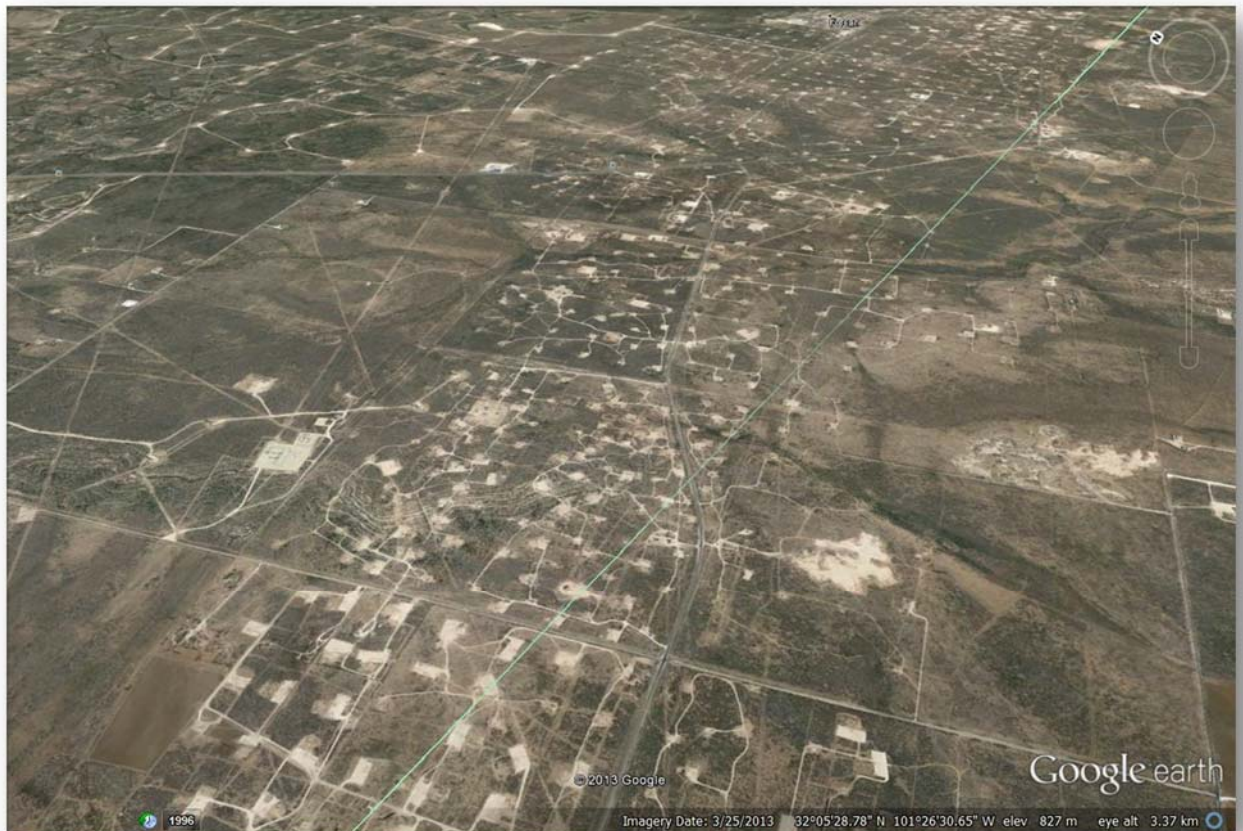
CLEARLY DEFINED STRATEGY

Target's strategy has three key elements which focus on proven oil basins, attractive well economics and partnerships.

Strategy

- Focus on US resource plays with attractive, repeatable well economics
- Acquire and develop assets in proven oil plays utilising advanced drilling and completion technologies
- Leverage strong relationships with local partners to expand portfolio in areas of interest

Aerial View of the Howard Glasscock Field, adjacent to Target's Permian Basin leases



ALIGNED BOARD AND MANAGEMENT



<p>Chris Rowe Chairman</p>	<ul style="list-style-type: none"> ▪ 13.0m shares 	<ul style="list-style-type: none"> ▪ BA, MA Economics and Law (Cambridge) ▪ Over 35 years of legal and commercial experience in the oil and gas and resources sector ▪ Chairman of ASX listed Northern Star Resources and Hawkesbridge Private Equity ▪ Sits on the advisory committee of US-based Avalon Oil and Gas Production Partnership ▪ Former Executive Chairman of Cultus Petroleum NL, Chairman of International Oilex (TSX) and Deputy Chair of UTS Energy (TSX)
<p>Laurence Roe Managing Director</p>	<ul style="list-style-type: none"> ▪ 8.6m shares 	<ul style="list-style-type: none"> ▪ BSc ▪ Co-founder of Target Energy Limited ▪ Petroleum professional with over 30 years global industry experience ▪ Held senior and consulting positions with numerous Australian companies including Magellan Petroleum and Hardman Resources ▪ Former Managing Director and Exploration Manager of Bounty Oil & Gas NL (ASX)
<p>Stephen Mann Non Executive Director</p>	<ul style="list-style-type: none"> ▪ 6.3m shares 	<ul style="list-style-type: none"> ▪ CA, Fellow of Institute of Chartered Accountants of Australia ▪ Over 30 years of experience in public practice with over 25 years experience in the resources sector ▪ Director of Investmet Limited, Non-Executive Chairman to Pegasus Metals Limited (ASX) and Altus Renewables Limited ▪ Former Managing Partner of BDO Chartered Accountants and founder of BDO's Corporate Finance Division
<p>Dr. Ralph Kehle Chairman of TELA (USA) (subsidiary)</p>	<ul style="list-style-type: none"> ▪ 2.6m shares 	<ul style="list-style-type: none"> ▪ PhD, MS, BS (Hons) ▪ Over 50 years industry experience. Credited with the discovery of multiple large oil and gas fields in Northern America ▪ President of Eichen Petroleum Management, Inc. Manager of Avalon Oil and Gas Production Partnership ▪ Former CEO and Chairman of Hershey Oil Corp. He has also held senior positions with Exxon Mobil, a variety of exploration and production companies and was the founder of TKA Exploration Limited and OilTex International Limited ▪ Former Associate Professor of Geological Sciences at the University of Texas (Austin)

CONTENTS

I. PERMIAN BASIN OVERVIEW

- I. PERMIAN BASIN OVERVIEW
- II. TARGET'S ASSETS
- III. VALUATION & CORPORATE

Felderhoff rig drilling the Darwin 1 well August 2012

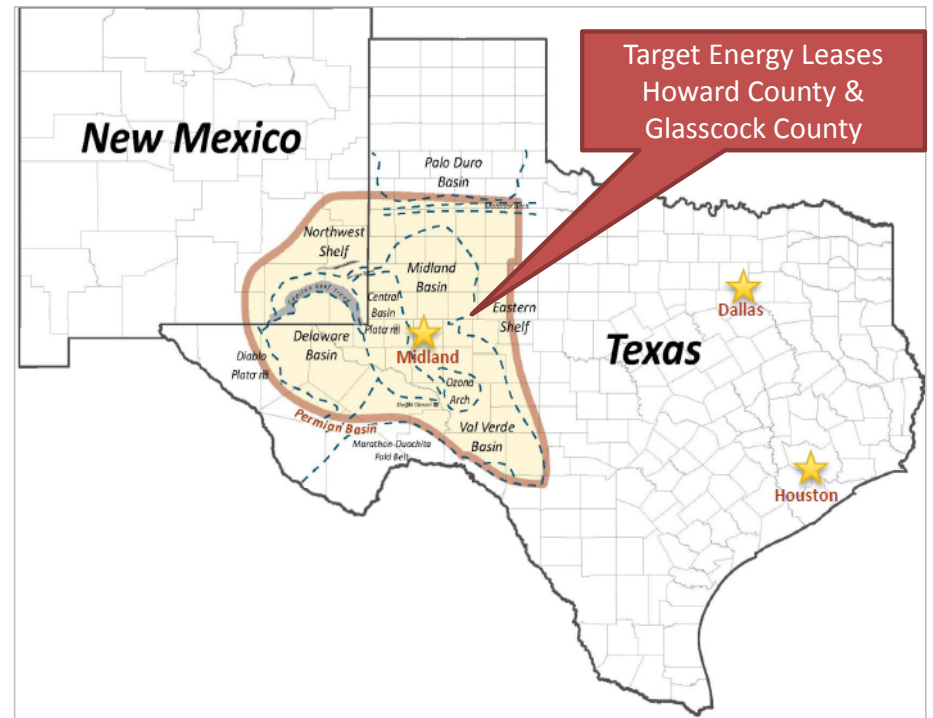
PERMIAN BASIN

The Permian Basin is the largest hydrocarbon basin in the US, covering 52 counties and over 75,000 square miles.

Location of Permian Basin



Regional Map of Permian Basin ¹



Source: Apache Energy Corporation.

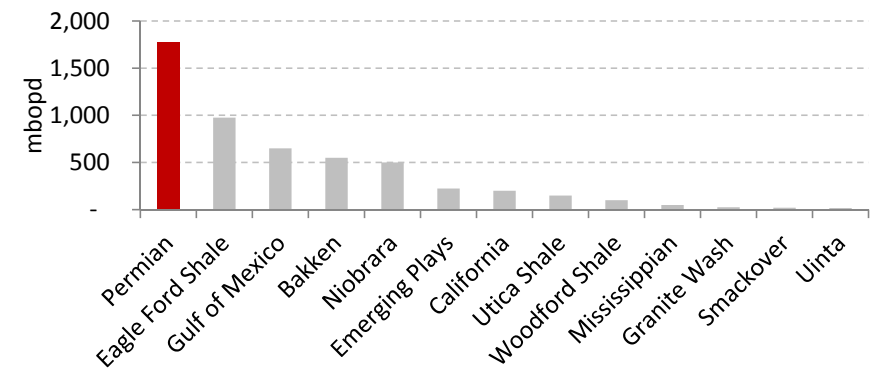
PERMIAN BASIN



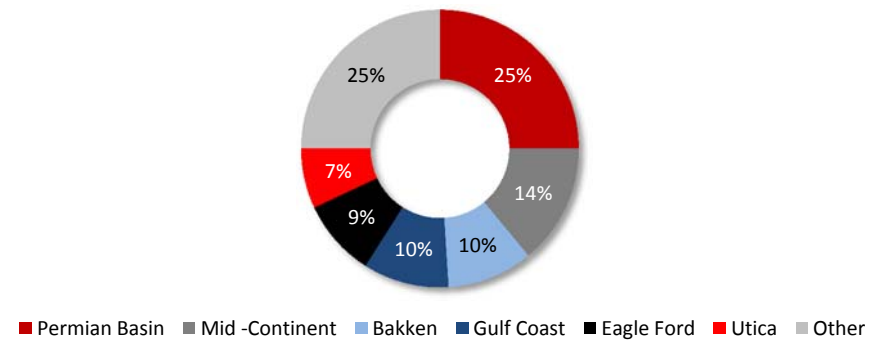
Permian Basin oil production started in the 1920s - today the basin produces more than 3 times Australia's total oil output.¹

- **Current daily production:** 1.3 million barrels of oil and 4 billion cubic feet of gas; more than 3 times Australia's oil output²
- **Oil production growth:** 1.8 mmbopd by 2016³
- **Relative growth:** oil production growth expected to be almost double the Eagle Ford Shale to 2018⁴
- **Gas quality:** gas produced is often liquids rich, attracting substantial premiums to the US 'dry gas' (methane) price
- **Reserve growth:** 29% of estimated US oil reserve growth in the US is expected to come from the Permian Basin⁵
- **Drilling activity:** 397 drilling rigs are operating in the Permian Basin, compared to Australia's total operating rig count of 18 rigs⁶
- **Corporate activity:** largest US onshore merger and acquisition (M&A) market in 2012. Valuations are rising as resource plays are being de-risked

Projected Oil Production Growth by US Play (2013 -2018)⁴



2012 US Onshore Mergers & Acquisitions⁷



Notes:

1. US EIA, HPDI, LLC, BP and APPEA - figures relate to 2012 production.
2. Bentek, University of Texas, APPEA estimates.
3. Bentek estimates.
4. Credit Suisse estimates.
5. North American Shale Quarterly.
6. Baker Hughes rig count (August 2013).
7. RBC Richardson Barr. US onshore M&A includes transactions over US\$100m.

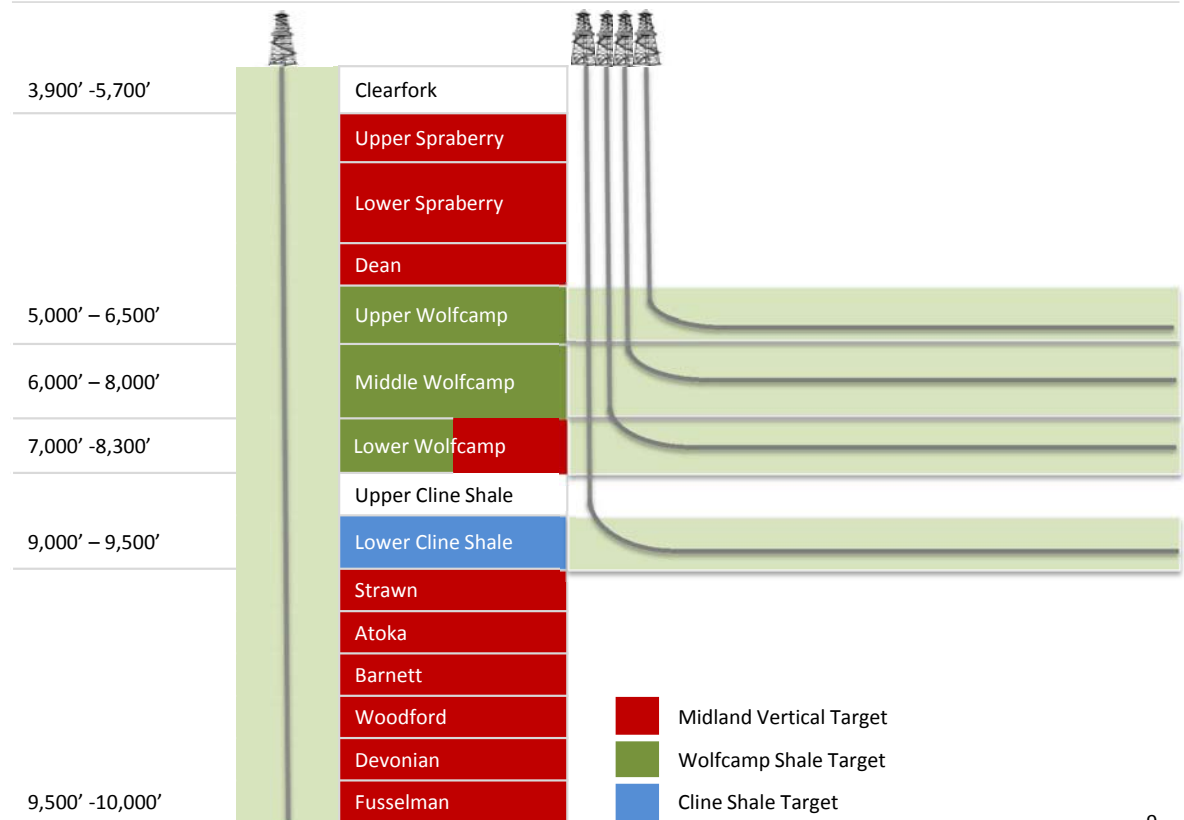
PERMIAN BASIN

The Permian Basin is the most coveted hydrocarbon basin in the US because of its low risk, oil-rich, stacked reservoir zones.

Operational Overview

- **Multiple zone hydrocarbon recovery:** driven by innovations in drilling and completion technologies
- **Approach:** a combination of horizontal and vertical wells are used to maximise well productivity and hydrocarbon recovery
- **Low risk:** multiple target zones reduce overall risk
- **High quality assets:** Permian Basin shales are world class oil resources
- **Rapid commercialisation:** abundance of infrastructure and services companies

Major Reservoir Target Zones in the Permian Basin (Midland Basin)¹



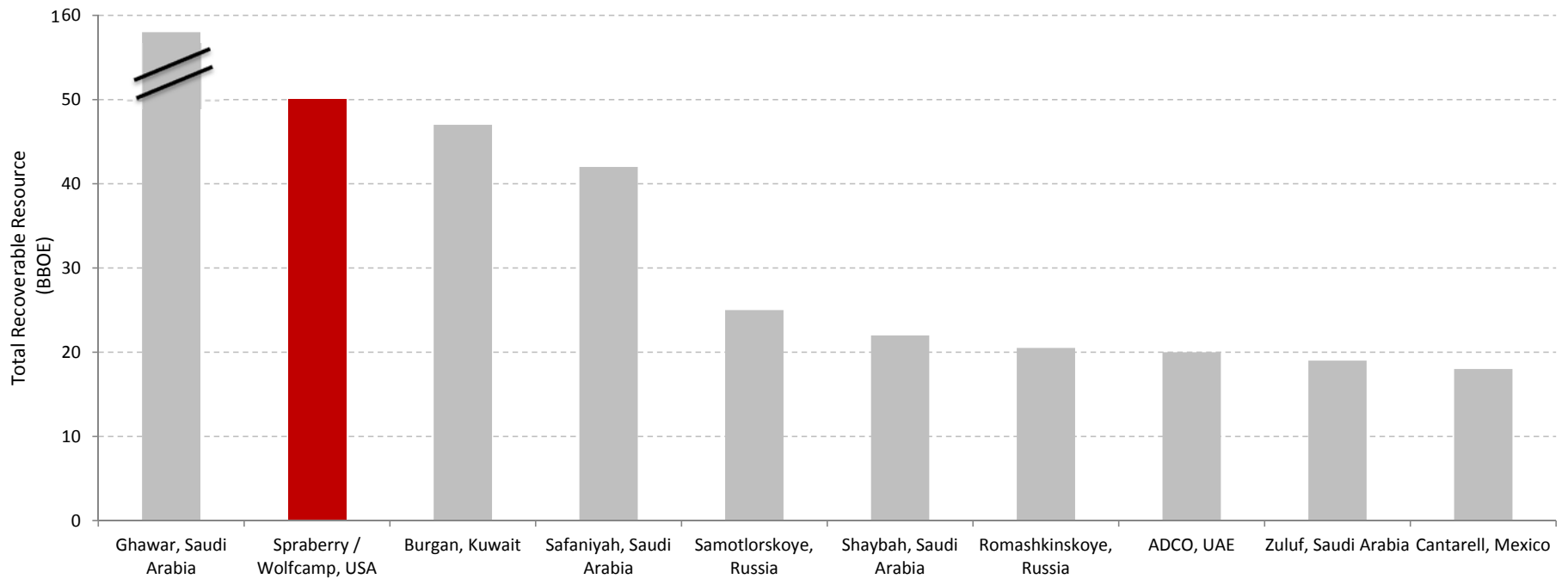
Notes:
1. Laredo Petroleum Corp

WHY THE PERMIAN BASIN? – GO WHERE THE OIL IS



Spraberry / Wolfcamp field in the Permian Basin is the world's second largest oil field.

World's Largest Oil Fields (BBOE) ^{1,2}



Notes:

- 1. Recoverable resources as estimated by Pioneer Natural Resources (Spraberry / Wolfcamp) and Wood Mackenzie for all other fields.
- 2. Resources include estimated recoverable oil and gas for all fields.

PERMIAN BASIN – A BLUE CHIP BASIN



Oil majors are highly active in the Permian Basin.

Top 2012 Permian Basin Producers¹

Company Name	2012 Oil Production (millions of barrels)	Market Cap. ⁴ (US\$ billion)	2013 Permian Basin Capex Budget (US\$ billion)
Occidental Petroleum ²	53.2	71.0	1.9
Pioneer Natural Resources	21.2	23.8	1.6
Apache Energy Corporation	19.2	31.1	2.4
Exxon Mobil	12.8	385.2	Not disclosed
Concho Resources	11.6	10.1	1.6
Chevron	11.2	230.9	Not disclosed
Sandridge ³	8.7	2.6	Not disclosed

- “Permian oil production is Oxy’s most profitable business” (Occidental Petroleum)
- “Accelerating Activity...6X investment, 7X operated rig count in 3 years” (Apache Energy Corporation)
- “The Permian represents the “prize” for oil shale drilling, given the large amount of vertical pay (productive rock) that can be drilled horizontally using new techniques. The Permian will likely support a higher density of wells per acre (downspacing) than any other shale play in the US.” (Credit Suisse)

Notes:

1. Railroad Commission of Texas. Excludes Kinder Morgan Production as the company is a midstream operator.
 2. Includes production from Occidental’s US subsidiary OXY USA.
 3. Sheridan acquired a majority of Sandridge’s Permian acreage in December 2012.
 4. Bloomberg as at 26/08/2013.
- Source: Company announcements.

CONTENTS



II. TARGET'S ASSETS

- I. PERMIAN BASIN OVERVIEW
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Oil tanks at East Chalkley

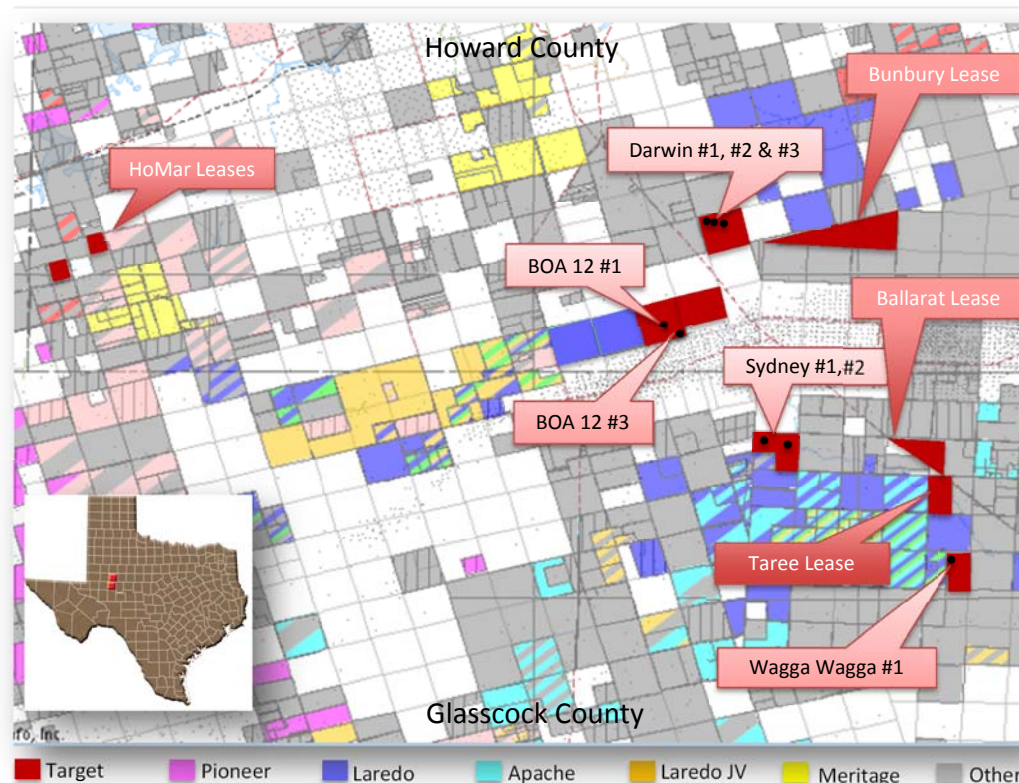
PERMIAN BASIN – FAIRWAY PROJECT



Target retains its focus on the Permian Basin focused company and is committed to expanding its high quality portfolio.

Location	<ul style="list-style-type: none"> Howard & Glasscock Counties, Tx
Leaseholding	<ul style="list-style-type: none"> 4,528 acres (gross) / 2,671 acres (net)
Working Interest	<ul style="list-style-type: none"> 60% (except Wagga Wagga: 45%)
Operator	<ul style="list-style-type: none"> Trilogy Operating Inc.
Gross Production	<ul style="list-style-type: none"> 519 boepd (6 wells)
Net Production ¹	<ul style="list-style-type: none"> 311 boepd (6 wells)
Net Reserves ²	<ul style="list-style-type: none"> 1P Reserves: 504mboe 2P Reserves: 1,004mboe 3P Reserves: 1,764mboe
Estimated Well Capex (100%) ³	<ul style="list-style-type: none"> US\$1.8m per vertical well
Planned 2014 Work Program	<ul style="list-style-type: none"> 2014 nine-well drilling program now underway Ongoing petrophysical analysis Additional leasing
Comments	<ul style="list-style-type: none"> Target has up to 110 well locations on 40 acre well spacing

Map of Target’s Fairway Project in the Midland Basin⁴



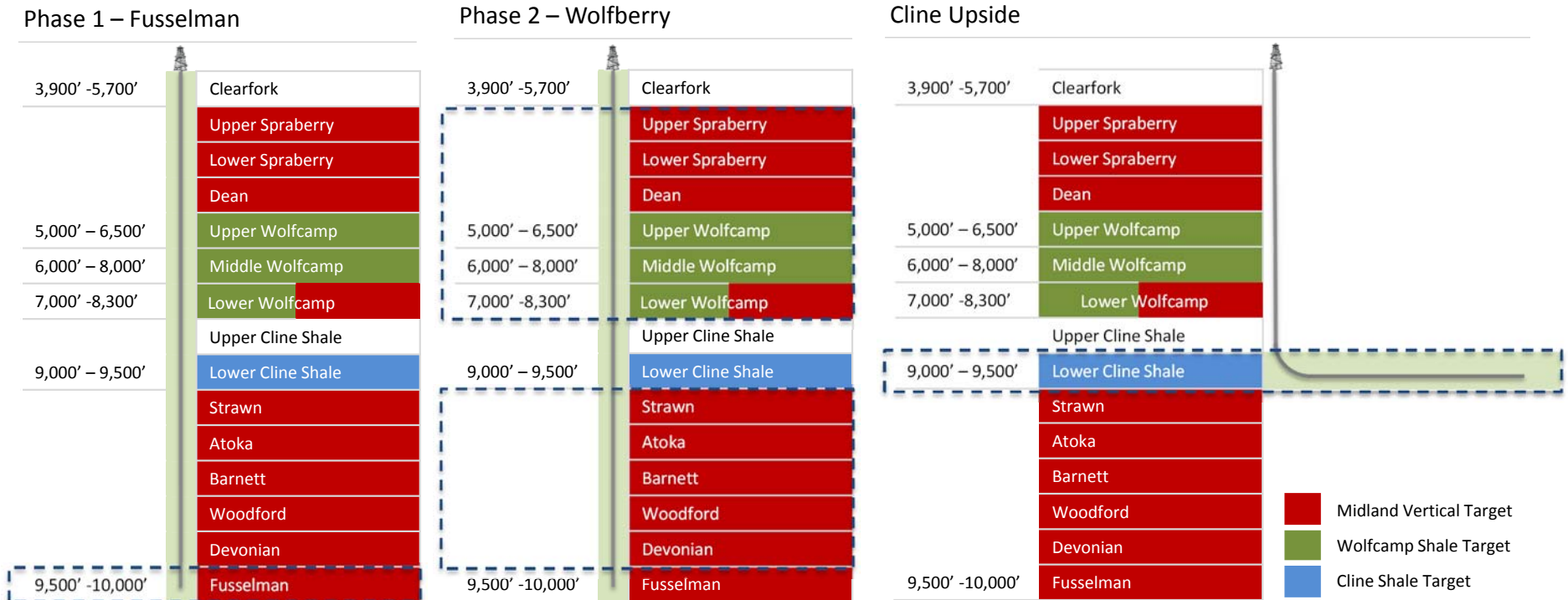
Notes:

1. Average Daily Production 12 Feb – 11 Mar 2014. Figures are net to Target’s working interest but before royalties.
2. Reserves as at 30 June 2013. A full list of disclosures and risks related to reserves is detailed in ASX release on 27 August 2013. See Note 6 on page 3 of this presentation for additional disclosures relating to reserves.
3. Assumes completion in the Wolfberry with fracture stimulation.
4. DrillingInfo June 2013.

PERMIAN BASIN – FAIRWAY DEVELOPMENT PLAN



Multiple potential completions per well.¹



- Up to 110 well locations (40 acre spacing)
- Multiple completions per well¹
- Phase 1: complete in the Fusselman conventional (carbonate) reservoir – strong IP rates, good EUR's and potential 5-6 year producing life
- Phase 2: Fracture-stimulate relevant Wolfberry zones – 20+ years producing life
- Cline upside: potential to drill laterals into the Cline Shale

Notes:
 1. Multiple completions per well cannot be assured at every well location. Completions are subject to technical and commercial feasibility. No of wells refers to vertical wells only.

PERMIAN BASIN – FAIRWAY ACTIVITY



Increasing drilling activity.

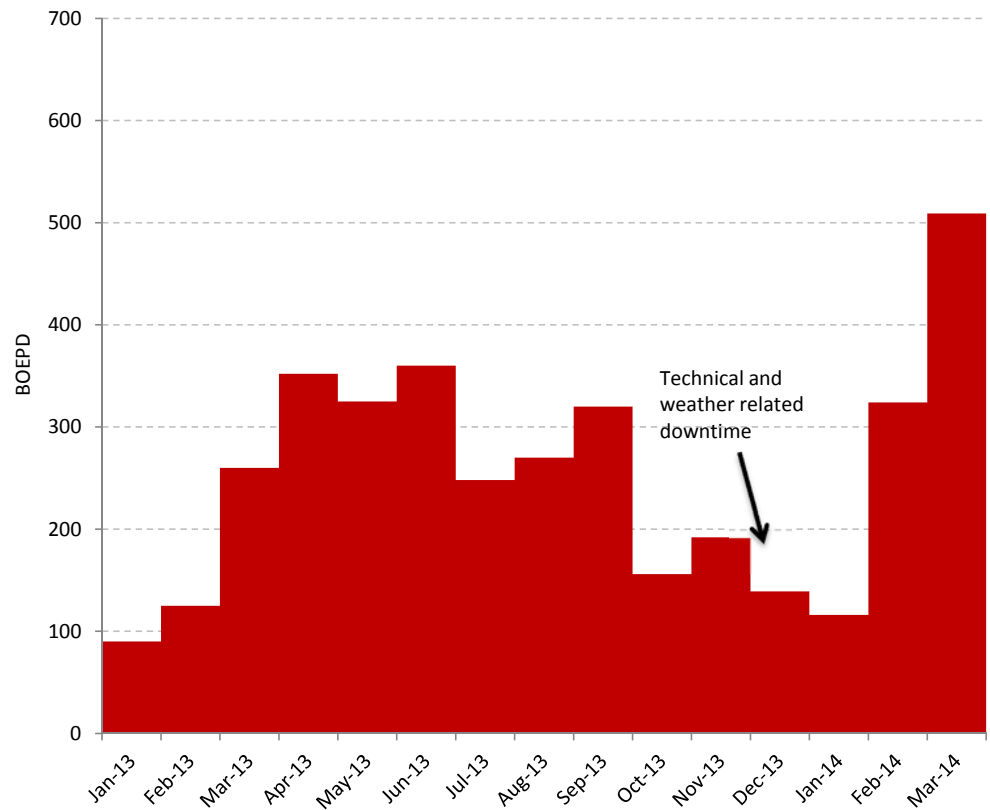
Fairway Project Activity 2013

	▪ Darwin #1 online
Feb 2013	▪ Darwin #2 online
March 2013	▪ Sydney #1 online
August 2013	▪ Darwin #3 online
October 2013	▪ Wagga Wagga #1 drilled
November 2013	▪ Sydney #2 drilled

Fairway Project Planned Activity 2014¹

Q1 2014	<ul style="list-style-type: none"> ✓ Wagga Wagga #1 completion underway ✓ Sydney #2 online ✓ BOA 12 #3 drilled ✓ BOA North #4 drilling imminent
Q2 2014	<ul style="list-style-type: none"> ▪ Wagga Wagga #2 ▪ Ballarat #1
Q3 2014	<ul style="list-style-type: none"> ▪ BOA North #5 ▪ Bunbury #1 ▪ Taree #1
Q4 2014	<ul style="list-style-type: none"> ▪ Ballarat #2 ▪ Darwin #4

Fairway Project Gross Monthly Production Jan 13 – Mar 14 (BOEPD)



Notes:

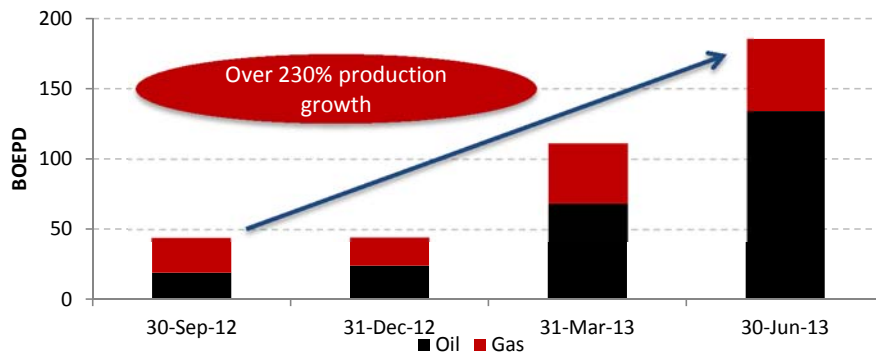
1. Preliminary planning: number, location and order of proposed wells in 2014 program subject to change.

PERMIAN BASIN – FAIRWAY PRODUCTION GROWTH

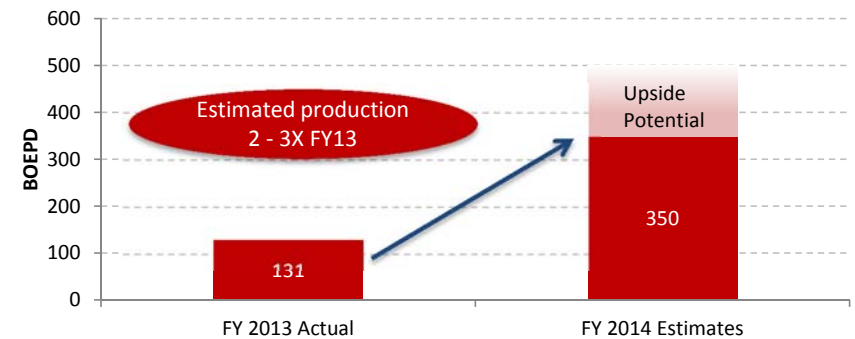


FY14 production and revenues are estimated to grow 2 – 3 times from FY13.

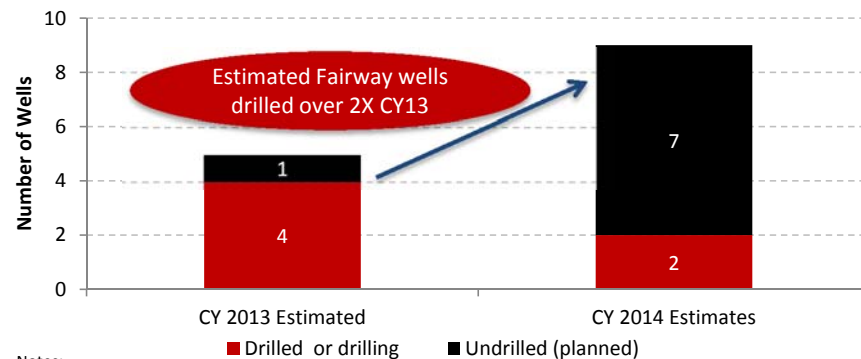
Actual FY13 Average Daily Net Production after royalties



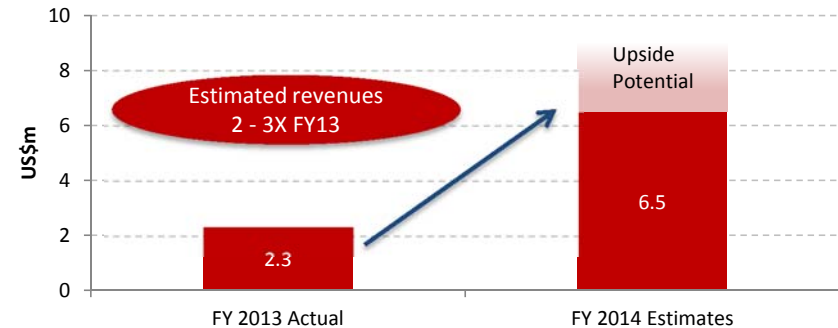
Estimated FY14 Average Daily Net Production^{1,2,3}



Fairway Project Wells Drilled (calendar year)



Estimated FY14 Revenues^{2,3}



Notes:

1. Production estimates are net to Target's working interest but prior to royalty payments to landowners.
2. Target internal estimates. FY14 average net daily production estimates are based on: 6 more wells being drilled in the Fairway project, a mid case Fusselman type curve for all Fairway wells.
3. In addition to the assumptions set out in Note 1, FY14 Revenues assume flat US\$90/bbl oil prices and US\$4/mcf gas price, with adjustments to price differentials. See page 27 for further details.

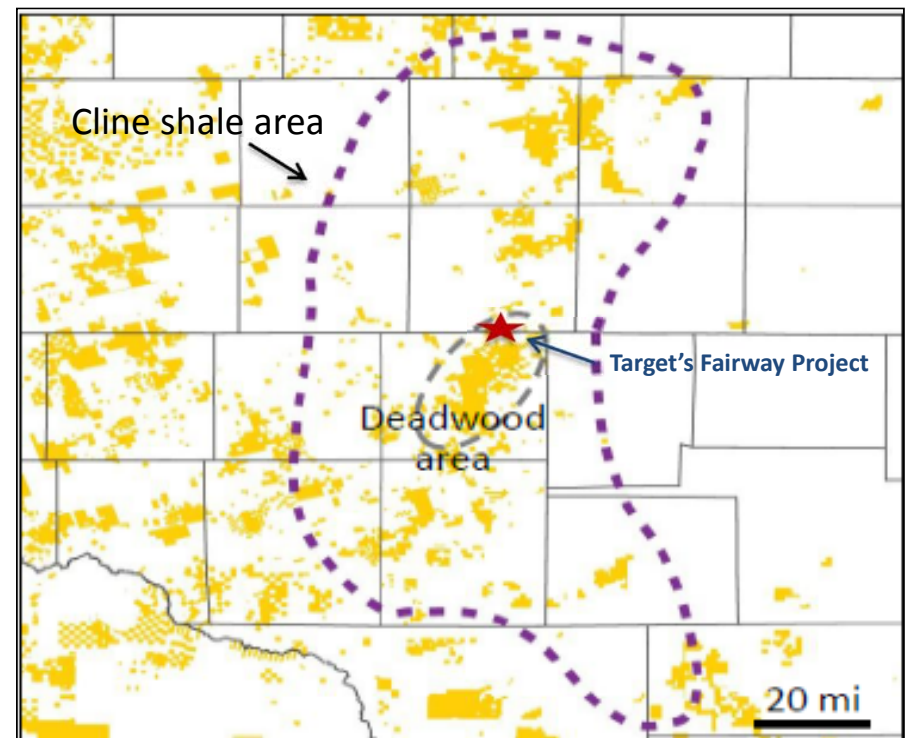
PERMIAN BASIN – SHALE PLAYS DRIVING GROWTH

Fairway is positioned in centre of two active shale plays.

Activity and Success

- Permian Basin has multiple (expanding), proven vertical and horizontal plays
- Fairway is positioned within the Cline and Deadwood shale plays
- Wolfcamp, Strawn, Mississippian, Devonian and Fusselman are also present
- Horizontal drilling activity adjacent to Fairway is likely to add substantial value to Target's lease hold

Map of Apache's Permian Basin Interests¹



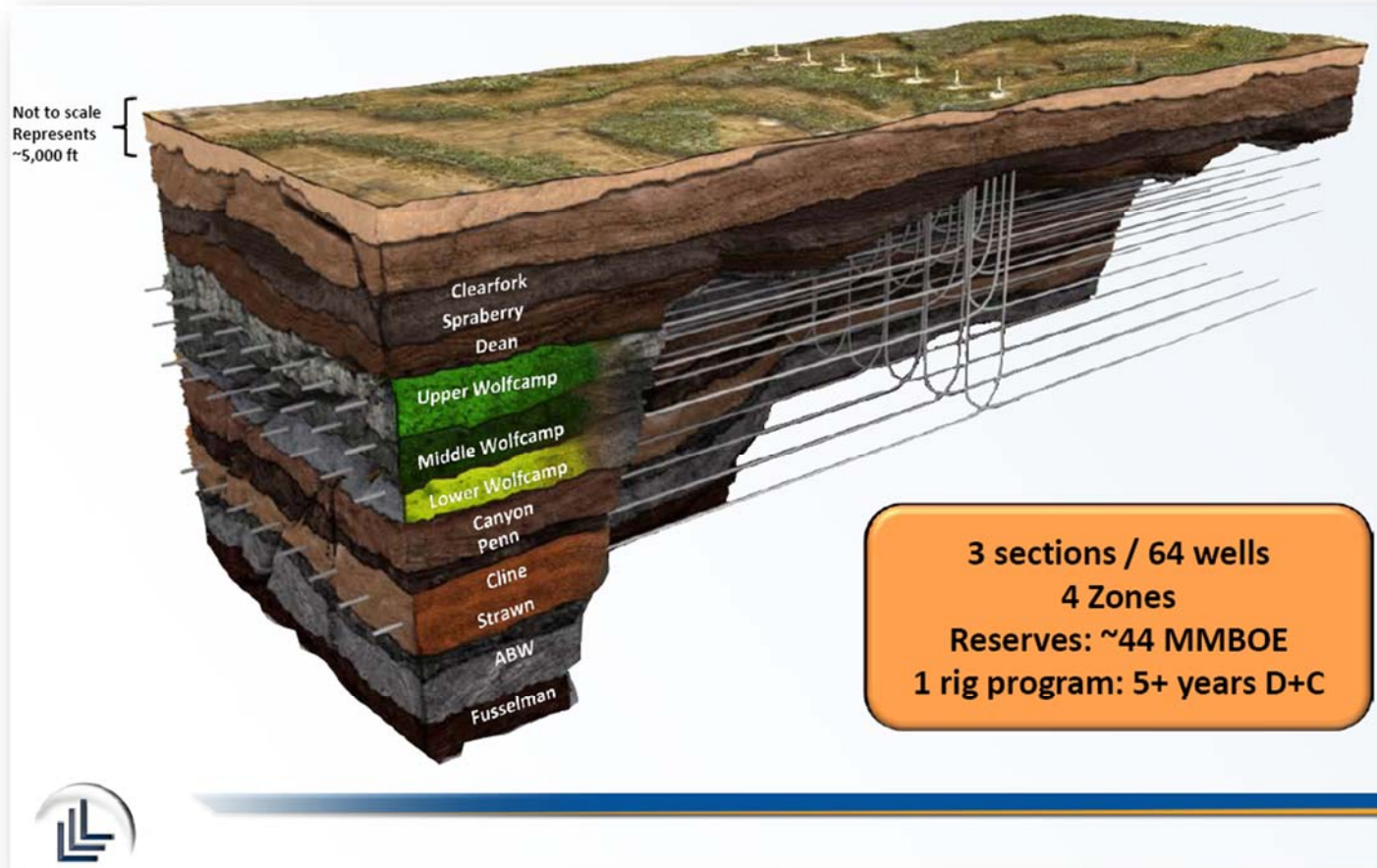
■ Apache's leasehold

Notes:

1. Apache Energy Corporation.

PERMIAN BASIN – SHALE PLAYS DRIVING GROWTH

Permian Basin - Pad Drilling Example (courtesy Laredo Petroleum¹).



Notes:

1. Reserves estimate shown is derived by Laredo and is indicative of results that may be achieved from a 64 well program on their lease-holdings. Target has not made any assessment of horizontal drilling potential in its Fairway project.

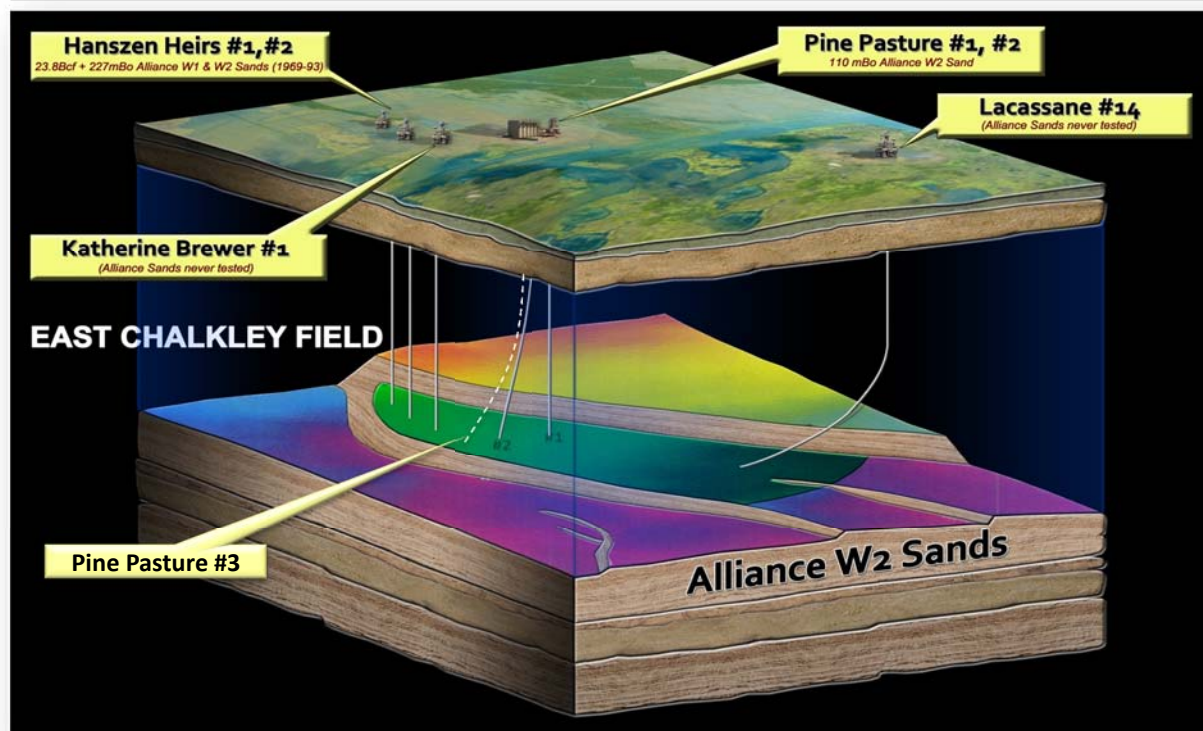
SOUTH LOUISIANA PRODUCTION - EAST CHALKLEY FIELD



A new development well has been drilled on the East Chalkley field in Cameron Parish. The partners further plan to increase oil recovery through a waterflood.

Schematic of the East Chalkley Field, Cameron Parish

Acres Held	<ul style="list-style-type: none"> 714 gross / 250 net
Working Interest	<ul style="list-style-type: none"> 35%
Operator	<ul style="list-style-type: none"> Magnum Hunter Resources
Gross Production	<ul style="list-style-type: none"> 62 boepd (2 wells)
Net Production ¹	<ul style="list-style-type: none"> 22 boepd
Net Reserves ²	<ul style="list-style-type: none"> 1P Reserves: 53.3mboe 2P Reserves: 53.3mboe 3P Reserves: 86.1mboe 3C Resources: 855.2mbo
Estimated well capex	<ul style="list-style-type: none"> US\$3.0m per deviated well (drilled and completed)
Work Program	<ul style="list-style-type: none"> PP#3 cleanout PP#1 workover Potential for waterflood
Comments	<ul style="list-style-type: none"> Potential to drill additional producing wells to maximise recovery



Notes:

1. Average daily production over the December 2013 quarter. Net production is relative to Target's working interest and is before royalties
2. Reserves as at 30 June 2013. A full list of disclosures and risks related to reserves is detailed in ASX release on 27 August 2013. See Note 6 on page 3 of this presentation for additional disclosures relating to reserves.

OTHER PRODUCING ASSETS - GULF COAST

Target’s wells in the Section 28 project have multiple bypassed pay zones which could be produced for minimal additional capital investment.

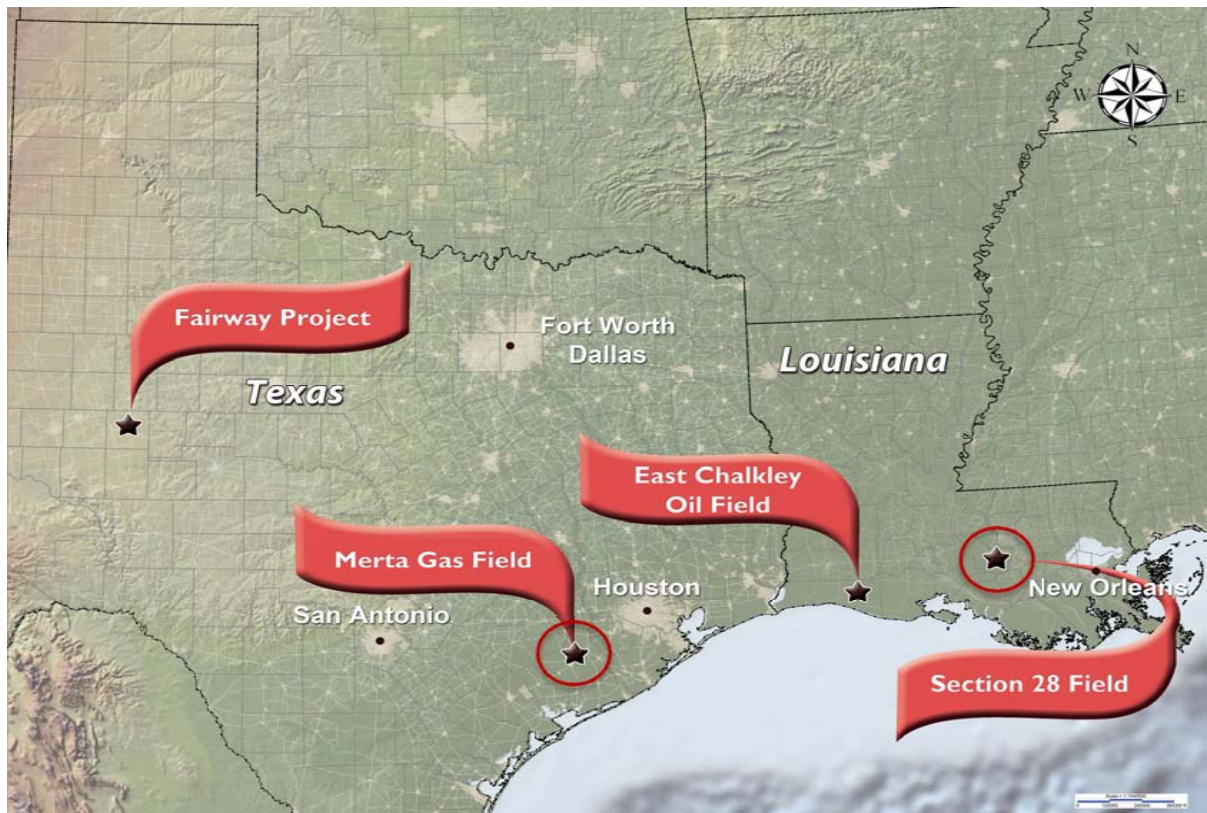
Section 28, St Martin Parish, Louisiana

Acres Held	▪ 80 gross / 20 net
Working Interest	▪ 25%
Gross Production ¹	▪ 350 mcfgd & 5 bopd (2 wells)
Forward Work Program	▪ SML A3 to go on pump ▪ Ongoing development of bypassed pay zones
Comments	▪ Multiple bypassed pay zones in each well

Merta Gas Field, Wharton County, Texas

Acres Held	▪ 310 gross / 78 net
Working Interest	▪ 25%
Gross Production ¹	▪ 110 mcfgd (1 well)
Forward Work Program	▪ None

Map of Target’s Gulf Coast Assets



Notes:

1. Average daily production over December 2013 quarter.

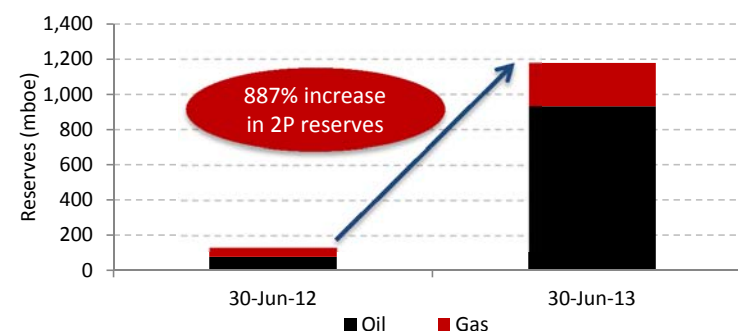
RESERVES & RESOURCES

Reserves assessment at Fairway has increased Target’s 2P reserves by 887%.
Oil constitutes 79% of 2P reserves.

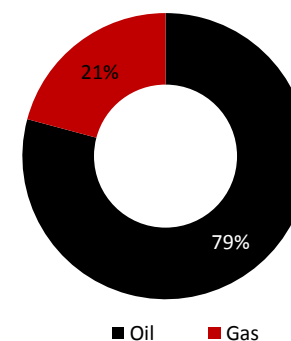
Target’s Net Reserve & Resource Position¹

Category	Net Reserves & Resources		Barrels of Oil Equivalent
	Oil (mbbls)	Gas (mmscf)	BOE (mboe)
Proved Developed Producing (PDP)	109.1	200.6	142.5
Proved Developed Not Producing (PDNP)	36.4	85.7	50.7
Proved Undeveloped (PUD)	331.6	517.6	417.9
Total Proved Reserves (1P)	477.1	803.9	611.1
Probable	455.7	670.3	567.4
Total Proved & Probable Reserves (2P)	932.8	1,474.2	1,178.5
Possible	683.9	970.9	845.8
Total Proved, Probable & Possible Reserves (3P)	1,616.8	2,445.1	2,024.3
Low Estimate Contingent Resources	-	-	-
Best Estimate Contingent Resources	331.9	-	331.9
High Estimate Contingent Resources	523.3	-	523.3
Total Contingent Resources (3C)	855.2	-	855.2
Total Reserves & Resources	2,472.0	2,445.1	2,879.5

Growth in 2P Reserves



Composition of 2P Reserves



Notes:

1. Reserves as at 30 June 2013. A full list of disclosures and risks related to reserves is detailed in ASX release on 27 August 2013. See Note 6 on page 3 of this presentation for additional disclosures relating to reserves.

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III. VALUATION & CORPORATE

Wellhead at East Chalkley

- I. COMPANY BASIN OVERVIEW
- II. FINANCIAL ANALYSIS
- III. VALUATION & CORPORATE

FINANCIALS



Consolidated Statement of Financial Position at 31 December 2013 and 30 June 2013 (A\$)

	31 December 2013 (Audited)	30 June 2013 (Audited)
CURRENT ASSETS		
Cash	1,070,093	1,537,700
Other assets	604,935	2,026,843
TOTAL CURRENT ASSETS	1,675,028	3,564,543
OIL & GAS PROPERTIES, PLANT & EQUIP	17,621,888	14,121,545
DEFERRED EXPENDITURE	45,557	10,046
TOTAL ASSETS	19,342,473	17,696,134
CURRENT LIABILITIES		
Trade & Accounts Payable	1,378,855	1,038,157
Convertible Notes	1,800,000	-
TOTAL LIABILITIES	3,178,855	1,038,157
EQUITY		
Capital Stock	33,489,632	33,492,432
Reserves	1,764,041	1,156,395
Accumulated Losses	(19,090,055)	(17,990,850)
TOTAL EQUITY	16,163,618	16,657,977

CASH FLOWS – WELL CAPITALISED

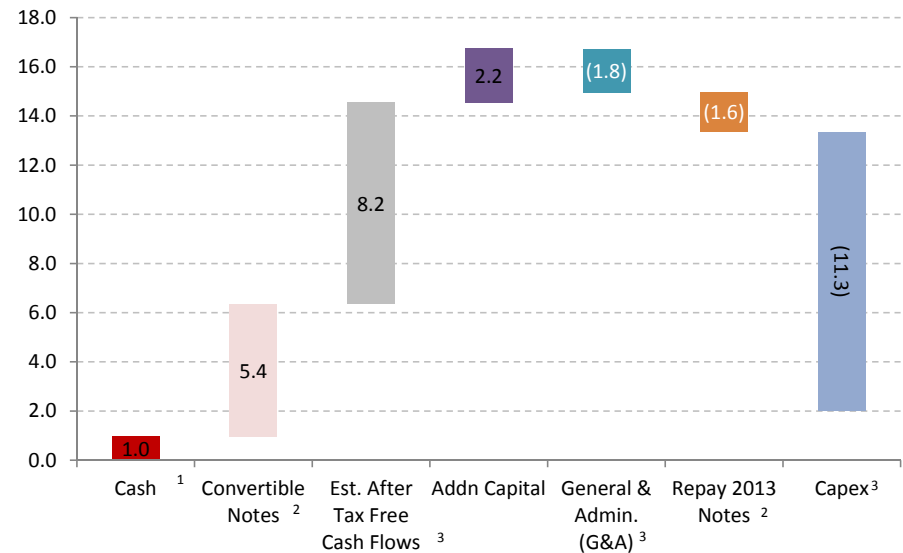


The convertible notes issuance will see Target well capitalised to execute its 2014 drilling program.

Comments

- **Operating cash flows:** expected to rise materially as new wells are placed on stream
- **Lending facility:** Target has made substantial progress on negotiating a reserve based lending (RBL) facility and there is potential for a RBL facility to provide an additional source of liquidity in the second half of 2014
- **G&A costs:** very modest cost base covered by after tax free cash flows
- **Alignment:** low salary costs (G&A costs) and high share ownership of Management and Directors creates alignment with shareholders

2014 Projected Cashflow Waterfall (US\$m)



Notes:

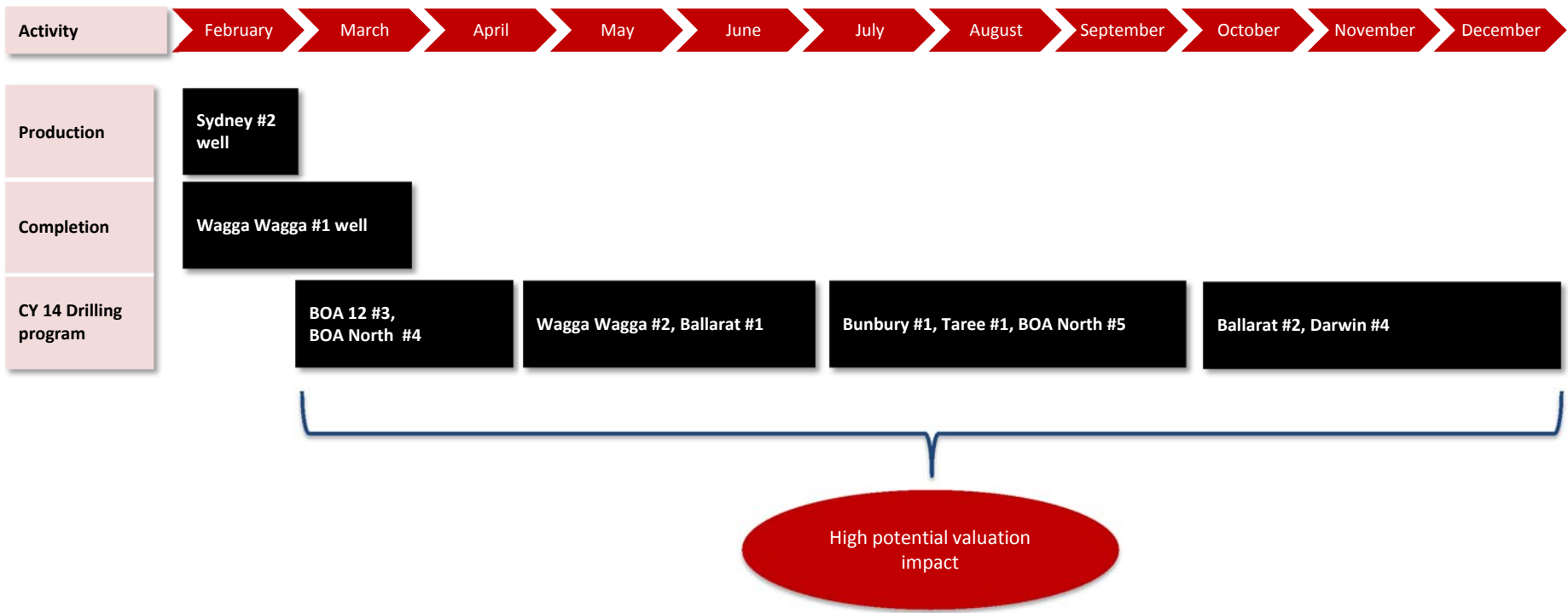
1. Cash as at 31/12/2013. Cash has been converted to USD at AUD:USD 0.90
2. Assumes the issuance of AS2.7m of convertible notes is approved at the EGM. Convertible notes have been converted into USD at AUD:USD 0.90
3. Target internal estimates using assumptions on page 27.

NEWS FLOW & POTENTIAL VALUATION MILESTONES



Oil development wells should provide increased production, cash flows, potential reserves and strong news flow.

2014 Fairway Project News Flow



SUMMARY

Production growth in the Permian Basin is expected to surpass all other US onshore basins – Target Energy is one of very few Australian listed companies that has an established and growing foothold in this prolific basin.

2013

- **Drilling:** six wells in Texas and Louisiana producing assets
- **Production:** 243% gain in group net production since the start of 2013
- **Reserves:** 887% increase in proven and probable reserves
- **Cash flows:** covering G&A costs and growing with new wells being brought on line
- **Acreage:** material increase in Permian Basin lease-holdings
- **US listing:** now trading on the US OTCQX International platform

2014

- Minimum nine-well Fairway drilling program, a 50% increase over 2013 program, which can be expected to drive material increases in production, cash flows and potentially reserves
- Target will continue to evaluate new prospects and opportunities for expanding its oil and gas portfolio in the Permian Basin and Gulf Coast

DEFINED TERMS, ASSUMPTIONS AND RISKS

DEFINED TERMS

- "\$" or "US\$" means United States (US) dollars, unless otherwise stated.
- "B" or "b" prefix means billion
- "bbl/s" means barrel/ s
- "bopd" or "boepd" means barrels of oil per day and barrels of oil equivalent per day, respectively
- "boe" means barrels of oil equivalent. Target reports boe using a gas to oil conversion based on equivalent thermal energy , i.e. 6000 cubic feet of gas = 1 barrel of oil
- "IP" or "IP rate" means the initial production rate
- "IRR" is the internal rate of return
- "EUR" means estimated ultimate recovery – the recoverable hydrocarbons over a well's producing life
- "M" or "m" prefix means thousand
- "mcfcpd" means thousand cubic feet of gas per day
- "MM" or "mm" prefix means million
- "NGL" means natural gas liquids.
- "NRI" means net revenue interest (after deduction of royalties)
- "pd" or "/d" suffix means per day
- "PV10" or "NPV10" means, unless otherwise stated, the net present value of future net revenue, after deductions for operating and capital expenses, production taxes and ad valorem taxes, but before corporate income tax and corporate overheads, using a real, pre-tax discount rate of 10%.
- "scf" means standard cubic feet
- "WI" means working interest within leases

ASSUMPTIONS FOR WELL ECONOMICS

- Type curves are estimated using data from Target's existing producing wells and offset wells. The type curves represent what Target believes to be average type curves and are not representative of the best or worst type curves.
- Fusselman type curves assume the wells are placed on pump and exhibit a low rate of decline before water break through. This profile has been exhibited by offset wells drilled by Target's operator.
- Oil prices and gas prices are based on a the WTI Crude Oil Benchmark and the Henry Hub Gas Benchmark. Pricing adjustments are made to these benchmark prices to account for quality, transportation fees, marketing bonuses and regional price differentials. Three different oil prices scenarios have been presented. In each case the oil price is expected to be flat over the duration of the well's producing life at either \$80/bbl, \$90/bbl or \$100/bbl. Benchmark gas prices are estimated as being flat at \$4.0/mscf under all scenarios.
- Total capex is estimated at \$1.7m for a Fusselman well, \$2.1m for a Wolfberry well and \$2.4m for a Wolfman well. Opex is assumed to be \$5,000/well/month.
- Other economic parameters including, but not limited to: percentage of oil production, royalties, production taxes and working capital movements are based on Target's current operating parameters.

ASSUMPTIONS FOR EAST CHALKLEY FIELD NPV (10%)

- Type curves are estimated using data from Target's existing producing wells and offset wells .
- A flat oil and gas price of \$90/bbl and \$4/mscf has been used for the East Chalkley Field NPV (10%).
- The 'most likely' case assumes drilling 4 producing wells and 2 injectors over 2 years. The 'upside' case assumes drilling 7 producing wells and 3 injectors over 3 years.
- Well capex is estimated at \$3.0m for a deviated well. Opex is assumed to be \$7,500/well/month.
- Other economic parameters including, but not limited to: percentage of oil production, royalties, production taxes and working capital movements are based on Target's current operating parameters.

KEY RISKS ASSOCIATED WITH WELL ECONOMICS AND EAST CHALKLEY FIELD NPV (10%)

- Benchmark oil and gas prices may change.
- Well production performance may differ from estimated well performance.
- Target's current operating parameters (listed above) may not be representative of future operating parameters .
- A number of factors could cause actual results to differ materially from the projections, please see page 2 for disclosure on forward looking statements.



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