



ASX Announcement

8 September 2010

Drilling to recommence at East Chalkley

US-focused oil and gas exploration and production company, Target Energy Limited ("Target") (**ASX:TEX**) is pleased to advise that preparations are underway for the drilling of the Pine Pasture #3 development well at its East Chalkley Oil Field in Cameron Parish, Louisiana.

The Company has been advised by the Operator that the drilling is expected to commence at the Pine Pasture #3 well in the last week of this month. Drilling is expected to take approximately three weeks to reach the programmed Total Depth of 3,000m (9,842 feet). The well will be drilled from the existing production facilities and will be deviated some 538 metres to the south-south-west, with the bottom-hole to be approximately 272 metres south of the Pine Pasture #2 bottom-hole location.

All site preparations and permitting have been completed and at this time we are finalizing arrangements with the drilling contractor, Crown Drilling of Breau Bridge, Louisiana for the use of the Crown Drilling Rig No 3. The well will be drilled under a turn-key contract.

The rig will mobilize directly to our well site following the completion of operations at its current location.

Target has a 35% working interest in the East Chalkley field, which currently produces approximately 100 barrels of oil per day (BOPD) from two wells in the field. Reserve studies undertaken for Target have indicated that the field may have up to 1.7 million barrels of P50 ("most likely") technically recoverable reserves and resources, with a P10 or upside estimate of 4 million barrels of oil.

Target Energy currently has oil and gas production in three separate project areas in Texas and Louisiana.

For and on behalf of
TARGET ENERGY LIMITED

Laurence Roe
Managing Director

TARGET ENERGY LIMITED (ASX: TEX) | Level 2, 46 Ord Street, West Perth WA 6005
(08) 9476 9000 | admin@targetenergy.com.au | www.targetenergy.com.au

Corporate information

ASX Code

TEX

Board of Directors

Chris Rowe, Chairman
Laurence Roe, Managing Director
Paul Lloyd, Director
Mike Martin, Director

Rowan Caren, Company Secretary

ABN Number

73 119 160 360

Contact details

Level 2, 46 Ord Street
West Perth WA 6005
Tel: +61 8 9476 9000
admin@targetenergy.com.au

Overview of activities

Target is exploring and producing a suite of highly prospective oil and gas projects in the USA.

Target has interests in producing assets in its East Chalkley oil field, the Section 28 Oil and Gas Project and at its Merta #1 well.

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