

ASX ANNOUNCEMENT



28 October 2009

Company Announcements Platform
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

DRILLING COMMENCES AT HIGHWAY 71 PROSPECT

Target Energy Limited ("Target") (ASX CODE: TEX) is pleased to announce that drilling has commenced at its Highway 71 prospect.

The operator of the well, J. Charles Hollimon, has advised that drilling at the Hollimon Oil Company Merta #1 well commenced at 1900 hrs on 26 October 2009 (US CST). At 0600 hrs on 27 October (US CST), the well was drilling ahead at a depth of 158.8 metres.

Target is earning a 25% working interest in the Highway 71 prospect, situated in Wharton County Texas, approximately 100 kilometres west-southwest of Houston. The prospect has the potential to recover up to 67.5 Billion cubic feet (Bcf) of gas and 1.1 million barrels of condensate/light oil from its primary and secondary targets.

Drilling is expected to take six weeks to drill to the programmed Total Depth of 4,115 metres (13,500 feet).

Managing Director Laurence Roe said, "We're very pleased to have this drilling underway. Highway 71 is a very good prospect, well mapped on 3D seismic and on trend with nearby production. Success here has the potential to have a significant positive impact on the Company."

While drilling operations are underway at Highway 71, Target will issue weekly drilling updates every Thursday or at any such time that material matters require disclosure.

For and on behalf of
TARGET ENERGY LIMITED

A handwritten signature in dark ink, appearing to read "Laurence Roe".

Laurence Roe
Managing Director