

DRILLING CONTRACT SIGNED

- Drilling rig contract signed with Canadian listed Major Drilling Group to drill and complete the LF-07 production well at the Pilot Well Project
- Larger, more powerful TXD200 drilling rig being utilised for the first time with an improved and more advanced mud system
- LF-07 expected to spud in the second half of July following the Naadam festival, Mongolia's principal annual holiday break

TMK Energy Limited (ASX: TMK) (TMK or the **Company**) is pleased to announce the signing of a drilling contract with Major Drilling Group ("Major") - a large international Canadian listed drilling company which has successfully drilled the six previous pilot wells for the Gurvantes XXXV Coal Seam Gas (CSG) Project.

Mr Dougal Ferguson, TMK Energy's Chief Executive Officer commented:

"We are pleased to continue our excellent working relationship with Major and its Mongolian team with the signing of this latest drilling contract. Major has continually demonstrated that it can execute our drilling programs safely, efficiently and cost effectively and are one of our key service providers in the country."

LF-07 is located up dip from existing wells and therefore well positioned to be an early producer of gas. It is expected to be our last pilot production well in the current Lucky Fox pilot well complex and on completion of its drilling, will mark a significant milestone for the Company."

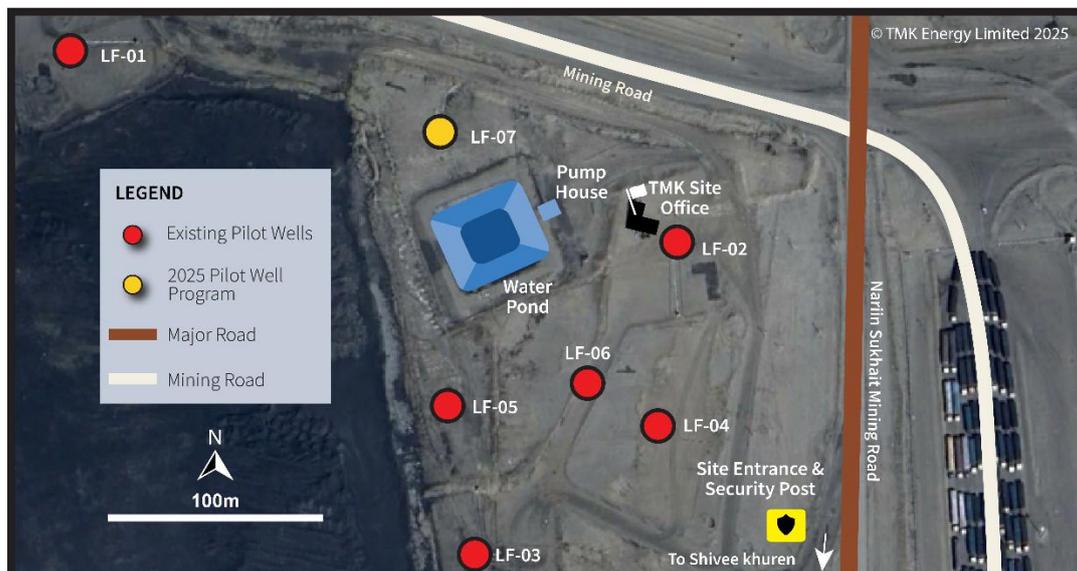


Figure 1: Lucky Fox Pilot Well Program ariel view

2025 Drilling Program

The planned 2025 drilling program consists of one additional pilot production well and up to five exploration wells in a highly prospective area some 60 kms to the east of Nariin Sukhait. This program meets the minimum 2025 work program commitment pursuant to the Company's Production Sharing Contract.

Lucky Fox 07 (LF-07) will complement the existing six pilot production wells in the Nariin Sukhait area, which have been successful in significantly reducing the reservoir pressure over the past 24 months as demonstrated from the results of the recent pressure build up tests on LF-01, LF-02 and LF-03.

The additional production well (LF-07) is located up dip from LF-05 and along strike from LF-01 and LF-02 and has been selected to infill the pilot project well pattern and optimise data gathering and gas production rates from the pilot project (see Figure 1). It will also provide valuable information on whether the pressure drop seen in LF-01 and LF-02, located along strike to the west and east respectively, is evident at the LF-07 location.

The vertical production wells in the current pilot well project remain the primary focus of the Company as it seeks to prove commercial gas flows can be achieved from the upper coal seam.

Following the drilling of LF-07, the Company intends to commence its relatively inexpensive, but potentially high impact 2025 exploration drilling program which will consist of up to five exploration wells, with a target of adding to its already significant 2C contingent resources in the region.

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For the purposes of ASX Listing Rule 15.5, the Board has authorised for this announcement to be released.

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