

SIGNIFICANT PRODUCTION UPDATE

- **Gas production increased to >720m³ per day (>25,000 scfd) at the 100% owned Gurvantes XXXV Project, a new daily gas production record**
- **LF-07 is the star performer with gas production rates accelerating in recent days, the well now producing >13,000 scfd and on a steady upward trend**
- **Positive indications that gas is being desorbed at some level from the coals at LF-07, one of the highest (up dip) wells in the structure**

TMK Energy Limited (ASX: TMK) (“**TMK**” or the “**Company**”) is excited to announce it has achieved a significant gas production milestone from its 100% owned Gurvantes XXXV Coal Seam Gas (CSG) Project in Mongolia.

Daily gas production has exceeded 25,000 standard cubic feet per day (scfd) for the first time, marking yet another production milestone for the Pilot Well Project. Following the planned shut-ins earlier this month of LF-01 and LF-04 for pressure build up tests, gas production levels have rebounded strongly and surpassed the previous record gas rate achieved before the pressure build up tests commenced.

Importantly, the pressure build up tests for both wells confirmed that reservoir pressure had decreased in line with the current reservoir model. Reduction in the reservoir pressure is one of the key ingredients for a successful coal seam gas project, as it allows the coals to desorb gas.

In recent days, the Pilot Project appears to have developed a localized gas saturation zone that is actively desorbing gas. This represents a highly positive development and provides additional support for the anticipated expansion of gas saturation across the full structural extent as reservoir pressure declines with continued water production. Both gas and water production from the other wells within the greater pilot area continue to perform as expected based on the Company’s understanding of the coal and reservoir properties.

The Company will keep shareholders continually updated as the Company approaches what could be the commencement of increasing gas desorption from at least one well at the Pilot Well Project.

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

“We are cautiously optimistic with this latest significant increase in gas production and excited to see the recent trend that is developing at the LF-07 well.

LF-07 is the most recent well drilled and the only well in the field where the fluid level in the well was left above the top of the coal seam meaning the coals have never been exposed to atmospheric pressure, thereby potentially limiting reservoir damage. Whatever the reason, the increase in gas rate being observed at LF-07 is a very promising development.

These are exciting times for both the Company and its shareholders, and we all look forward to the current strong upward trend in gas production continuing over the coming weeks and months.”

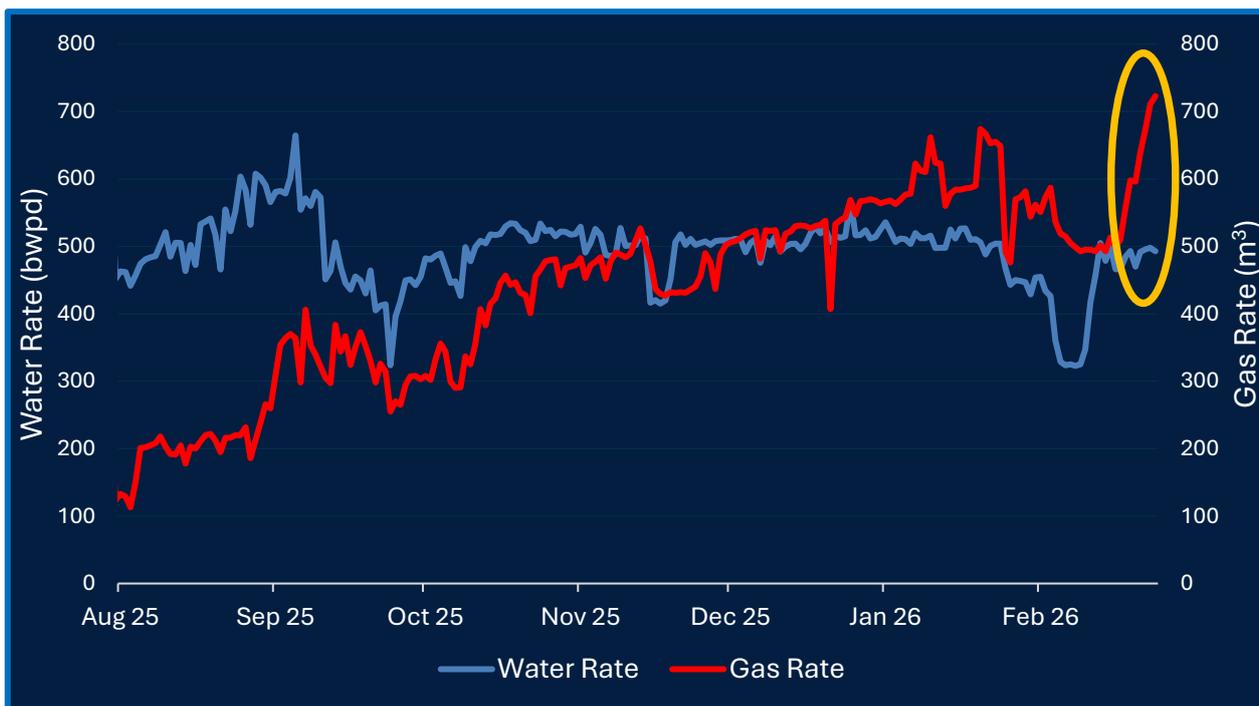


Figure 1: Gas production with recent gas spike following planned shut-ins earlier in February



Figure 2: Lucky Fox-07 flare stack

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

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