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OIL & GAS PRODUCTION COMMENCED – GAYLE #1

The Board of Tomahawk Energy Limited is pleased to announce that the Gayle #1 discovery well located in Brazoria County Texas, announced 30th August last, has commenced oil production and is flaring gas. Tomahawk Energy has a 7.78% Working Interest in the well.

Results:

The Gayle #1 (aka Hidden Lake Prospect) located in Brazoria County, Texas was completed in the Frio “J” sand, initially flowing 155 BOPD. The flow rate on an 8/64” choke orifice has stabilized to approximately 60 BOPD, and no water.

Gas is being flared to atmosphere at approximately 150 MCFD. When the gas sales line is in place and surface equipment is installed, the operator may then increase the choke and monitor production increases to obtain the maximum efficient rate.

Field History:

The J Sand is a known field pay, accumulating 100,000 BO from a single well in the adjacent, western fault block (downthrown to the Gayle). Well correlations and pressures indicate the J Sand reservoir to be unique to the Gayle #1. The Anderson Sand is behind pipe in the Gayle #1. Two (2) wells in the western fault block have accumulated 787,000 BO and 488,000 MCF from the Anderson sand. An offset well in the same fault block with the Gayle #1 has accumulated approximately 500,000 MCF from the Anderson sand, partially depleting the reservoir pressures. Formation tests indicate 2,100 psi remains in the Anderson and core data analyzed condensate and oil are present in the Gayle #1.

The McCarthy sand is also present and gas productive in the Gayle. This sand has past production of 8,500,000 MCF (8.5 BCF) from this same fault block. Pressure tests in the Gayle indicate 900 psi remaining, which confirms the connection to previous production.

Future Potential:

Due to widely varying pressure regimes, the operator had to drill below the J sand with slim hole drill pipe after protecting the upper, partially depleted sands, with 5 ½" casing. These conditions and shale sloughing were deemed too risky to proceed below 11,800'. As a result, the operator was unable to fully log excellent gas shows in the last 50' of the hole. There are four deep field pays in the "Anomalina" section, of which the show in the Gayle represents the second from the top field pay. The shallowest Anomalina field pay was absent. The partners are assessing ways in which to get more information on these deeper sands and may even consider an additional future well to test the deep Anomalina sands.

Comment:

The company is happy to establish oil and gas production from the Frio "J" sand however it was unfortunate that mechanical issues prevented testing of the strong gas shows in the deepest zone of the well. The Operator and other participants in the well are exploring options for further testing these prospective deeper zones. The two additional shallower McCarthy and Anderson zones that have been identified in the Gayle #1 will be produced after the "J" sand.

For further information please contact Managing Director, Peter Moore on 02 9251 3311