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31st July 2007

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER
ENDED 30th JUNE 2007

The Directors of Tomahawk Energy Limited (Tomahawk) (ASX: THK,) are pleased to provide the following report for the June 2007 Quarter.

HIGHLIGHTS

- **Merger with K2 Energy Limited (K2) became unconditional with 90% acceptance of the offer by K2 shareholders.**
- **K2 Board members Peter Moore, Sam Gazal and Ken Gaunt appointed to the Tomahawk Board with Tomahawk Directors Tony Brennan and Gary Ralston retiring, effective 26th May 2007.**
- **Bad Creek Project in Oklahoma commenced drilling with 3 successful discovery wells drilled.**
- **The Patriot #1-10 at Bad Creek tested and 1700 mcfgd in the Jefferson sand zone and was connected to sales lines producing at 500mcf. (12.6% Working Interest)**
- **The Priegel #1-15 at Bad Creek tested 1700 mcfgd and was also connected to sales producing at 500 mcfgd. (33% Working Interest)**
- **An extensive workover program on 9 of the 30 existing THK wells was commenced in Oklahoma with testing of the multiple conventional zones “behind pipe” to proceed in the coming quarter.**
- **The Gayle #1 well in Brazoria County Texas commenced drilling at the end of the quarter. The well is targeting multiple Frio Sand formations with reserve potential of 3-10 BCF of gas. (7.5% working interest). (well a K2 Energy asset)**
- **The Chapa #1 (Alex) well on the Alex Prospect in Hidalgo County Texas commenced drilling. The well is targeting multiple frio sand formations with reserve potential of 10-24 BCFG. (well a K2 Energy asset) (10% Working Interest)**
- **The Shary #1 discovery well was preparing to be connected to sales. The well tested at 150 mcfgd over a 16 day test period. (well a K2 Energy asset)**

OPERATIONAL OVERVIEW

During the quarter Tomahawk participated with K2 Energy in the Patriot #1-15, Patriot #2-15 and the Priegel # 1-10 wells in Okfuskee County, Oklahoma and upon the merger becoming unconditional and the new Board of Tomahawk being constituted the interests of K2 Energy and Tomahawk in the wells were consolidated.

The results from the Bad Creek project in Okfuskee County Oklahoma were very encouraging with the first two wells successful discoveries.

PRIEGEL #1-10 (33% Working Interest)

The Priegel #1-10 was spudded on 29th March 2007 and reached a total depth of 4585 feet on 13th April 2007. The prospect is a combination structural/stratigraphic trap that is well defined on Tomahawk's 3D seismic data. Significant gas shows were encountered while drilling and logs indicated 6 possible productive zones. Casing was set and testing was continuing at the end of the quarter although some weather delays were experienced.

The Jefferson sand zone was completed and at tested 1700 mcf/d. The well has been connected to sales producing at 500 mcf/d.

PATRIOT #1-15 (12.6% Working Interest)

The Patriot #1-15 was spudded on April 16 2007 and reached a total depth of 4,410 feet on 4th May 2007. The prospect is relatively large covering over 300 acres of structural closure that is well defined on the 3D data set. Significant oil and gas shows were encountered while drilling and electric logs indicate the hydrocarbon pay is possible in 9 identified zones in the well. The multiple zones in the well will now be tested from the deepest up the hole.

The Patriot #1-10 at Bad Creek tested and 1700 mcf/d in the Jefferson sand zone and was connected to sales lines producing at 500mcf/d.

HIDDEN LAKE PROSPECT, BRAZORIA COUNTY, TEXAS. (9.0616% Working Interest)

The Gayle #1 well spudded in late June, 2007, and has commenced drilling. The well is targeting multiple frio sands with reserve potential up to 16 BCFG. Tomahawk holds a 9.0616% working interest and a 7.058% net revenue interest in the prospect.

ALEX PROSPECT, STARR COUNTY, TEXAS (10% Working Interest)

The company has signed to participate for a 10% Working Interest before casing point and 7.5% Working interest after casing point in the Chapa #1 well, Alex Prospect, located in Hidalgo County, Texas. The well will test a fault bounded structure with and excellent gas shows in an off-structure, or down dip, well. Multiple reservoir targets are possible with reserve potential ranging up to 24 bcf of gas. The well commenced drilling in mid June and encountered mechanical problems with stuck pipe that delayed progress for several weeks. The problems have been resolved and the well is continuing drilling.

SHARY PROSPECT, HIDALGO COUNTY, TEXAS (6.8% Working Interest).

The Black Stone – Shary #1 well was production tested over a 16 day period at a stable rate of 150 mcf/d with 16 BWPD and 430 psi flowing pressure on an 8/64” choke. Estimated gas reserves based on the test results are undetermined at this time. However, a prospective drill site higher on structure, and in the same fault block, is now considered a likely drill target later in 2007. The company has secured access to the pipeline gathering system owned by Chesapeake Energy Corp in exchange for the shallow mineral rights on a 40 acres lease controlled by the Shary Prospect owners. Chesapeake’s deep well encountered gas shows in a separate fault segment, which may also result in a future well proposal in which Tomahawk will have participation rights. The Shary well was connected up and is producing at an average daily rate of 90 mmcf/d.

BAD CREEK PROJECT, OKFUSKEE COUNTY, OKLAHOMA

On 26 April 2007, K2 Energy announced that it had concluded an agreement with Metro Energy of Tulsa Oklahoma to acquire a 50% interest in 1930 acres of oil and gas leases owned by Metro Energy in Okfuskee County, Oklahoma. As the result of the merger between K2 Energy and Tomahawk the project is now a Tomahawk project and Tomahawk had existing leases within the AMI area, which have been consolidated with the K2 Energy position.

The leases are located in an Area of Mutual Interest (“AMI”) known as the “Bad Creek AMI” covering 36 square miles. The Bad Creek AMI contains strategic 3D target specific acreage with potential to drill a minimum of 20 exploration wells on 3D generated exploration targets, with multiple potential pay zones to depths generally less than 5000 feet. The consideration paid by K2 Energy to Metro Energy for a 50% interest in the Bad Creek AMI is US\$945,000 and K2 Energy agreed to carry Metro Energy for 25% of the total of the combined cost of Metro Energy/K2 Energy’s participation in the first four wells drilled through production casing point. Metro Energy will be the operator of all wells drilled within the Bad Creek AMI and will be AMI manager. Metro Energy and Tomahawk Energy will participate in new leases acquired within the AMI on a 50/50 basis and Tomahawk Energy will pay its share of the leasing costs, plus 20%, as Metro Energy will provide or procure all land management services.

An evaluation of the Bad Creek seismic data by Schlumberger indicates a possible resource of in excess of 22 bcf of gas on the targets identified to date within the project area. Additional seismic interpretation is expected to yield further drilling opportunities within the project area.

CHEROKEE UNCONVENTIONAL GAS PROJECT

The company has retained its 12.5% interest in the Cherokee Unconventional gas project on approximately 27,000 acres in Okfuskee and Hughes Counties in Oklahoma. Tomahawk's partner, Metro Energy has acquired the 75% interest in the project acreage from Devon Energy and now holds an 87.5% interest in the acreage. Metro and other potential partners are currently evaluating the potential of the unconventional resource in the Caney and Woodford shales and have engaged Schlumberger Engineering to further evaluate seismic and other data with a view to advancing the project.

The new Board of Tomahawk Energy has determined to focus on the conventional gas potential of the Tomahawk assets in the short term, however the company sees a significant opportunity for growth in exploiting the unconventional gas resource once the technical issues associated with producing from the Caney and Woodford shales are better understood and resolved.

Expenditure

Expenditure on exploration and administration costs during the quarter amounted to \$581,000.

CONCLUSION

Overall the quarter has been very significant for the company with the merger with K2 Energy Ltd providing additional capital and US based management and expertise to allow the company to fully exploit the opportunities that the Oklahoma project presents. The recompletion and work-over program on the company's existing wells to exploit the "behind pipe" resource in this wells is well under way with ands aggressive work program planned for the coming quarter that should increase production and revenue in the short term.

The first exploration wells at Bad Creek have been very successful and the company plans an aggressive development and exploration drilling program in the coming months.