

THICK GASSY COAL SEAM INTERSECTED IN MONGOLIA

- **Snow Leopard - 1 has intersected 44 metres of gassy coal in the upper coal seam between the depths of 406m and 461m**
- **Preliminary gas desorption results assessed over the weekend indicate high gas content and high gas saturation**
- **Downhole geophysical surveys and a DST of the upper coal seam now underway, after which, drilling will continue to target a second lower coal seam**
- **Snow Leopard - 1 is the first of four drill holes in the current exploration program, targeting thick coal seams at the Gurvantes XXXV Coal Seam Gas (CSG) Project in Mongolia**

TMK Energy Limited (ASX:TMK) (“**TMK**” or the “**Company**”) is pleased to announce that it has intersected 44 metres of gassy coal in the upper coal seam in the first well (Snow Leopard - 1) of its high impact maiden drilling program within the Nariin Sukhait area of the Gurvantes XXXV CSG Project in the South Gobi Basin of Mongolia.

The well has intersected a net coal thickness of approximately 44 metres between the depths of 406m and 461m. Coal core has been sampled over the last week for gas desorption, adsorption and composition analysis. Gas desorption measurements from the 36 individual desorption samples collected to date, is ongoing, however preliminary results indicate that the coal seam has high gas content (in the order of 7.5m³/t to 12.5m³/t on an as received basis) and high gas saturation, consistent with the Company’s current geological understanding. Based on visual assessment of the coal core, the coal is considered to have a well developed cleat system (natural fracture network) which is a positive indicator for permeability.

Drilling through the upper coal seam was completed on 10 April 2022 and the well is currently at a depth of 480m. Drilling is currently paused to allow for downhole geophysical surveys to be run in the hole to confirm net coal thickness and identify intervals for DST testing. DST testing will be attempted to be completed over selected coal intervals to provide quantitative data on the permeability of the coal intervals, before resuming drilling to target a second deeper coal seam that is interpreted to exist at this location.

Following completion of Snow Leopard-1, a further three core holes spaced approximately 3.5km apart, are expected to be drilled and tested over the next 3-4 month period. These drill holes will continue to target the highly prospective coal seams identified at Nariin Sukhait from existing exploration data and coal mining activities and now further validated by the initial results from Snow Leopard-1.

On completion of the drilling program, the resulting data is expected to enable the Company to convert a portion of the independently certified 5.96 TCF (2U risked) Gross Prospective Resource into a maiden contingent resource for the Nariin Sukhait area in 2H 2022. This will be a major milestone in the potential establishment of a world class gas project adjacent to one of the world’s largest gas markets, China.

The drilling program is being funded by TMK’s joint venture partner Talon Energy Limited (ASX:TPD) under an existing US\$4.65 million two-stage farm-out agreement executed in February 2021. Initial funding of US\$1.5 million is allocated to the current four well drilling and testing program. The second stage of funding, being US\$3.15 million, is currently budgeted towards the pilot well program being planned for later this year, should TPD elect to proceed with the second stage of the farm-out.



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Figure 1 – Gas desorption monitoring at TMK Energy's on-site laboratory



Figure 2 – 2022 Drilling Program drill hole locations

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

Mr Brendan Stats, TMK Energy's Chief Executive Officer commented:

"I am pleased that our first well has intersected a thick coal seam, with preliminary results indicating that the high gas contents and coal thickness compare favourably with Australian CSG projects.

The initial results from Snow Leopard - 1 are positive and go a long way to validating our geological model and interpretation of our extensive existing data set.

Despite some delays experienced during drilling, operations to date have been undertaken safely and I congratulate the whole team in what at times can be difficult operating conditions in the South Gobi Desert.

I look forward to further exploration results over the course of the drilling program as we continue toward our goal of discovering and evaluating a world class CSG Project in Mongolia."

Note 1: Please refer to the Company's previous announcement dated 16 December 2021 for further information about the Independent Prospective Resource and the Cautionary Statement with respect to the Prospective Resource estimate

ABOUT TMK ENERGY LTD

TMK Energy Limited is listed on the Australian Stock Exchange (ASX:TMK) and holds a 100% interest in the Gurvantes XXXV Coal Seam Gas Project located in the South Gobi Basin of Mongolia. TMK also holds 20% interest of the Talisman Deep Project, which contains the Napoleon structure. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop of the Gurvantes XXXV Project.

TMK's key focus is the development of the Gurvantes XXXV South Gobi Natural Gas Project located in the South Gobi basin of Mongolia.

TMK are committed to responsibly developing this Project into a world class producing gas field on behalf of and for the benefit of Mongolia.

For more details on the Company please visit www.tmkenergy.com.au

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