

1.2 TRILLION CUBIC FEET CONTINGENT GAS RESOURCE (2C) CERTIFIED FOR GURVANTES PROJECT

- Largest Coal Seam Gas (CSG) Contingent Resource in Mongolia and the closest to China's major pipeline infrastructure
- Contingent Resources of 1C (398 Billion Cubic Feet (BCF)), 2C (1,214 BCF) and 3C (2,361 BCF) confirmed by independent top tier international reserves and resources certifier, Netherland, Sewell & Associates (NSAI)
- Combined Contingent and Prospective Resources* have increased by approximately 500 BCF (32%) for the 70km² Nariin Sukhait area, following the highly successful 2022 drilling program
- Overall increase of ~9% for combined Contingent and Prospective Resources* for the entire ~8,400km² Gurvantes Project
- Outstanding results delivered within nine months of the commencement of the exploration program demonstrate the world class nature of the Gurvantes Project

* best estimate categories (2C and 2U) which are unrisks for chance of development

TMK Energy Limited (ASX:TMK) ("TMK" or the "Company") is delighted to deliver its maiden independently assessed Contingent Resource estimate for the Nariin Sukhait area within the Gurvantes XXXV Coal Seam Gas (CSG) Project in the South Gobi Basin in Mongolia (Table 1 and Table 2), together with an updated Prospective Resource estimate for the Nariin Sukhait prospect area (see Table 3) completed by NSAI.

Contingent Resources were estimated for the Upper Coal Seam package (Table 1) and a Lower Coal Seam package (Table 2), both of which were the focus of the 2022 exploration drilling program which consisted of the Snow Leopard wells and the associated testing of each of those wells.

Table 1 – Upper Coal Seam Package (Nariin Sukhait Area)

Depth Range (metres)	Unrisks Gross (100%) Contingent Gas Resources (BCF)		
	1C (Low Estimate)	2C (Best Estimate)	3C (High Estimate)
150 – 750	398	722	1,113
750 - 1000	0 ⁽¹⁾	492	831
Total	398	1,214	1,944

(1) There are no low estimate contingent gas resources for this target depth as of 31 October 2022, due to the lack of pilot well data.

Gas volumes are expressed in the table above in billions of cubic feet (BCF) at standard temperature and pressure basis. The project maturity subclass for the Nariin Sukhait Area upper coal seam package is development on hold and a Chance of Development (COD) has not been applied to the numbers in the table above.

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Table 2 - Lower Coal Seam Package (Nariin Sukhait Area)

Depth Range (metres)	Unrisked Gross (100%) Contingent Gas Resources (BCF)		
	1C (Low Estimate) ⁽¹⁾	2C (Best Estimate) ⁽¹⁾	3C (High Estimate)
150 – 750	0	0	233
750 - 1000	0	0	184
Total	0	0	417

(1) The low estimate and best estimate contingent gas resources for these target depths, as of 31 October 2022, are zero due to lack of pilot well data and conclusive, positive permeability data.

Gas volumes are expressed in the table above in billions of cubic feet (BCF) at standard temperature and pressure basis. The project maturity subclass for the Nariin Sukhait Area lower coal seam package is development unclarified and a Chance of Development (COD) has not been applied to the numbers in the table above.

Summary of Results

The Upper Coal Seam package, in which the Company was highly successful in its data gathering and recording good permeability tests, have been categorized as 1C, 2C and 3C. The Company did not attempt a permeability test of the Upper Coal Seam package in the deeper zones and there is no pilot production data available, therefore no 1C has been ascribed to the Upper Coal Seam package at that depth (see Table 1).

Likewise, the Company was only able to obtain minimal permeability data from the Lower Coal Seam package and in the absence of supporting pilot production data, NSAI have not ascribed any 1C or 2C Contingent Resources to the Lower Coal Seam package but have ascribed a significant quantity to the 3C category, indicating upside in the event the Lower Coal Seam can be shown to have adequate permeability and/or pilot production data from future drilling campaigns.

The Contingent Resources from the Upper Coal Seam package far exceed the Company's pre-drill expectations and validate the scale and quality of the Gurvantes XXXV CSG Project. This is the largest CSG Contingent Resource (1C, 2C and 3C) recorded to date in Mongolia in what is an emerging and potentially significant industry for the country. Other operators in Mongolia have reported initial CSG Contingent Resources for their projects, however, none are as large as the initial Contingent Resources for the Gurvantes XXXV CSG Project and none are as close to China's major pipeline infrastructure that supplies one of the fastest growing natural gas markets in the world.

The Company is currently planning a significant 2023 exploration program with the aim of converting more of the remaining Prospective Resources into Contingent Resources, along with conversion of 3C resources into the 1C or 2C category. Additionally, the Company is well advanced in planning for its initial pilot well program expected to commence drilling in the first quarter of 2023.

NSAI Methodology

The Contingent Resources were independently estimated by NSAI as of 31 October 2022 and prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS). NSAI are highly regarded international petroleum consultants based in Dallas, Texas and are considered one of the most experienced and respected coal seam gas certifiers globally.

The Contingent Resources are classified in three categories of 1C, 2C and 3C based on the level of confidence that NSAI has with respect to the recoverability of gas from both the Upper Coal Seam package and Lower Coal Seam package that were intersected in the recent five well Snow Leopard drilling program and have been calculated by NSAI using deterministic methods.

Once all contingencies have been successfully addressed, the probability that the quantities of Contingent Resources recovered will equal or exceed the estimated volumes is 90 percent for the low estimate, 50 percent for the best estimate and 10 percent for the high estimate. The estimates of Contingent Resources included herein have not been adjusted for development risk (Chance of Development). The 1C, 2C and 3C Contingent Resources have been aggregated by arithmetic summation, therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

NSAI Contingencies

For the Nariin Sukhait area Upper Coal Seam package, the Contingent Resources estimated are contingent upon the collection of additional technical data, through drilling core wells and conducting pilot operations, to establish commercial producibility of project development and, subsequently, the commitment to develop the resources. The project maturity subclass for the Nariin Sukhait area Upper Coal Seam package is development on hold.

For the Nariin Sukhait area Lower Coal Seam package, the Contingent Resources estimated are contingent upon the collection of additional technical data, through drilling core wells and conducting pilot operations, to demonstrate permeability and to establish commercial producibility of project development and, subsequently, the commitment to develop the resources. The project maturity subclass for the Nariin Sukhait area Lower Coal Seam package is development unclarified.

The data used by NSAI to calculate its estimates were obtained from the Company, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc., and were accepted as accurate. Data from the Company's Snow Leopard core wells in the project area, coal exploration wells, and nearby coal mines were used to determine the lateral continuity and volume of coal to identify potentially attractive target areas.

Updated Prospective Resource Estimate

The Prospective Resources for the Nariin Sukhait area have been updated to reflect the results of exploration in 2022 and the conversion of some of the Prospective Resources to Contingent Resources. The Prospective Resources for Nariin Sukhait presented in Table 3 are exclusively from the lower coal seam identified at Nariin Sukhait. Prospective Resources for other regions within the Gurvantes XXXV Project area are unchanged from those previously reported (see the Company's ASX announcement dated 16 December 2021).

Table 3 - Gross (100%) Prospective Gas Resources (BCF)*

Region	Unrisked Gross (100%) Prospective Gas Resources (BCF)			Risky Gross (100%) Prospective Gas Resources (BCF)		
	1U (Low Estimate)	2U (Best Estimate)	3U (High Estimate)	1U (Low Estimate)	2U (Best Estimate)	3U (High Estimate)
Prospect Area (Nariin Sukhait) ⁽¹⁾	416	774	1,011	375	697	910
Prospect Area (Other) ⁽²⁾	330	515	863	297	464	776
Lead Area ⁽²⁾	6,888	17,940	38,242	1,949	4,142	8,209
Total	**	**	**	2,621	5,303	9,895

(1) Updated Prospective Resources Estimates based on the 2022 exploration program and after allowing for conversion of Prospective Resources now re-classified as Contingent Resources, as of 31 October 2022

(2) Prospective Resource Estimates (not updated) for prospect areas outside the Nariin Sukhait area and previously identified Lead Areas assessed by NSAI as of 16 August 2021. These estimates are totals of unrisked

prospective resources beyond the prospect and lead levels are not reflective of volumes that can be expected to be recovered and are shown for convenience only.

**Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.*

***Totals of unrisks prospective resources beyond the prospect and lead levels are not reflective of volumes that can be expected to be recovered and are therefore not shown in the NSAI report.*

The Prospective Resources shown in Table 3 have been determined by NSAI using probabilistic methods and are dependent on a CSG discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the unrisks estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The risks 1U, 2U, and 3U Prospective Resources have been aggregated by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

Further exploration wells are planned in 2023 along with additional seismic 2D data acquisition, all of which will be aimed at converting more of the Prospective Resources to Contingent Resources over the coming years. The Chance of Development has not been applied to the resources included in Table 3 and is estimated at 50% by the Company.

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:

"This maiden Contingent Resource of approximately 1.2 TCF (2C) is a fantastic result which demonstrates the world class potential of the Gurvantes XXXV CSG Project both in terms of size and quality. The ability to define such a material maiden contingent resource after only commencing our first and relatively small drilling program in March this year, demonstrates the quality of the asset, and the ability to advance the Project quickly, adding significant value for a relatively modest expenditure.

The Contingent Resource estimate has significantly exceeded our expectations and obviously provides us with huge confidence in the scale and future potential commerciality of the project going forward.

We are now focussed on the pilot well program which aims to flow gas to surface and will be another major step forward in demonstrating the commerciality of the Project. In addition to all the planning work being undertaken for the pilot well program, we are now actively planning a significant 2023 exploration drilling program which will be aided by a modest 2D seismic program we intend to complete prior to the end of this year.

All in all, it has been a highly successful year in the advancement of our Project, and for discovering the potential of the emerging CSG industry in Mongolia. I must thank our staff, particularly our strong local team in Mongolia, our partner Talon Energy and of course all our shareholders for their continued support on what is a significant milestone for our Company."



Appendix 1 – Important Information relating to this ASX announcement.

Competent Persons Statement

The information provided in this ASX announcement that pertains to the estimates of Contingent Resources and Prospective Resources for the Gurvantes XXXV CSG Project have been taken from a report provided by NSAI undertaken on behalf of the Company. The resources included in the report have been prepared using definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRM) approved by the Society of Petroleum Engineers (SPE). The resources information included in this report are based on, and fairly represents, information and supporting documentation compiled by Mr. John Hattner, an employee of NSAI. Mr Hattner is a Qualified Petroleum Reserves and Resources Evaluator (QPRRE) and is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Other Relevant Information

Both the Contingent and Prospective Resource estimates presented in Tables 1-3 represent 100% of the Gurvantes XXXV CSG Project which is the Company's current Working Interest. However, as disclosed previously, the Company entered into a Farmout Agreement with Talon Energy Limited (Talon) (ASX:TPD) in July 2021 that entitles Talon to a 33% Interest in the Gurvantes XXXV CSG Project if, after completion of the initial work program which has now occurred, Talon elects to proceed to the second stage work program. During the initial work program, the Company retained a 100% Working Interest and will continue to report Contingent and Prospective resources on a 100% basis. If Talon elects to enter the second stage work program, then Talon will earn a 33% Interest and accordingly TMK's share of both Prospective and Contingent Resources will reduce to 67% of the totals above.

Additionally, the above table represents the Company's current Interest in the Gurvantes XXXV CSG Project and PSA of 100% before any Government share. As royalties are not payable in kind in Mongolia, no netting-out adjustment has been made. The Gurvantes XXXV PSA has terms that determine Government share in various ways. At this stage of the asset life, it's not possible to determine the level of Government take given significant uncertainty over possible gas prices, development and operating costs, and production rates. The Company therefore currently considers it more appropriate to report Contingent Resources and Prospective Resources on a Working Interest basis until there is more certainty with respect to the many variables that affect the overall Government share in the production from the Gurvantes XXXV CSG Project.



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 and a 20% interest in the Talisman Deep Project, in the Barrow-Dampier sub-Basin. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurvantes XXXV Project.

Talon Energy Limited (ASX:TPD) is earning a 33% Working Interest in the Gurvantes Project 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.

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

Disclaimer: This announcement may contain forward looking statements concerning projected costs, approval timelines, construction timelines, earnings, revenue, growth, outlook or other matters ("Projections"). You should not place undue reliance on any Projections, which are based only on current expectations and the information available to TMK. The expectations reflected in such Projections are currently considered by TMK to be reasonable, but they may be affected by a range of variables that could cause actual results or trends to differ materially, including but not limited to: price and currency fluctuations, the ability to obtain reliable gas supply, gas reserve estimates, the ability to locate markets for CNG and hydrogen, fluctuations in gas and hydrogen prices, project site latent conditions, approvals and cost estimates, development progress, operating results, legislative, fiscal and regulatory developments, and economic and financial markets conditions, including availability of financing. TMK undertakes no obligation to update any Projections for events or circumstances that occur subsequent to the date of this announcement or to keep current any of the information provided, except to the extent required by law. You should consult your own advisors as to legal, tax, financial and related matters and conduct your own investigations, enquiries and analysis concerning any transaction or investment or other decision in relation to TMK. \$ refers to Australian Dollars unless otherwise indicated.

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