

## MAIDEN PILOT WELL PROGRAM ON SCHEDULE

- **Maiden Pilot Well Program at the Gurvantes XXXV Coal Seam Gas Project in Mongolia progressing safely, on schedule and within budget**
- **Surface facilities including gas flaring system, gas metering skids, produced water pipeline and other associated civil works now over 80% complete**
- **Downhole pump installation and commissioning expected to be completed early July**
- **Production testing currently on schedule to commence mid-July**

TMK Energy Limited (**ASX: TMK**) (“TMK” or the “Company”) is pleased to provide an update on the current Pilot Well Program at the Gurvantes XXXV CSG Project (TMK 67%, Talon Energy 33%) in the South Gobi Basin of Mongolia, which is progressing safely, on schedule and within budget.

Following the successful drilling of three pilot production wells within the Nariin Sukhait area in May and June 2023, work has quickly progressed on site with the installation of surface facilities to each of the three production wells and associated supporting civil works and infrastructure.

The surface facilities installation includes connecting each of the three production well heads to a metering skid which will measure water and gas rates produced from each well. From the metering skids, gas lines will run to a flare which will burn any unused gas produced.

A water line from each of the three metering skids will carry produced water to a small central water pond before the water is pumped via a 1.2 kilometre pipeline to a final water storage area associated with the adjacent coal mine owned and operated by MAK, the company with which TMK signed a Cooperation and Electricity Offtake Agreement (refer ASX Announcement 20 March 2023).

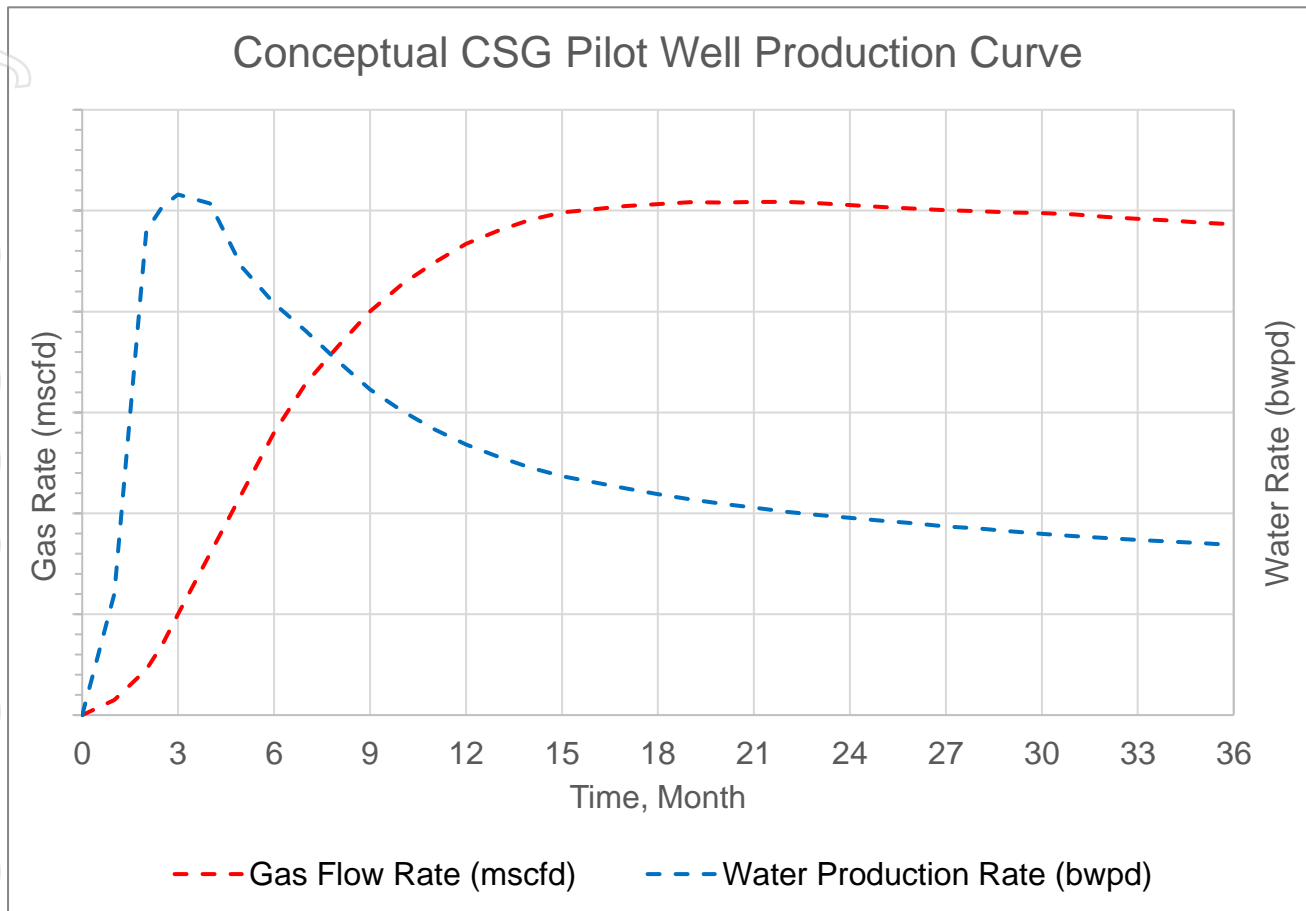
The civil works, surface facilities, supporting infrastructure and pump installations are currently on schedule and expected to be completed by early July. Once complete, the Pilot Well operations will begin with a short commissioning phase before the production wells are brought online and the six-month production test commences, scheduled around mid-July 2023.

It is anticipated that the wells will initially flow high levels of water and low levels of methane gas, and over the course of the production test, the gas rates are expected to increase while water rates are expected to decrease. Sustained initial gas production is not expected to occur until several months after the pumps are switched on as indicated by the indicative gas and water production profile from a typical coal seam gas (CSG) well shown in Figure 1. The three production wells will be able to be controlled remotely from Australia and from a site office located nearby.

The primary aim of this maiden Pilot Well Program at the Gurvantes XXXV Project is to flow gas to surface and understand the reservoir performance of the upper coal seam at the Nariin Sukhait location which will assist in the assessment of the overall commerciality of the 1.2TCF (2C) resource already independently certified by Netherland, Sewell and Associates (NSAI) late in 2022 (refer ASX Announcement 9 November 2022).



Figure 1 below demonstrates a typical generic CSG well and results from the Gurvantes XXXV CSG Pilot Well Project may significantly outperform or underperform against this conceptual profile given the early stage nature of the Project.



**Figure 1 – Conceptual Coal Seam Gas Well Production Profile**

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

*“We are pleased to have delivered every element of our initial work program safely, on time, and on budget and with great technical success.*

*Since acquiring the asset some 18 months ago, TMK has drilled seven exploration wells, three pilot production wells and is now about to complete the construction activities associated with the first Pilot Well Program in the Nariin Sukhait area, an area which has extensive coal production infrastructure, high energy needs and nearby access to Northern China (via road and soon rail).*

*In November 2022, we booked a 2C Contingent Resource of over 1.2TCF from the intersection of thick (60 to 70 metres) gassy coals targeted in this Pilot Well Program, and subsequently signed an electricity offtake agreement with MAK, a local mine operator that has high energy needs.*

*The final step in our exploration journey is proof of concept and flowing gas to surface from this Pilot Well Program. We look forward with high anticipation to further positive results and being able to take the next big step forward which will be commencement of a pre-feasibility and field development study for the Nariin Sukhait area.”*

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**Figure 2 – Water handling facilities at the Gurvantes XXXV Coal Seam Gas Pilot Well Program**

The Pilot Well Program is being primarily funded by Talon Energy, TMK’s partner in the Gurvantes XXXV Project. Talon elected to enter Stage 2 of the Farmout Agreement in early December 2022 and is paying the first US\$3.15 million towards what is budgeted to be approximately US\$3.5 million, with TMK and Talon paying their proportionate share of further costs over and above US\$3.15 million.

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

### **ABOUT THE GURVANTES XXXV PROJECT**

The Gurvantes XXXV Project (TMK Energy 67%, Talon Energy 33%) covers an area of 8,400km<sup>2</sup> and is in what is considered one of the most prospective coal seam gas basins globally. Gurvantes is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network. It is also proximate to several large-scale mining operations with high energy needs. Gurvantes is therefore ideally placed to satisfy both local Mongolian, as well as Chinese, energy requirements.

### **ABOUT TMK ENERGY LIMITED**

TMK Energy Limited is listed on the Australian Stock Exchange. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurvantes XXXV CSG Project. For more details on the Company please visit [www.tmkenergy.com.au](http://www.tmkenergy.com.au)

