

PRODUCTION TESTING COMMENCES

- **Pilot Well Program production facilities fully commissioned**
- **All three pilot wells successfully pumping water to surface at constrained rates**
- **Reservoir depressurising to begin shortly as pump speeds gradually increased in line with good reservoir management practices**
- **Gas breakthrough may commence at any time following initial depressurisation of the reservoir**

TMK Energy Limited (**ASX: TMK**) (“TMK” or the “Company”) is pleased to advise that the Pilot Well Program at the Gurvantes XXXV CSG Project (TMK 67%, Talon Energy 33%) in the South Gobi Basin of Mongolia has commenced extended production testing. The three-well maiden Pilot Well Program has successfully been drilled and completed, and surface facilities have been installed and commissioned, with the extended production phase now underway.



Figure 1 – Commissioning activities at the Gurvantes XXXV CSG Pilot Well Program

Since the last update on 13th July 2023, the pumps on all three wells have commenced pumping operations at low speeds. The wells are currently producing water which is being piped to the nearby storage pond which will then be recycled by neighbouring mining operations. Initial water rates are an indication of permeability and the rates currently being achieved at low pump speeds are in line with expectations.

Over the coming weeks, the pump speeds will gradually be increased, and the depressurisation of the reservoir will commence. Although initial gas breakthrough is not expected immediately, previous independent reservoir modelling suggests that gas breakthrough may occur at any time following the initial depressurisation of the reservoir.

Once gas breakthrough / production does commence, gas will initially be flared at surface and gas and water production data will be analysed to provide valuable information for future commerciality and allow pre-feasibility studies to commence. Upon a sustained level of production being achieved, a decision on whether to use the Lucky Fox production wells for electricity generation for both internal use and potential sales revenue will be able to be made.

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.

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

"Since acquiring the Gurvantes XXXV Coal Seam Gas Project less than 18 months ago, TMK has drilled seven CSG exploration wells, discovered a significant gas resource, drilled and completed three pilot production wells, built and commissioned production facilities and has now commenced production testing from the pilot well program.

The ability to move the Project forward so quickly, safely and successfully and arrive at this very important milestone, is a product of both the world class geology and the hard work of our dedicated team. I commend the team for the effort that each one of them has put in over this period and we all look forward to seeing the fruits of our efforts in the coming weeks and months.

First gas production from the extended production test will propel the Project out of the exploration phase and firmly into the appraisal and development phase for the Nariin Sukhait area.

The 2023 exploration program aims to further demonstrate the true scale of the Project and we look forward to commencing this aspect of the work program over the coming months."

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 8,400km² 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

