

FIRST GAS FLOWED TO SURFACE AT GURVANTES

- Initial gas from the Lucky Fox -1 pilot well flowed to surface and flared
- All three production wells fully operational since commissioning, currently producing ~500bwpd (combined)
- Reservoir pressure in all three wells decreasing in line with expectations
- Further flaring of gas from pressure buildup likely to occur over coming weeks as more coal seams in the reservoir reach critical desorption pressure

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 continues to deliver in line with expectations. Initial gas from buildup in the casing of the Lucky Fox – 1 well was yesterday flowed to the surface and flared, representing the first gas flowed to surface for the Gurvantes XXXV Project. The well was flowed for approximately three hours, providing valuable data and also demonstrating the ability to flow gas from the coal seams being targeted by the Project.



Figure 1 – Initial gas flared from the Gurvantes XXXV CSG Pilot Well Program



Since commissioning approximately one week ago, all three wells have been continuously on pump and over that period, the pump speeds have gradually been increased in order to slowly reduce the fluid levels in the wells and therefore hydrostatic pressure in the reservoir. The wells are currently producing approximately 500 bwpd (combined) and the fluid levels in the wells are continuing to slowly decrease.

Over the coming weeks, the pump speeds will continue to be gradually increased, and as the fluid levels decrease, the reservoir begins to depressurise after which more substantive and continuous gas desorption from the coals is expected to commence.

This process may take several weeks or months and as more data becomes available, the Company will continue to keep the market updated on these key metrics. Although the initial gas produced and flared from the Lucky Fox – 1 well is considered a positive indicator at this early stage, the flow was an unsustainable flow and is therefore not necessarily indicative of what levels of sustained gas flow rates may be achieved in the future from this well or other wells in the Project area.

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

"The early signs we are seeing from the performance of the three pilot wells is in line with our reservoir modelling work and bodes well for the extended production test. The good water rates combined with the decreasing fluid levels in each of the wells is very encouraging.

The flaring of the gas for over three hours proves there is gas in the system that can be and is flowing to surface, and we now aim to demonstrate that gas can be produced at a sustained economic rate as we proceed with the extended production test.

The results to date from this maiden Pilot Well Program are very encouraging for the future of the Project, the Company, and its shareholders."

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

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