

2023 EXPLORATION ACTIVITIES COMMENCED

- **Exploration Agreement signed with Australian led Terra Energy, the owner and operator of the Baruun Noyon Uul Coal Mine within the Gurvantes XXXV Project Area**
- **TMK and Terra to cooperate on drilling and seismic acquisition program, sharing costs and resources**
- **Exploration program includes a minimum of four fully cored exploration wells to be drilled and tested for CSG in this already well-defined coal bearing deposit**
- **Drilling program recently commenced with the initial drilling being undertaken by Terra, with any subsequent testing activities to be managed by TMK**

TMK Energy Limited (ASX: TMK) (“TMK” or the “Company”) is pleased to advise that it has entered into an Exploration Cooperation Agreement with Terra Energy LLC (‘Terra’) to accelerate the exploration of the Gurvantes XXXV CSG Project area (TMK 67% and Operator, Talon Energy 33%) in the South Gobi Basin of Mongolia. Terra is the owner and operator of the Baruun Noyon Uul Coal Mine located within the Gurvantes XXXV Project area.

The Agreement sets the terms under which the parties agree to cooperate on exploration activities within the overlapping license areas which will drive significant cost savings for both parties. The initial joint exploration program to be undertaken under the Agreement includes a minimum of four fully cored exploration wells and ~40 kilometres of 2D seismic acquisition.

TMK and Terra will work together to execute the exploration program with drilling and seismic costs to be shared between the parties on a 50/50 basis. Additional costs associated with testing specifically associated with coal seam gas (CSG) exploration will be borne 100% by the Gurvantes Project partners, while any other testing work required for the coal mining operations will be borne 100% by Terra.

The drilling program recently commenced utilising contractors already engaged by Terra. The term of the Agreement is two years however this initial exploration program is only expected to take approximately two months. Further exploration activities may follow and if the activities are mutually beneficial, will be governed by the same Agreement.

Terra is an experienced coal mining operator in the South Gobi region having several large coal mining tenements in the eastern portion of the Gurvantes XXXV CSG Production Sharing Agreement area (see Figure 1) and has significant experience and resources for coal exploration. The rights to explore for and develop coal resources and CSG resources are separate and unique, however there is significant overlap in the geological data collected from drilling and exploration activities.

Cooperating with Terra and sharing of costs on exploring the eastern portion of the Gurvantes Project allows TMK to acquire the critical CSG related data quickly, simply and economically, as well as further develop relationship with other mining operators in the Project area.

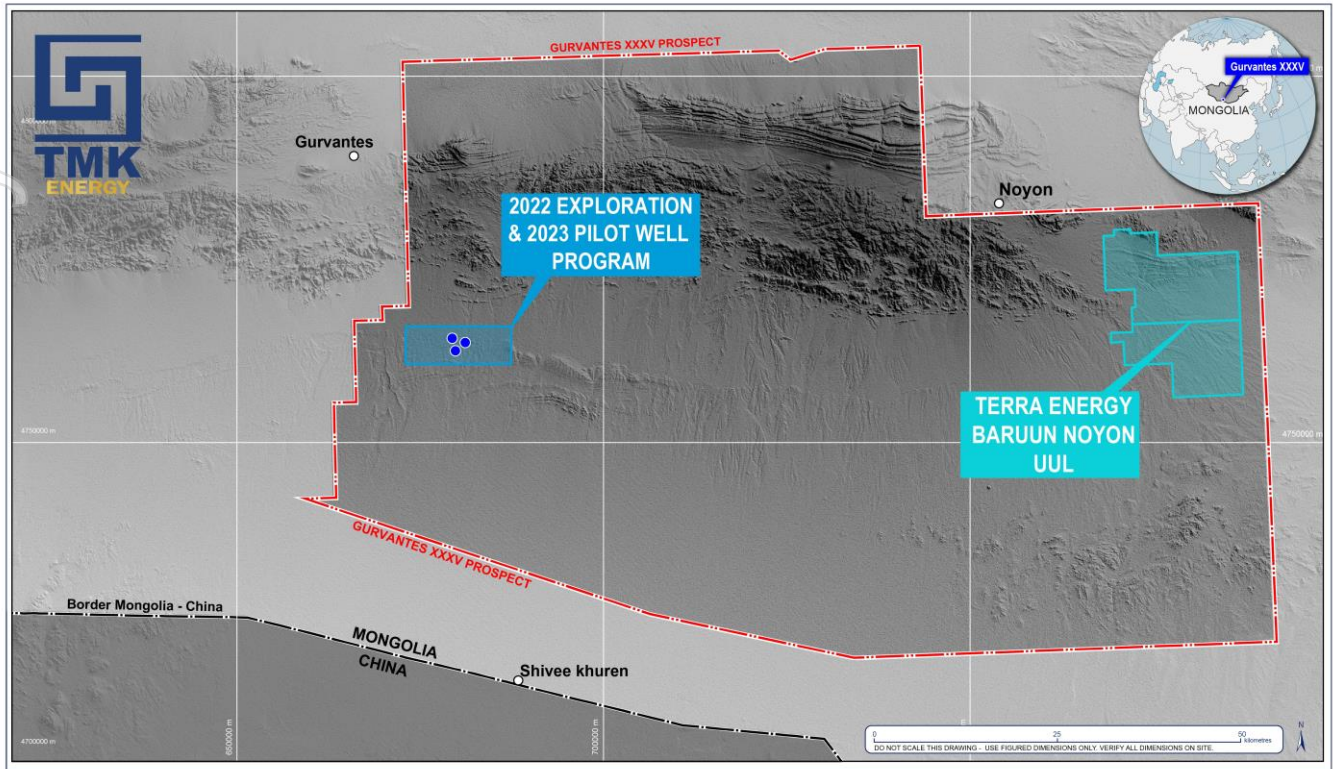


Figure 1 – TMK Energy and Terra Energy Project Location Plan

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

“With drilling and construction of our pilot well program now complete, we have taken advantage of what is a very timely opportunity to immediately commence what could be another high impact, low-cost exploration program over an area which already has an extensive data set and where we know that coal targets are present.

We are pleased to have entered into this Agreement with Terra Energy so quickly which will assist our efforts in accelerating an exploration program in this area. Terra is an Australian led mine operator, and we both share very similar values with respect to running a safe and efficient exploration program.

With the drilling program already commenced, we hope to have the opportunity to further add to our already significant 2C contingent resources identified at the Nariin Sukhait if further CSG resources are identified in this exciting new area.”

Mr Matthew Crawford, Terra Energy Executive Director commented:

“We are pleased to enter into this co-operation agreement with TMK, which is committed to developing its assets in the South Gobi region of Mongolia. Terra is an expanding mining company and we view this relationship as an important step forward for Terra in the development of the Baruun Noyon Uul coking coal resources.

The potential discovery of commercial CSG methane deposits within our mining licenses may offer strategic benefits to Mongolia and for Terra, the ability to expand our coal production and to lower our operating costs in the years ahead by replacing diesel consumption with locally sourced methane gas.”

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

ABOUT TERRA ENERGY MONGOLIA LLC

Established in 2010 and based in Ulaanbaatar, Terra Energy LLC explores and mines coal in the South Gobi, Middle Gobi, Uvs and Zavkhan provinces in Mongolia. The company's flagship operation is the Baruun Noyon Uul coal basin which include Baruun Noyon Uul and Khar Servegen coal mines located in the South Gobi Province of Mongolia.

When working at full capacity, Terra Energy LLC employs more than 780 employees within Mongolia. Terra Energy LLC has aimed to support local communities through the Community Development Agreement, preferring local employees and suppliers and keep focusing on local infrastructure development and sustainable cooperation with local communities.

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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