



ASX ANNOUNCEMENT

1 September 2023



OPERATIONS UPDATE – GURVANTES XXXV

- **Pilot production wells continue to perform in line with expectations**
- **Well interference testing undertaken during pump replacement at Lucky Fox – 3 indicates good communication between production wells, a further positive indication of good permeability**
- **Joint exploration program commenced in cost sharing arrangement with Terra Energy in eastern part of the Project area**

TMK Energy Limited (ASX: TMK) (“TMK” or the “Company”) provides the following operations update to the Pilot Well Program and operations at the Gurvantes XXXV CSG Project area (TMK 67% and Operator, Talon Energy 33%) in the South Gobi Basin of Mongolia.

Pilot Well Program

All three pilot wells have been performing well since they were commissioned in mid-July, with good water production rates, reservoir pressure dropping below the necessary threshold to start allowing methane to desorb from the coal, and methane gas then being flowed to surface and flared from each of the three wells.

Water production rates have increased over the first six weeks of the production testing, up to a maximum rate of approximately 630 barrels of water per day. The water production rate is controlled by adjusting the pump speeds, and the pump speeds have been gradually increased to reduce the water levels in the wells in a controlled manner in line with the reservoir drawdown plan and best practise. The water levels in each of the three wells have been reducing in line with expectations.

Gas was produced to surface very early in the testing period (refer ASX announcement 25 July 2023) and has been sufficient to maintain continuous flaring of the gas at each of the wellheads (refer ASX announcement 9 August 2023). The current low gas flow rate is in the range predicted from the reservoir modelling at what is still the very early stages of the extended production test. As the production test continues over the coming months and the pressure is further reduced across a greater area of the reservoir surrounding the Lucky Fox pilot wells, the Company expects to see the gas rate increasing in line with the reservoir modelling.

The performance of the three wells has been very reliable with only minor intermittent shutdowns (<1 hour) due to local power supply interruptions. When power interruptions have occurred, the backup generators have been activated and the pumps re-started without issue. The only significant interruption occurred when the pump in Lucky Fox - 3 required replacement due to mechanical issues.

Major Drilling was immediately mobilised to site and the pump was replaced with the onsite spare pump. Lifting the old pump from the well, and then reinstalling the new pump was successfully undertaken in under two days, and the wells became fully operational with water rates and gas flows returning to previous levels.

The Company will continue to provide monthly operational updates on the Pilot Well Program and will provide additional guidance on the ongoing performance of the extended production test as further data becomes available.



Joint Exploration Program

As announced on 28 August 2023, the Company and Terra Energy have commenced a joint exploration program which includes a minimum of four fully cored exploration wells and ~40 kilometres of 2D seismic acquisition in the Gurvantes XXXV Project area.

The exploration drilling program recently commenced utilising two drill rigs from contractors already engaged by Terra. The 2D seismic acquisition is due to commence in mid-September. The Company will continue to update Shareholders on any material results as the exploration drilling program progresses.

No CSG exploration drilling has previously been undertaken in the Baruun Noyon Uul area, which is located approximately 100 km east of the Nariin Sukhait area which was the focus of the 2022 exploration program and the current Pilot Well Program. There is a significant existing data set at Barun Noyon Uul from prior coal exploration and existing coal mining activities that demonstrates that significant coal deposits exist in the area. The aim of this program is to quantify the coal properties and whether these deposits have the necessary attributes for CSG production.

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

"The production wells have been running seamlessly since the start of the production testing some six weeks ago. When the pump at Lucky Fox - 3 required replacement, this provided us with the opportunity to gather additional data on interference testing between the three production wells and it proved connectivity between the wells which is another positive indication of permeability.

The speed and efficiency of the TMK team together with the drilling contractor (Major Drilling) to mobilise equipment, replace the pump and get the production wells back up and running shows the rapidly maturing operational capability of TMK's organisation.

We look forward to continuing to gather data from the production wells, whilst at the same time commencing another significant exploration program in the east of the concession that could add a second string to our bow and potentially add further resources to the already significant Contingent Resources the Company has discovered in the Nariin Sukhait area."

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