

GURVANTES CSG OPERATIONS AND DRILLING UPDATE

- **Excellent final gas content results for SL-02 and SL-03 wells with high gas contents confirmed at shallow depths (from ~170 metres)**
- **High gas saturation (84%) from SL-01 sample testing**
- **Second drilling contractor now on location to accelerate the completion of the initial drilling program with Snow Leopard – 04 (SL-04) having commenced drilling on 16 August 2022**
- **Snow Leopard – 03R (SL-03R) drilling rig waiting on equipment and drill crew availability (COVID related) from existing drilling contractor**

TMK Energy Limited (ASX:TMK) (“**TMK**” or the “**Company**”) is pleased to provide an operational update on the Gurvantes XXXV CSG Project in the South Gobi Basin in Mongolia.

Well Testing and Results Analysis

Final gas content results are now available from the desorption samples taken from SL-02 and SL-03 and confirm that the targeted coal seams have high gas contents. Results from SL-02 average 9.5 m³/t (10.6 m³/t on a dry ash free (daf) basis) and results from SL-03 average 9.8 m³/t (11.8 m³/t on a daf basis). These high gas contents are particularly notable considering the relatively shallow depths, predominantly 170m – 300m, from which the samples were obtained.

Adsorption isotherm analysis and petrography studies of coal samples from SL-01 have recently been completed in Australia. The adsorption isotherm analysis indicates that the coal seams are highly saturated, with gas saturation value results ranging from 78% to 92% with an average value of 84%. Gas saturation is an important parameter which impacts the production profile of wells and high gas saturation generally means gas production occurs soon after bringing the well online and increases the overall gas recovery.

Petrography studies indicate that the coal is composed of predominantly (80%) vitrinite macerals, with a vitrinite reflectance value of 0.85% indicating a High Volatile Bituminous coal rank. The petrography studies along with the coal quality data indicate that the coal formation is in the ideal range for type, quality and rank for coal seam gas projects.

The results from the exploration program to date compare very favourably with existing producing CSG fields all over the world. A summary of the results from the exploration program completed to date is presented in Table 1 on the following page.

SL-03R and SL-04 Drilling Update

TMK has engaged a second drilling contractor, MLGDD, to accelerate the completion of the initial drilling program at the Gurvantes Project. MLGDD recently mobilised to site and commenced drilling of SL-04 on 16 August 2022. SL-04 is located approximately 6km to the east of SL-03R (see Figure 1) and is targeting the same coal formations successfully intersected in SL-01, SL-02, SL-03 and SL-03R. SL-04 is planned to be drilled to a depth of around 350m and is specifically targeting the lower coal seam which at this location, is projected to be shallower in depth than previous drilling locations.

The Company is currently in the process of re-drilling SL-03 (SL-03R) in order to intersect the lower seam at this location. SL-03R is currently at a depth of 260m having intersected the upper coal seam which appears consistent with the upper coal seam intersection in the adjacent SL-03 well.

Progress on SL-03R has been hampered by several delays associated with the mechanical breakdown of the drilling rig and unavailability of personnel due to Covid cases within the contractor's drilling crew. The drill rig is currently operational, however in a limited capacity due to unavailability of drill crew due to Covid restrictions. Covid restrictions are stricter in the drilling area than the rest of Mongolia due to proximity to the Chinese border crossing at Shivee Khuren, which is strategically a very important export port for the nearby coal operations and has only recently been reopened.

TMK has been working extensively with both drilling contractors to complete the remainder the exploration drilling program in a timely fashion.

		SL-01	SL-02	SL-03
Drill hole Details	Date Completed	May-22	Jun-22	July-22
	Total Depth	675m	540m	348m
Coal	Net Coal Thickness (m)	60m	91m	60m
	Top Coal Intersection	405m	170m	190m
Gas Content	Gas Content m ³ /t average (as received)	13.2	9.3	9.8
	Gas Content average m ³ /t (daf basis)	15.7	10.6	11.8
Gas Compositions	Methane (CH ₄) % (avg)	96%	97%	95%
	Carbon Dioxide (CO ₂) %	3.0%	1.4%	2.8%
Permeability (Upper Seam)	Flow Capacity mD.m	4.1	1,090	760
	Coal Permeability mD	0.1	47	15

Table 1 – Summary of Exploration Results

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

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

"Notwithstanding recent operational challenges, the results from the exploration continue to exceed expectations with the key technical parameters being as good if not better than existing developed CSG projects around the world.

It is rare to get a combination of thick shallow coal with high gas content and high permeability, which is why the results to date are exceptional. These parameters suggest the initial development will be relatively simple, consisting of cheap shallow vertical wells in the first instance, with the deeper coal seams to be targeted later in the project development phase.

We continue to work towards our target of completing the initial exploration program, booking an initial contingent resource and progressing to the pilot well program stage before the end of 2022."





Figure 1 – 2022 Exploration Program Drill Hole Locations.

ABOUT TMK ENERGY LTD

TMK Energy Limited is listed on the Australian Stock Exchange (ASX:TMK) and holds a 100% interest in the Gurbantoelei XXXV Coal Seam Gas Project located in the South Gobi Basin of Mongolia and a 20% interest in the Talisman Deep Project, in the Barrow-Dampier sub-Basin. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurbantoelei XXXV Project.

Talon Energy Limited (ASX:TPD) is earning a 33% Working Interest in the Gurbantoelei Project under an existing US\$4.65 million two-stage farm-out agreement executed in February 2021. Initial funding of US\$1.5 million is allocated to the current four well drilling and testing program. The second stage of funding, being US\$3.15 million, is currently budgeted towards the pilot well program being planned for later this year, should TPD elect to proceed with the second stage of the farm-out.

TMK are committed to responsibly developing this Project into a world class producing gas field on behalf of and for the benefit of Mongolia.

For more details on the Company please visit www.tmkenergy.com.au

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