



RIG MOBILISED FOR PILOT WELL PROGRAM COMMENCEMENT

- **Pilot Well Program at the Gurvantes XXXV Project includes the drilling of three production wells and a six month extended production test**
- **All regulatory and environmental permits in place**
- **Site preparation completed, including the construction of semi-permanent 40 person capacity camp and drilling pads**
- **Drilling contractor currently mobilising to site and drilling of production wells expected to commence mid April**

TMK Energy Limited (**ASX: TMK**) ("TMK" or the "Company") is pleased to provide an update on its highly anticipated Pilot Well Drilling Program within the Nariin Sukhait area of the Gurvantes XXXV CSG Project in the South Gobi Basin of Mongolia.

All regulatory approvals have been secured and drilling operations at the Gurvantes XXXV Pilot Well Program are expected to commence in the coming weeks. Following site preparation and the construction of a semi-permanent camp to house the drilling and operations staff, the site is now ready to receive the drilling rig which was contracted from Major Drilling earlier this year. Major Drilling, one of the world's largest international drilling services companies, have recently commenced mobilisation of personal and equipment to site and expect to commence drilling within two weeks.

The Pilot Well Program includes the drilling of three individual production wells spaced approximately 200m apart and centred on the SL_02 exploration well location. The drilling of the three production wells is expected to take approximately seven weeks. Once drilling is completed, downhole pumps will be installed and surface facilities will be connected to the wells which is expected to take approximately four weeks from the completion of drilling. The pilot well pumps will then be commissioned and the dewatering process will commence in a controlled manner with first gas breakthrough expected within one or two months from being placed on production.

Based on independent modelling completed by SLB (previously known as Schlumberger), the Company expects to see relatively early gas breakthrough and then the gas flow rate to build over the six month production test. The gas flow rates achieved from the production testing are expected to be sufficient to allow the gas to be used for power generation that can be sold to the coal mining operations pursuant to the recently signed Cooperation Agreement with the MAK group of companies. This will demonstrate proof of concept and will also be a more environmentally efficient use of the gas produced as opposed to flaring the gas to atmosphere. Planning for the installation of gas powered electricity generation units is continuing to be advanced.



The Pilot Well Program is being primarily funded by Talon Energy Limited (ASX:TPD), TMK's partner in the Gurvantes XXXV Project. Talon elected to enter Stage 2 of the Farmout Agreement in early December 2022 and is paying the first US\$3.15 million towards what is budgeted to be approximately US\$3.5 million, with TMK and Talon paying their proportionate share of further costs over and above US\$3.15 million.



Figure 1 - Exploration Camp



Figure 2 - Aerial photo showing location of drilling pads for PW-2 and PW-3



Figure 3 - Preparing Drill Pad for PW-2



Figure 4 - Drilling Pad for PW-1



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:

"Our team in Mongolia has been busy with preparations for the upcoming Pilot Well Program, including building the camp and the drill pads. It is an exciting stage for the team as the drill rig makes its way to site after the significant efforts of many during the preparative stages of planning for the commencement of this Pilot Well Program. With commencement now imminent, it signals the start of 8 months of activity on site.

Last year's work program identified significant gas resources in the ground, and the pilot well program aims to demonstrate that we can flow gas to surface at attractive commercial rates.

We continue to progress planning for gas fired power generation to utilise produced gas and help meet demand for reliable energy in the area from 'MAK' our local offtake partner.

The Pilot Well Program represents an important milestone in the Project development as we aim to flow first gas to surface and take our first step toward commercialisation, demonstrating the potential of coal seam gas in the Gurvantes Project."

ABOUT TMK ENERGY LIMITED

TMK Energy Limited is listed on the Australian Stock Exchange (ASX:TMK) and holds a 67% operated interest in the Gurvantes XXXV Coal Seam Gas Project located in the South Gobi Basin of Mongolia. Talon Energy Limited (ASX: TPD) holds the remaining 33% interest in the Project. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurvantes XXXV Project.

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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