

December 2025 Quarterly Activities Report

Quarterly Activities Report

- Record quarterly gas production with rates increasing month on month and all wells continuing to perform at greater than 99% uptime
- Reservoir pressure continuing to decline, confirmed by latest pressure build up test completed in November 2025
- Over \$1 million in recurring costs eliminated from the business during 2025, with improved financial discipline across the business
- Recent key appointments driving increased technical rigour into subsurface and operational decision making, delivering positive outcomes

TMK Energy Limited (ASX:TMK) (TMK or the Company) is pleased to provide the following quarterly activities report for the three months ending 31 December 2025 ("Quarter").

Mr Dougal Ferguson, TMK Energy's Chief Executive Officer commented:

"We closed out 2025 with a fifth consecutive month of increasing gas production and stable water production rates. Our new reservoir management plan has materially improved the performance of the field, reducing costly workovers. Furthermore, we have cut another \$1 million of recurring costs out of the business since 2024 whilst significantly improving our operating capability.

The focus in 2026 will be commercialisation of the enormous resource we have on our hands through the introduction of partners, delivering near term production initiatives as well as other commercial activities. 2026 is setting up to be an exciting and pivotal year for TMK."

2025 – Year in Review

KEY METRIC	2024	2025	CHANGE ↑ ↓
Health, Safety and Environmental			
Lost Time Incidents (LTI)	0	0	No change
Operations			
Average Wells on Production in year	3.1	6.4	↑ 3.3
Average Daily Gas Rate	70m ³	320m ³	↑ 357%
Average Daily Water Rate	378 bwpd	551 bwpd	↑ 42%
Finance (Cash Basis \$'000's)			
Field Operating Costs	838	492	↓ 41%
Staff Costs	1,463	775	↓ 47%
Administrative and Corporate Costs	1,586	1,219	↓ 23%



Perth AUSTRALIA +61 8 6319 1900
Ulaanbaatar MONGOLIA +976 7777 3373



3 Richardson Street, West Perth,
Western Australia, 6005
AUSTRALIA

Level 9, Niisiel, 15th Khoroo,
Bayanzurkh District, Ulaanbaatar,
MONGOLIA



info@tmkenergy.com.au
www.tmkenergy.com.au

Executive Summary

Increasing gas production was a highlight of the recent Quarter which saw daily gas production at the Pilot Well Project exceed 20,000 standard cubic feet per day for the first time. To date in January 2026, gas production rates have continued at or above these levels, pointing to another increased month of gas production for January 2026.

The Pilot Well Project delivered a fifth consecutive month of record gas production and stable water rates (see **Figure 2**). The continued improvement in gas rates is a direct result of the implementation of the revised reservoir management plan (RMP) introduced in August 2025.

Pressure build-up testing completed at LF-06 during the Quarter confirmed the reservoir pressure is continuing to decline and is tracking closely with the reservoir model expectations, reinforcing confidence in current reservoir assumptions.

The completion of the reservoir modelling is one of the final bodies of work to be completed before the formal roll out of the partnering process, which is expected to commence in February 2026. Interest has been growing with several approaches from third parties being received in recent months.

Reducing recurring costs, improving efficiency and improving the operating capability of the Company was a key goal of 2025. This was achieved with over \$1 million of recurring costs stripped from the business since 2024.

In addition, the operating capability of the Company has been significantly improved with additional key hires being made, including the appointment of an Operations Superintendent based on site at the Pilot Well Project site.

The 2025 exploration drilling program was completed during the Quarter, fulfilling the 2025 licence commitments. Two exploration wells confirmed extension of the target coal seam intervals, while a third well within the Pilot Well Project intersected thick, gas-rich coals consistent with existing pilot wells. Core samples have been recovered for laboratory analysis, with full results expected in Q1 2026.

Following shareholder approval received on 31 October 2025, the Company completed a 55:1 capital consolidation, significantly reducing the

number of shares on issue. As part of the capital re-structure, an unmarketable parcel sale was announced in December with the objective of reducing ongoing administrative costs associated with approximately 40% of the Company's shareholders who hold less than \$500 worth of shares. This process, including the sale of the shares and the distribution of the proceeds to shareholders, is due to be completed by mid-February 2026.



Figure 1: LF-07 producing gas

Production Operations

During the Quarter the Company achieved its fifth consecutive month of increasing gas production. The month on month increase in gas production, together with a stable water production rate of around 500 barrels per day, is a positive indicator that the revised RMP is being effective.

Furthermore, the reduction in coal fines production since the RMP was introduced in August 2025 has resulted in no pump blockages since that date. This translates to a saving of several hundred thousand dollars in workover costs together with much greater consistency in the data gathered and the ability to monitor pressure decline more effectively.



Figure 2: Gas production and water production from 1 August 2025 to 4 January 2026



Perth AUSTRALIA +61 8 6319 1900
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During the Quarter, the Company hired an experienced Operations Superintendent to be based primarily at the Pilot Well Project. Since his appointment, the Company's operational capability has significantly improved with strong focus on maintaining high HSES standards, improving production processes and continually looking at cost efficiencies. The additional hire has also significantly freed up time spent by senior management and the Board on operational matters, allowing them to focus on more strategic objectives.

December marked a significant milestone for the Pilot Well Project with daily gas production exceeding 20,000 standard cubic feet per day (scfd) for the first time. Daily gas production during the quarter averaged $\sim 463\text{m}^3$ per day, approximately 80% increase over the previous quarter's average daily gas production rate. Total gas production for Q4 was $42,551\text{m}^3$ (Q3: $23,540\text{m}^3$).

Detailed planning and engineering work has begun to configure the wells such that the gas from all the pilot wells can be comingled and potentially beneficially used to generate power to the site, with excess power being available for sale into the local grid.

Pathway to Critical Desorption

During the Quarter, significant work has been undertaken in developing a reservoir simulation model integrating all the reservoir parameters, historical production data and well performance, providing predictive insight into production rates, estimated ultimate recovery and well economics. Subject to a final technical peer review, the outputs from the reservoir modelling are expected to be released in the coming weeks.

Another pressure build up test was completed at LF-06 over a four-day period during November, which confirmed the reservoir pressure in the upper coal seam at the Pilot Well Project had continued to reduce towards the estimated critical gas desorption pressure since the last pressure build up test undertaken in October 2025 at LF-02 (see Figure 3).

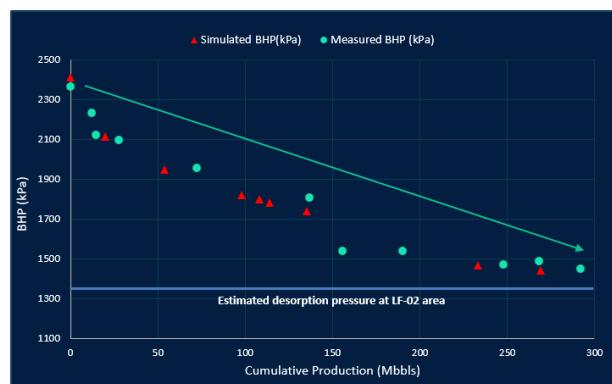


Figure 3: Reservoir pressure and simulated pressure versus cumulative water production

The recorded pressures, each corrected for depth at the LF-02 location, align closely with the updated reservoir simulation model, providing additional confidence that the current reservoir assumptions (e.g. permeability, gas content etc.) agree with measured reservoir properties. The estimated desorption pressure was calculated from the Langmuir curve generated independently in the laboratory using coals from the original exploration well, Snow Leopard-02, which is located nearby the Pilot Well Project.

The continued fall in reservoir pressure is also coincident with the increase in gas production rates, albeit gas production rates are not expected to materially increase until the critical desorption pressure is reached.

2025 Exploration Drilling Program

During November, the Company completed its 2025 exploration program which was a commitment under the license agreement. The initial two wells were drilled in the Soumber area east of the pilot project, with the first well intersecting net coal of approximately 35 metres at depths of up to 300 metres. The second well intersected approximately 11 metres of coal and ceased drilling at 249 metres after hole instability.

Encouragingly, both wells confirmed the extension of the coal seam play fairway to the east of Nariin Sukhait, and the lower gas content recorded from the coals is likely due to the shallowness of the coal at these locations. Detailed mapping and interpretation of the data is being undertaken to constrain drilling locations where these coals can be targeted at greater depths with future delineation drilling.

The third well in the exploration program was drilled within the bounds of the Pilot Well Project, with the specific intention of gaining additional data on gas content at this location. As anticipated, the well intersected very gassy thick coals, similar to the existing pilot wells. Core data was recovered and the coal placed in cannisters at site for initial testing of gas contents.



Figure 4: Gassy “bubbling” coal from the NS-1 exploration well

Final testing for the desorption and adsorption analysis is expected to be completed in Q1 2026, which will determine the final gas content readings from this well and which are expected to confirm and validate the existing data recovered from the original exploration well, Snow Leopard-02.

Corporate

Changes in Capital Structure

Following approval at the Company's general meeting held on 31 October 2025, the Company completed the consolidation of the issued capital of the Company at a ratio of 55:1.

The post consolidation capital structure of the Company is summarised below:

Security Class	
Fully Paid Shares (ASX:TMK)	217,681,762
Listed Options (ASX:TMKO)	37,992,492
Listed Options (ASX:TMKOB)	14,693,519
Unlisted Options	4,690,920
Performance Rights	789,091

Sale of Unmarketable Parcels

In December the Company announced that it would undertake a sale of unmarketable parcels. The Company currently has approximately 4,140 shareholders of which 2,813 currently hold less than \$500 worth of

Shares in the Company. The cost to the Company of maintaining small shareholders is not insignificant. In addition, the cost to these shareholders to dispose of their Shares is prohibitive and the Unmarketable Parcel Sale process will allow those shareholders that wish to sell their Shares to do so at minimal cost.

The Unmarketable Parcel Sale is being undertaken on an 'opt-out' basis in accordance with Section 3 of TMK's Constitution which is available on the Company's website. The closing date to opt out is 4 February 2026, after which those that have not opted out, will have their shares sold and the funds distributed to their nominated bank accounts.

Results of General Meeting

The Company convened a General Meeting that was held on Friday, 31 October 2025, at which several resolutions were put to Shareholders, including consolidation of capital, resolution to ratify or approve placement securities, and issue of placements shares to Directors.

All resolutions were passed on a poll.

ASX Listing Rule 5.3.3 Tenement Summary

At 31 December 2025, the Company held the following interests in tenements and/or licenses:

Project	Percentage Interest	Number of Tenements
Gurvantes XXXV	100%	1

Related Party Payments

During the quarter ending 31 December 2025, the Company made payments of \$119,228 to related parties and their associates. These payments relate to three non-executive Directors' fees and consulting fees of one Director.

Authorised for release to ASX by the Board of Directors. For more information www.tmkenergy.com.au or contact,

Dougal Ferguson
Chief Executive Officer
+61 8 6319 1900
derguson@tmkenergy.com.au

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

TMK Energy Limited

ABN

66 127 735 442

Quarter ended ("current quarter")

31 December 2025

Consolidated statement of cash flows	Current quarter (3 months) \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(139)	(492)
(d) staff costs	(191)	(775)
(e) administration and corporate costs	(401)	(1,219)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	16	47
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(719)	(2,443)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(681)	(3,242)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter (3 months) \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(681)	(3,242)
3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	100	5,803
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(294)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	100	5,509
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,116	1,992
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(719)	(2,443)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(681)	(3,242)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	100	5,509
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,816	1,816

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,816	3,116
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,816	3,116

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	119
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	719
8.2 Payments for exploration & evaluation classified as investing activities (item 2.1(d))	681
8.3 Total relevant outgoings (item 8.1 + item 8.2)	1,400
8.4 Cash and cash equivalents at quarter end (item 4.6)	1,816
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	1,816
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.30
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: No.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes. The Company continues to successfully source the minimum funding required to continue its operations.	
<p><i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i></p>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 23 January 2026

Authorised by: Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.