

GURVANTES UPDATE

25 JULY 2023

First Gas Flowed to Surface

- **The Operator, TMK Energy Limited (ASX:TMK), has informed Talon that initial gas from the Lucky Fox -1 pilot well flowed to surface and flared**
- **All three production wells fully operational since commissioning, currently producing ~500bwpd (combined)**
- **Reservoir pressure in all three wells decreasing in line with expectations**
- **Further flaring of gas from pressure buildup likely to occur over coming weeks as more coal seams in the to reservoir reach critical desorption pressure**

Talon Energy Ltd (ASX: TPD) (“**Talon**” or the “**Company**”) provides the following update in relation to the Pilot Well Program at the Gurvantes XXXV CSG Project (Talon 33%, TMK 67%) in the South Gobi Basin of Mongolia. The Company’s Joint Venture partner and Operator of the Gurvantes XXXV Coal Seam Gas Project, TMK, has advised that the Pilot Well Program at the Gurvantes XXXV CSG Project (TMK 67%, Talon Energy 33%) in the South Gobi Basin of Mongolia continues to deliver in line with expectations. Initial gas from buildup in the casing of the Lucky Fox – 1 well was yesterday flowed to the surface and flared, representing the first gas flowed to surface for the Gurvantes XXXV Project. The well was flowed for approximately three hours, providing valuable data and also demonstrating the ability to flow gas from the coal seams being targeted by the Project.

Mr Colby Hauser, Talon’s Managing Director and Chief Executive Officer commented: “We are pleased to announce the positive results from the extended production test and the promising early signs from the performance of the three pilot wells and we look forward to updating the market further.”

Since commissioning approximately one week ago, all three wells have been continuously on pump and over that period, the pump speeds have gradually been increased in order to slowly reduce the fluid levels in the wells and therefore hydrostatic pressure in the reservoir. The wells are currently producing approximately 500 bwpd (combined) and the fluid levels in the wells are continuing to slowly decrease.

Over the coming weeks, the pump speeds will continue to be gradually increased, and as the fluid levels decrease, the reservoir begins to depressurise after which more substantive and continuous gas desorption from the coals is expected to commence.

This process may take several weeks or months and as more data becomes available, the Company will continue to keep the market updated on these key metrics. Although the initial gas produced and flared from the Lucky Fox – 1 well is considered a positive indicator at this early stage, the flow was an unsustainable flow and is therefore not necessarily indicative of what levels of sustained gas flow rates may be achieved in the future from this well or other wells in the Project area.



Figure 1: Initial gas flared from the Gurvantes XXXV CSG Pilot Well Program

This Announcement was authorised for release by the Managing Director of Talon Energy Ltd.

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