

GURVANTES UPDATE

9 AUGUST 2023

Continuous Gas Flows Achieved

- **The Operator, TMK Energy Limited (ASX:TMK), has informed Talon that critical desorption pressure has been achieved in all three pilot wells with continuous gas flow now established at the Gurvantes XXXV Coal Seam Gas Project in Mongolia**
- **Gas flowing consistently from all three wells and being flared continuously**
- **Fluid levels (hydrostatic head) continue to be drawn down in accordance with the reservoir management plan**
- **Initial gas flow rates to be measured and reported once hydrostatic head reaches optimal level**

Talon Energy Ltd (ASX: TPD) ("**Talon**" or the "**Company**") is pleased to advise that the Pilot Well Program at the Gurvantes XXXV CSG Project (Talon 33%, TMK 67%,) in the South Gobi Basin of Mongolia continues to deliver with gas flows continuing to increase.

A permanent gas flow has been achieved at the Lucky Fox – 1, Lucky Fox – 2, and Lucky Fox – 3 wells, with the gas flow sufficient to support continuous flares associated with each of the wells. All three wells still have a significant hydrostatic head that is being continually pumped off in accordance with the reservoir management plan. Based on the projections and assuming no pump downtime, it is forecast to take several more weeks before the hydrostatic head is reduced to the optimal level at which time the Company expects to be able to report initial flow rates from each of the wells.

Since commissioning approximately three weeks ago, all three wells have been continuously on pump and over that period, the pump speeds have gradually been increased to slowly reduce the fluid levels in the wells and therefore hydrostatic pressure in the reservoir. The wells are currently producing approximately 600 barrels of water per day (combined) and the fluid levels in the wells are continuing to slowly decrease.

Over the coming weeks, the pump speeds will continue to be increased, and as the fluid levels decrease, the reservoir will continue to depressurise. With critical desorption pressure now reached in each of the three wells, the current low gas rates are expected to gradually increase as is typical of CSG wells.



Figure 1 – Continuous flare achieved from Lucky Fox – 2

Once the optimal fluid levels are achieved in each of the wells, the pumps speeds will be managed such that the hydrostatic head will be kept at a constant level and at that point, an initial gas rate is expected to be able to be reported.

That initial gas rate is then forecast to increase over the six months of the extended production test as the pressure sink continues to expand from the immediate surrounds of the well bore further into the coal seams, thereby freeing up more gas to flow into the wellbore.

Although the initial results are highly encouraging, the gas flows need to be measured over the duration of the extended production test to gather enough data to model the deliverability of the wells and a potential production profile in order to assess commercial significance of the extended production test.

Mr Colby Hauser, Talon’s Managing Director and Chief Executive Officer, commented:

“With the continuous flow of gas from the three Lucky Fox pilot production wells, we are very pleased to see that the Gurvantes XXXV Coal Seam Gas Project has now passed another key milestone on the road to proving it’s commerciality.

The pilot production well program continues to exceed our expectations and we are looking forward to providing the market an update on the initial flow rate from this exciting project in several weeks time. We extend our thanks to our partner in this project, TMK Energy for the excellent project management thus far.”



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

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