



PILOT WELL PROGRAM UPDATE – NOVEMBER 2023

- **Gas rates continuously increasing with highest daily gas rate to date recorded on 30 November 2023**
- **98% up time from all three pilot production wells during November 2023 with all wells continually, not intermittently, producing gas to flare**
- **Total gas produced has approximately doubled each month subsequent to initial flush production in August 2023**
- **Shareholder approvals received to consolidate ownership of 100% of the Gurvantes XXXV Project within TMK Energy**

TMK Energy Limited (ASX: TMK) (“TMK” or the “Company”) provides the following update on the Pilot Well Program for the Gurvantes XXXV CSG Project in the South Gobi Basin of Mongolia.

Lucky Fox Pilot Well Program (Nariin Sukhait)

The three Lucky Fox pilot wells continue to produce in accordance with the Company’s expectations, with gradually decreasing levels of water and a demonstrable increase in gas rates being measured in recent weeks. The highest daily gas rate of approximately 13,000 standard cubic feet per day (scfd) was recorded on 30 November 2023, an approximate 360% increase over the highest daily rate measured in the previous month (October).

The Lucky Fox pilot production wells are continuing to display the typical characteristics that most successful coal seam gas projects display during the initial desorption period. The increasing, but still relatively low, gas rates, are not yet indicative of the final anticipated flow rates, however total gas produced has increased by approximately 100% from September through to November with the estimated volume of gas produced in November being approximately double that produced in the first month (August 2023), where the Project experienced some initial flush gas production.

Table 1 – Monthly Pilot Well Program Production Data

Month (2023)	Total Volume Produced (mscf)	Max Daily Gas Volume (mscf)	Average Water Volume (bwpd)	Comment
July	2.4	0.6	418	Pilot wells commenced 15 July 2023
August	72.7	4.1	530	Initial “flush” production period
September	30.7	2.3	389	14 days downtime for LF-03
October	60.1	3.6	417	12 days downtime for LF-03
November	130.5	13.0	496	98% production uptime for all wells

Note: The production rates in Table 1 are likely to underestimate gas volumes at low rates and are therefore indicative only. Accuracy of the measurements improves as gas rates increase.

Water production is gradually reducing from its initial highs which is an indication that the reservoir pressure is decreasing. A gradual reduction (rather than a rapid reduction) in water rates is a positive sign and demonstrates good permeability and connectivity of the reservoir. Water rates are currently tracking at approximately 500 barrels of water per day (bwpd) with the water being beneficially re-used locally at the nearby mining operations.

Table 1 provides a summary of the volumes and rates of gas and water that have been produced from the pilot production wells since they were commissioned in mid July 2023. Some downtime occurred in the early months with a number of pump replacements successfully undertaken in the Lucky Fox 03 well primarily as a result of blockages occurring due to coal fines. These blockages generally occur in the early stages of production as the wells continue to clean up.

Throughout the month of November, all three pilot production wells performed exceptionally well, with pumps operating 98% of the time, and only minor interruptions for maintenance or brief power outages. Production rates during the first few days of December have remained strong.

Consolidation of Gurvantes XXXV Working Interests

The consolidation of 100% of the Gurvantes XXXV Project within TMK remains on track, with both TMK and Talon Energy Limited (TPD) shareholders each approving the necessary resolutions at respective general meetings held late last week. Completion of the transaction is expected to take place on Friday 8 December 2023, with the in-specie distribution of the Consideration Securities to occur on or before 22 December 2023.

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

"The performance of the pilot production wells, and the extended production test, continues to meet our expectations and the increasing gas rates coupled with continued good water rates are positive indicators that the reservoir is not only producing gas, but is still in the process of being depressurised, both critical elements of a successful coal seam gas pilot production test.

It is also pleasing that we are now one step closer to consolidating 100% of the Gurvantes XXXV Project within TMK and we look forward to completing the acquisition at the end of this week.

As we move into 2024, we aim to continue to de-risk the Project through the delivery of the critical milestones and demonstrate our proof of concept and a commercial gas flow for our shareholders and for Mongolia itself, which continues to crave a reliable domestic energy source."

ABOUT TMK ENERGY LIMITED

TMK Energy Limited is listed on the Australian Stock Exchange. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurvantes XXXV CSG Project.

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

