



OPERATIONS UPDATE – GURVANTES XXXV

- **Pilot production wells continue to perform in line with expectations with continuous gas flares from each of the three pilot wells**
- **Thick 45 metre gassy coal seam intersected at ‘Terra’ exploration area 100 kilometres east of Nariin Sukhait (pilot well location)**
- **Exploration program at ‘Terra’ expanded to include additional 4 wells**
- **2D seismic program underway and additional exploration activities being conducted in northern part of the license area**

TMK Energy Limited (ASX: TMK) (“TMK” or the “Company”) provides the following update on the Pilot Well Program and exploration activities in the Gurvantes XXXV CSG Project area (TMK 67% and Operator, Talon Energy 33%) in the South Gobi Basin of Mongolia.

Pilot Well Program (Nariin Sukhait)

The pilot well program continues to perform in line with expectations, with good water production rates, decreasing reservoir pressure and methane gas continuously flowing to surface and flared from each of the three pilot wells.

Throughout the month of September, the Lucky Fox – 1 and Lucky Fox – 2 pilot wells performed seamlessly and consistently delivered good water rates and gradually increasing gas rates. Lucky Fox – 3 however, experienced several pump shutdowns due to produced coal solids in the water and required maintenance on the pump to be completed several times.

Following the most recent shutdown, a remedial workover was performed and it was discovered that the base of the well (below the pump) contained a significant amount of coal fines which is likely the cause of the pump shutdowns.

The well was successfully cleaned out and the pump was re-run in the well and brought back online and has since been performing well. Coal fines and solids are generally predominantly produced as the wells are initially brought online and are cleaned up and therefore it is not expected that workovers of this nature will be required on a regular basis.

Total water production rates from all wells are currently between 500 to 600 barrels of water per day (bwpd) down from a maximum rate of approximately 630 bwpd. The water levels in each of the three wells have been gradually reducing in line with expectations, albeit the water level in Lucky Fox – 3 is higher than planned due to pump downtimes experienced during September.

Gas continues to be produced to surface from all three wells and has been gradually increasing as the reservoir pressure drops. Gas rates are not yet indicative of the anticipated ultimate flow rates as it is still too early in the production test period.

Exploration Activities

As announced on 28 August 2023, the Gurvantes XXXV Project and Terra Energy commenced a joint exploration program which included a minimum of four fully cored exploration wells and ~40 kilometres

of 2D seismic acquisition in the Gurvantes XXXV Project area. The wells were designed to deliver key data for both Terra (as a coal miner) and the Gurvantes XXXV Project (as a CSG explorer) and were therefore drilled in locations expected to meet each parties' different objectives.

A total of three cored exploration wells has been completed to date. The first two exploration wells called TU23_002C and TU23_003C intersected multiple coking coal intervals with a net coal thickness between 5m to 10m and low gas contents indicated. Testing of these wells for CSG potential was not undertaken.

The third cored exploration well BHN23_002C, intersected a total net coal thickness of approximately 45m and preliminary testing data indicates moderate to high gas contents. The thick gassy seam is consistent with and interpreted to be in the same geological formation intersected in the Narrin Sukhait area, which is located approximately 100 kilometres along strike to the west. This is an encouraging exploration result, with the program in this area now expanded to include a further four cored wells which are expected to be completed this year.

The 2D seismic acquisition commenced in late September and the field data collection is ongoing and expected to be completed in October. Additional exploration work is being undertaken in the northern part of the Project area adjacent to an existing coal mine and dependent on results, may warrant further exploration in that area in 2024.

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

"The primary focus of the Company at present is to continue to keep the three pilot wells running as near to 100% of the time as possible with the aim of establishing gas flow rates to demonstrate commerciality. Despite the minor operational challenges associated with the pump at Lucky Fox - 3, our team is doing a great job keeping the wells running and remediating any issues quickly and efficiently.

Encouragingly, we have also intersected a thick gassy coal seam at Terra Energy's Baruun Noyon Uul area in the east of the Project area, 100km east of Narrin Sukhait. No CSG exploration drilling has previously been undertaken in the Terra area and the results to date have given us the confidence to continue with an expanded program. What is most significant is that we have intersected thick gassy coals seams in both the west of the Gurvantes project and now the eastern portion, in what is interpreted to be the same geological formation, approximately 100km apart."

Mr Matthew Crawford, Terra Energy's Executive Director commented:

"Terra is pleased to be working with TMK and adding significant value to our respective businesses. To date the exploration has been done efficiently and effectively with our respective exploration teams working well together. Terra is very supportive of this project, and we look forward to expanding the exploration activities in 2024 as we have a substantial resource area of coal which is yet to be explored for CSG."

For the purposes of ASX Listing Rule 15.5, the Board has authorised for this announcement to be released.

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

