

FINAL COMMISSIONING OF PILOT WELLS UNDERWAY

- Final commissioning of maiden Pilot Well Program at the Gurvantes XXXV Coal Seam Gas Project in Mongolia underway
- Downhole pump and drive head installation successfully completed
- All surface facilities and associated civil works completed
- Production testing currently on schedule to commence mid-July

TMK Energy Limited (**ASX: TMK**) (“TMK” or the “Company”) is pleased to advise that the Pilot Well Program at the Gurvantes XXXV CSG Project (TMK 67%, Talon Energy 33%) in the South Gobi Basin of Mongolia is in its final commissioning phase, after which the extended production testing will commence.

Since the last update of 28 June 2023, the downhole pumps and drive heads have been successfully installed and the construction of all surface facilities and associated infrastructure is now complete. The three pilot production wells will undergo a short commissioning phase prior to the extended production commencing, which is expected to occur within the next week.



Figure 1 – Completed Lucky Fox - 03 Coal Seam Gas Production Well



During the extended production test, water will be pumped out of the coals to lower the hydrostatic pressure within the production interval, which comprises of 60-70 metres of coal within the upper seams which contain predominantly methane gas.

The methodology used to produce coal seam gas is to lower the hydrostatic pressure in the coal seam to below the critical desorption pressure, after which coal seam gas will desorb off the coal and flow up the well. The gas produced from the well will be measured through the metering skid connected to the well head (Figure 1) at the surface and then flow to a flare line to be flared in the short term, then potentially connected to reciprocating engines to produce electricity pursuant to a Cooperation and Offtake Agreement with MAK (refer ASX Announcement 20 March 2023).

It is anticipated that the wells will initially flow high levels of water and low levels of methane gas, and over the course of the production test, the gas rates are expected to increase while water rates are expected to decrease.

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

"With the final commissioning now underway, the commencement of the extended production testing from our maiden Pilot Well Program at the Gurvantes XXXV Coal Seam Gas project is due to officially commence within the next week.

The last couple of weeks have seen another key deliverable with the successful installation of the pumps and the drive heads as well as initial testing of the pumps confirming that all three wells are now operational and ready for start-up.

Upon final commissioning and testing of the SCADA systems and other ancillary equipment, the final stage will be the careful and measured start-up of the pumps to commence the dewatering process which we expect will be a 2-3 month process, after which we hope and expect to see initial gas breakthrough which is expected to build over the subsequent months."

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

ABOUT THE GURVANTES XXXV PROJECT

The Gurvantes XXXV Project (TMK Energy 67%, Talon Energy 33%) covers an area of 8,400km² and is in what is considered one of the most prospective coal seam gas basins globally. Gurvantes is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network. It is also proximate to several large-scale mining operations with high energy needs. Gurvantes is therefore ideally placed to satisfy both local Mongolian, as well as Chinese, energy requirements.

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

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