

GURVANTES UPDATE

13 JULY 2023

Final Commissioning of Pilot Wells Underway

- **The Operator, TMK Energy Limited (ASX:TMK), has informed Talon that the final commissioning of the maiden Pilot Well Program at the Gurvantes XXXV Coal Seam Gas Project in Mongolia is underway.**
- **Downhole pump and drive head installation and all surface facilities and associated civil works have been successfully completed.**
- **Production testing is currently on schedule to commence mid-July 2023.**

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 Energy 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 is in its final commissioning phase, after which the extended production testing is expected to commence.

Mr Colby Hauser, Talon’s Managing Director and Chief Executive Officer commented: “The Gurvantes XXXV Coal Seam Gas Project continues to develop at pace as we commence final commissioning activities. The Joint Venture has been very busy over the last couple of weeks with the successful installation and testing of the pumps and the drive heads which has confirmed they operational and ready for start-up.

“After testing the SCADA equipment for functionality, the project will look to start up the pumps and begin the dewatering process of the wells. We are confident in initial gas breakthrough after a projected 2–3-month dewatering process.”

Since TMK’s 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.

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 TMK’s ASX Announcement 20 March 2023).

TMK anticipates 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.



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

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

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