

OUTSTANDING COAL INTERSECTION IN LOWER COAL SEAM AT SNOW LEOPARD – 03R

- Total net coal thickness of approximately 140 metres in Snow Leopard – 03R (SL-03R), the thickest total coal interception to date from the 2022 exploration program
- 80 metres of gassy coal intersected within the lower coal seam at SL-03R between 455 metres and 535 metres depth
- 60 metres of gassy coal within the in Upper Seam in SL-03R consistent with SL-03
- Preliminary results indicate both upper and lower coal seams in SL-03R contains high gas contents, also consistent with results from SL-03
- Snow Leopard – 05 (SL-05) drilling ahead with approximately 37 metres of coal intersected so far starting from a depth of 155 metres, with drilling to continue to target the lower coal seam at this location

TMK Energy Limited (ASX:TMK) (“**TMK**” or the “**Company**”) is pleased to provide an operations update on drilling activities at the Gurvantes XXXV Coal Seam Gas Project in the South Gobi Basin in Mongolia.

Snow Leopard - 03R

SL-03R has intersected a net coal thickness of ~80 metres between the depths of 455 metres and 535 metres which represents the lower coal seam at this location. The coal seam presents as a single, high quality, clean and homogenous coal seam/unit and preliminary results from desorption samples indicate the full seam contains high gas content.

Approximately 60 metres of net coal was previously intersected in the upper seam in SL-03R, consistent with the adjacent SL-03 well, resulting in a total of 140m of net coal thickness in the SL-03R well. Both the upper and lower coal seams appear to contain high gas contents (in the order of 7.5 m³/t to 12.5 m³/t on an as received basis).

SL-03R is currently at a depth of 535 metres with drilling continuing ahead. When the lower coal seam has been fully intersected and total depth is reached, the well will be geophysically logged and permeability testing will be attempted over the lower seam interval.

Snow Leopard - 05

SL-05 has intersected a net coal thickness of approximately 37m in the upper seam from a depth of approximately 155m. Coal core has been sampled for gas desorption, adsorption and composition analysis. Gas desorption measurements from the samples collected is ongoing, however as expected, preliminary results indicate that the shallow coal intersected has low to moderate gas contents, with gas contents increasing with depth. Low gas contents from coal at depths of <200 metres is typical for coal seam gas wells.



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SL-05 is currently at a depth of 350 metres and is drilling ahead to target the lower seam which is interpreted to exist at this location. SL-05 is expected to be drilled to a total depth of approximately 650m.

Contingent Resource Assessment

On completion of drilling of SL-03R and SL-05, the 2022 exploration drilling program will be completed and the results from all the wells will be integrated into the geological model and will allow the Company to commence its maiden Contingent Resource assessment over the ~24 square kilometres that represents the central Narrin Sukhait area and is expected to be completed early Q4 2022.

This initial area, which represents <1% of the total prospective area within the 8,500 square kilometres within the Gurvantes XXXV Project area, is the first step in demonstrating the enormous potential of the CSG resources in the area.

Forward Program

Once drilling and testing at either SL-03R or SL-05 is completed, Stage 1 of the two stage farmout agreement with Talon Energy Limited (**ASX:TPD**) will be completed which was the drilling and testing of a minimum of four exploration wells.

Stage 2 of the farmout agreement consists of a commitment by TPD to fund 100% of the next US\$3.15 million which is budgeted towards the pilot production well program. TPD has not yet made a formal election to proceed with Stage 2 of the farmout agreement, however with the results to date, TMK has elected to fast track the planning and design process of the pilot well program which it is aiming to commence by the end of the year.

TPD can elect at any time within 90 days from completion of the Stage 1 exploration program to commit to Stage 2.

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

"The exploration results continue to be remarkable and exceed our expectations. Having worked in coal basins all around the world, an 80m thick gassy coal seam of this quality and 140m net thickness of gassy coal such as intersected in SL-03R, is incredible, particularly when compared to developed CSG projects which develop coal seams in an order of magnitude thinner, i.e. 8m – 14m. This incredible coal thickness, all containing high gas, results in a very high resource concentration and really demonstrates the unique and incredible potential of the Gurvantes CSG Project.

We look forward to completing the exploration program shortly and following that, we look forward to booking a maiden Contingent Resource and focussing our efforts on execution of the Pilot Well Program where we hope to be able to produce gas to surface in a relatively short timeframe and prove up the commerciality of the project."





Figure 1 – 2022 Exploration Program Drill Hole Locations.

ABOUT TMK ENERGY LTD

TMK Energy Limited is listed on the Australian Stock Exchange (ASX:TMK) and holds a 100% interest in the Gurvantes XXXV Coal Seam Gas Project located in the South Gobi Basin of Mongolia and a 20% interest in the Talisman Deep Project, in the Barrow-Dampier sub-Basin. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurvantes XXXV Project.

Talon Energy Limited (ASX:TPD) is earning a 33% Working Interest in the Gurvantes Project under an existing US\$4.65 million two-stage farm-out agreement executed in February 2021. Initial funding of US\$1.5 million is allocated to the current four well drilling and testing program. The second stage of funding, being US\$3.15 million, is currently budgeted towards the pilot well program being planned for later this year, should TPD elect to proceed with the second stage of the farm-out.

TMK are committed to responsibly developing this Project into a world class producing gas field on behalf of and for the benefit of Mongolia.

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

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