

DRILLING RIG SECURED FOR PILOT WELL PROGRAM

- **Contract executed with Major Drilling Group to drill and complete 3 production wells for the Pilot Well Program at the Gurvantes XXXV CSG Project in Mongolia**
- **Drilling expected to commence in April, after completion of site works and import of long lead items which have been ordered and are in transit to Mongolia**
- **Schlumberger reservoir modelling predicting early gas breakthrough and relatively high production rates when compared to CSG wells globally**
- **Pilot Well Program primarily funded by Talon Energy pursuant to its farm-in agreement with TMK Energy**

TMK Energy Limited (ASX:TMK) ("**TMK**" or the "**Company**") is pleased to announce that it has signed a drilling contract with the Mongolian operating subsidiary of the Major Drilling Group - a large international Canadian based drilling company - for TMK's maiden Pilot Well Program.

Drilling operations are scheduled to commence in April, with the critical path items well underway being the preparation of the drilling locations, site works and purchase of long lead items (which are currently in transit to site).

The Pilot Well Program will include the drilling of three production wells in proximity to the location of the successful Snow Leopard-02 (SL-02) exploration well. The results from SL-02 have been integrated into modelling work undertaken by SLB (previously named Schlumberger) which has shown positive indications on both early gas breakthrough and production rates.

This modelling work is currently being analysed in detail but is highly encouraging and provides a high degree of confidence to the Company that the upcoming Pilot Well Program will be successful in delivering a "proof of concept" and a gas flow to surface at what are modelled to be relatively high production rates when compared to CSG wells globally.

The Pilot Well Program is expected to take approximately eight weeks to complete the drilling of the three production wells and installation of pumps. The production wells will then be tied into the surface facilities, which includes metering skids, a flare stack and water disposal facilities, and then placed on pump to commence the process of pressure drawdown prior to gas breakout. Once commissioned, the pilot wells will be operated for approximately six months in order to understand the water and gas production profiles.

Work is underway to determine if there is an economical and environmentally sensible way to utilise the gas produced to surface during the early stages of the production test rather than flaring the gas. Uses could include generating power for the Gurvantes Project or generating power for the local coal mining operations (displacing diesel fired power generation).

Following the election of Talon Energy Limited (**Talon**) to proceed with Stage 2 of the farm-in agreement in December 2022, the Pilot Well Program will be primarily funded by Talon. The total cost of the Pilot Well Program is expected to be approximately US\$3.5 million, of which the first US\$3.15 million is paid by Talon and the balance is split 67/33 according to TMK and Talon's interest in the project. Accordingly, TMK's share of the cost of the Pilot Well Program is estimated to be approximately US\$235,000.



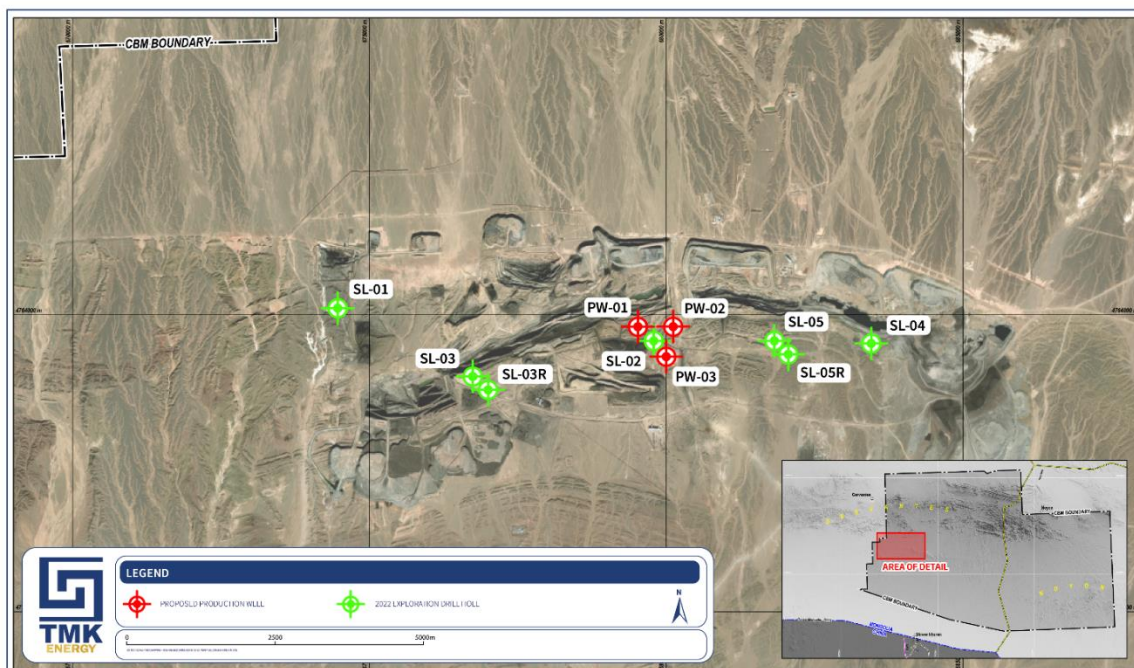


Figure 1 – Gurvantes XXXV 2023 Pilot Well Location and Configuration

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

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

"We are pleased to be at the stage of commencing what we believe will be a transformational period for the Company, starting with the much anticipated "proof of concept" Pilot Well Program, to be followed by a planned 2023 exploration program.

In 2022 we certified a large gas resource (1.2 TCF 2C Contingent Resource) and the aim of the 2023 Pilot Well Program is to demonstrate that this resource can produce gas to surface at commercial rates.

The Company is well placed to take advantage of the significant requirement for reliable long term energy supply in the region, particularly with China now opening up its borders."

ABOUT TMK ENERGY LTD

TMK Energy Limited is listed on the Australian Stock Exchange (ASX:TMK) and holds a 67% interest in the Gurmantes 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 Gurmantes XXXV Project.

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

Disclaimer: This announcement may contain forward looking statements concerning projected costs, approval timelines, construction timelines, earnings, revenue, growth, outlook or other matters ("Projections"). You should not place undue reliance on any Projections, which are based only on current expectations and the information available to TMK. The expectations reflected in such Projections are currently considered by TMK to be reasonable, but they may be affected by a range of variables that could cause actual results or trends to differ materially, including but not limited to: price and currency fluctuations, the ability to obtain reliable gas supply, gas reserve estimates, the ability to locate markets for CNG and hydrogen, fluctuations in gas and hydrogen prices, project site latent conditions, approvals and cost estimates, development progress, operating results, legislative, fiscal and regulatory developments, and economic and financial markets conditions, including availability of financing. TMK undertakes no obligation to update any Projections for events or circumstances that occur subsequent to the date of this announcement or to keep current any of the information provided, except to the extent required by law. You should consult your own advisors as to legal, tax, financial and related matters and conduct your own investigations, enquiries and analysis concerning any transaction or investment or other decision in relation to TMK. \$ refers to Australian Dollars unless otherwise indicated.