

MILESTONE COOPERATION AND OFFTAKE AGREEMENT SIGNED

- Milestone cooperation and electricity offtake agreement signed with Mongol Alt LLC (MAK) mining operator
- MAK to purchase electricity generated from produced gas from the three well Pilot Production Well Program
- MAK to store and beneficially reuse excess water extracted from Pilot Production Wells
- TMK provided with access to heavy machinery and support for construction of Pilot Well Program infrastructure

TMK Energy Limited (ASX:TMK) (“**TMK**” or the “**Company**”) is pleased to announce that it has signed a cooperation agreement with Mongol Alt LLC (“MAK”) expanding the level of cooperation between TMK and one of Mongolia’s largest and most successful group of private companies.

The MAK Group of Companies (amongst other things) currently owns and operates the coal mining lease on which TMK is undertaking its first Pilot Well Program on the Gurvantes XXXV Coal Seam Gas Project. The MAK mine is a large energy user in the Nariin Sukhait region and also has a high demand for water which is a valuable resource in the South Gobi Desert.

The agreement represents a key milestone for the Gurvantes XXXV Project as it will lead to significant efficiencies in the Pilot Well Program as well as providing a clear pathway to early commercialisation by providing electricity to one of the largest users in the area.

Subject to regulatory approvals and anticipated strong gas production rates, the gas produced from the three pilot production wells will be used for modular power generation (1MW - 10MW) which will be sold to MAK at the prevailing local wholesale price. Without such an agreement, the gas produced from the Pilot Well Program would be required to be flared. This initiative and agreement with MAK allows for an environmentally sensible and commercially attractive way to utilise the gas produced from the Pilot Well Program.

TMK has also agreed to provide MAK with the water it will produce in the early stages of operation its Pilot Well Program. This is beneficial to both parties as it removes the requirement for TMK to build and operate separate water storage and handling facilities and allows for the beneficial reuse of the water by MAK.

MAK has agreed to provide TMK with access to its heavy machinery and support equipment and personnel (at commercial rates) which will greatly assist TMK in the construction activities of the Pilot Well Program, and in particular, the construction of the drill pads and associated facilities.



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:

"Close cooperation between MAK and TMK will be mutually beneficial allowing for significant efficiencies and the ability to better utilise the valuable resources of produced water and produced gas during from the pilot production wells, in a manner that is both environmentally sensible and commercially attractive.

The opportunity to generate and sell power to MAK will allow TMK to demonstrate that the Gurvantes XXXV Project can provide a new and scalable domestic solution to meet the growing energy demand of the South Gobi region, and help address Mongolia's energy security, reliability and independence.

We look forward to a long and fruitful relationship with MAK, which is one of the largest energy users in the immediate area, as we continue to expand and develop the already proven substantial gas resource in the central Nariin Sukhait area."

ABOUT TMK ENERGY LIMITED

TMK Energy Limited is listed on the Australian Stock Exchange (ASX:TMK) and holds a 67% operated interest in the Gurvantes XXXV Coal Seam Gas Project located in the South Gobi Basin of Mongolia. Talon Energy Limited (ASX:TPD) holds the remaining 33% interest in the project. TMK is led by an Australian and Mongolian team bringing together the expertise and experience to develop the Gurvantes XXXV Project.

TMK is 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.

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