

LUCKY FOX - 1 COMMENCES DRILLING

- The Pilot Well Program has commenced drilling operations at the Gurvantes XXXV Project in the South Gobi Desert in Mongolia
- Lucky Fox - 1 is the first of three pilot production wells to be drilled using international drilling contractor, Major Drilling
- On successful completion of the pilot production wells, the Company intends to commence a six-month production test

TMK Energy Limited (**ASX: TMK**) ("TMK" or the "Company") is pleased to announce that the highly anticipated Pilot Well Drilling Program within the Nariin Sukhait area of the Gurvantes XXXV CSG Project (TMK 67%, Talon Energy 33%) in the South Gobi Basin of Mongolia has commenced drilling operations, with the spudding of the Lucky Fox - 1 (LF-01) pilot production well.

LF-01 spudded on 12 April 2023 following the mobilisation to site of the drilling rig contracted from Major Drilling, which is one of the world's largest international drilling services companies and has recently successfully drilled a number of CSG pilot production wells for other operators in Mongolia.



Figure 1 – Major Drilling Rig on location for the Lucky Fox - 1 pilot production well



The Pilot Well Program includes the drilling of three individual production wells spaced approximately 200m apart and centred on the SL-02 exploration well which was drilled during the maiden exploration program in 2022. The drilling of the three production wells is expected to take approximately seven weeks. Once drilling is completed, downhole pumps will be installed, and surface facilities will be connected to the wells which are expected to take approximately four weeks from the completion of drilling. The pilot well pumps will then be commissioned and the dewatering process will commence in a controlled manner with first gas breakthrough expected within one or two months from being placed on production.

The Pilot Well Program is being primarily funded by Talon Energy, TMK's partner in the Gurvantes XXXV Project. Talon elected to enter Stage 2 of the Farmout Agreement in early December 2022 and is paying the first US\$3.15 million towards what is budgeted to be approximately US\$3.5 million, with TMK and Talon paying their proportionate share of further costs over and above US\$3.15 million.

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:

"The spudding of our first pilot production well, Lucky Fox - 1, is a tremendous achievement for the Company after such a short lead time. Our first exploration well (Snow Leopard - 01) was drilled approximately 12 months ago, so to now be commencing our first pilot production well in such a short timeframe speaks to the quality of both the asset and the team we have in place.

We look forward with great anticipation and expectations towards a successful drilling program that will be yet another milestone in the Project development as we aim to flow first gas to surface and take our first step toward commercialisation, demonstrating the potential of coal seam gas in the Gurvantes Project."

ABOUT THE GURVANTES XXXV PROJECT

The Gurvantes XXXV Project (TMK Energy 66%, 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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