

LUCKY FOX – 2 COMMENCES DRILLING

TMK Energy Limited (**ASX:TMK**) (“**TMK**” or the “**Company**”), is pleased to provide an update on the current Pilot Well Drilling Program at the Gurvantes XXXV CSG Project (TMK 67%, Talon Energy 33%) in the South Gobi Basin of Mongolia.

Lucky Fox – 2 (LF-02) commenced drilling late on 3 May 2023 and is the second of three planned pilot production wells being undertaken in the Nariin Sukhait area within the Gurvantes XXXV CSG Project. LF-02 is located approximately 200 metres to the east-southeast of the Lucky Fox – 1 well which was recently completed in the production interval (comprising approximately 60 metres of gassy coal). As of 6am AEST today, LF-02 was drilling ahead at 138 metres in 12^{1/4} inch hole having successfully set the surface conductor.



Figure 1 – Major Drilling Rig on location for the Lucky Fox - 2 pilot production well

In parallel with the drilling operations, site works are being undertaken to allow installation of the equipment necessary to undertake a six-month production test upon completion of the drilling and pump installation activities, all of which are expected to be completed towards the end of June 2023.

Based on the testing data from exploration well Snow Leopard – 2, drilled in the immediate vicinity of the pilot production wells, together with the gas desorption and other data gathered other exploration wells drilled in the Nariin Sukhait area last year, the Company is confident the dewatering process will be relatively short and is forecasting early gas breakthrough from the Lucky Fox production well complex once the wells are all placed on pump and fully operational.



Under normal CBM operating conditions, gas production builds over time as the dewatering process is completed and gas rates increase to deliver an initial production (IP) rate that will be used to help determine the overall field development plan, including the design and number of wells that will be required to economically produce the resource. The six-month production test will be designed to gather the data necessary to provide a good understanding of all the relevant parameters.

The Pilot Well Program is being primarily funded by Talon Energy Limited (ASX:TPD), 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:

"With the second well now underway, we are quickly moving towards what will be an exciting period for the Company. Under the current schedule, we expect to have completed all drilling activities by the end of this month, with the installation of the downhole pumps and tie-in of the three production wells due to be completed during June 2023. Once commissioned, we will be able to turn on the pumps and commence the dewatering process.

Based on the results to date, I am confident that the Project will deliver gas breakthrough in a relatively short period of time and that we will be able to take the next steps towards early commercialisation, in turn demonstrating the potential of the Gurvantes Project."

ABOUT THE GURVANTES XXXV PROJECT

The Gurvantes XXXV Project (TMK Energy 67%, 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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