TMK ENERGY LIMITED (ASX: TMK)

2024 INTERIM REPORT

ABN 66 127 735 442

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CORPORATE DIRECTORY

DIRECTORS

Prof. John Warburton
Non-Executive Chairman

Brett Lawrence
Executive Director

Gema Gerelsaikhan
Non-Executive Director

Tim Wise
Non-Executive Director

CHIEF EXECUTIVE OFFICER

Dougal Ferguson

COMPANY SECRETARY

Dougal Ferguson

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Perth WA 6000

STOCK EXCHANGE LISTING

TMK Energy Ltd securities are listed on the Australian Stock Exchange under the code TMK

CORPORATE GOVERNANCE STATEMENT

www.tmkenergy.com.au/corporate-governance

ABN 66 127 735 442

www.tmkenergy.com.au

OPERATIONS REPORT

Executive Summary

During the six months ended 30 June 2024, TMK Energy Limited (TMK or the Company) continued to dedicate its resources to the advancement of its 100% owned Gurvantes XXXV Coal Seam Gas (CSG) Project, located in the South Gobi Desert in Mongolia.

During the period, the Company continued to operate the extended production testing (EPT) of the Lucky Fox pilot production wells within the Nariin Sukhait area of the Project. The Company also focused on planning and preparations for three additional pilot wells within the Lucky Fox pilot well complex designed to accelerate the depressurisation of the immediate area around the pilot wells to reach critical desorption pressure faster and target proof of concept through higher gas production rates.

Prior to the commencement of drilling activities, the Company needed to secure regulatory approval for its Detailed Environmental Impact Assessment (DEIA) which was eventually granted in early July 2024. This was a significant milestone, as pursuant to the DEIA, the Company has approval conduct a much larger drilling and appraisal program over the next five years of up to 45 production wells and 95 exploration wells.

Following receipt of the DEIA, the Company commenced the procurement of long lead items and tendering of the key services required to commence drilling activities for the three additional pilot wells. All necessary long lead items (casing, wellheads etc.) have now been procured and delivered to the Gurvantes XXXV location. A preferred drilling contractor has been selected, with the drilling contract in final form ready for execution upon completion of final equipment inspections and site preparations which are currently underway.

The decision to drill the three additional pilot wells at the Lucky Fox pilot well complex was made following a detailed technical review of the results of the current three pilot wells which are spaced approximately 150-300 metres apart in a triangular formation (refer to **Figure 3**).

The conclusion of the technical review, conducted with industry professionals led by Cipher Consulting Pty Ltd (Cipher), a regarded CSG consultancy based in Brisbane, Australia, was that the Gurvantes XXXV Project displayed excellent technical attributes and that it has the potential to be a coalbed methane-producing field of substantial scale and importance.

In April 2024 the Company raised approximately $3.2 million (before costs) in additional capital to assist with the funding of the 2024 work program. Eligible Shareholders were given the opportunity to participate in the capital raising via a Share Purchase Plan (SPP).

Effective 1 July 2024, the Company implemented several Board and Management changes at both the Australian and Mongolian levels.

With these changes now fully implemented, the focus of the Company is now on the delivery of the 2024 work program as well as cost reduction initiatives and efficiency gains, whilst always maintaining a safe operating environment for all staff and contractors.

Lucky Fox-02 Pilot Production Well

Gurvantes XXXV Coal Seam Gas Project (Mongolia)

Overview

The Gurvantes XXXV CSG Project covers a very large area of approximately 8,400 km2. Within the Project area, multiple very thick, high-quality coal seams outcrop at the surface and extend along an east-west strike for approximately 150 km.

The Gurvantes XXXV CSG Project area is situated less than 20 km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network.

Figure 1: Location of the Gurvantes XXXV Coal Seam Gas Project, South Gobi Desert of Mongolia

Lucky Fox Producing Pilot Well Program

During the half year ended 30 June 2024, the existing three Lucky Fox pilot wells continued to produce relatively constant rates of both water and gas while simultaneously experiencing very high uptime.

A technical review was commissioned by the Company in early 2024, which concluded that the Gurvantes XXXV Project displayed excellent technical attributes and confirmed that it could potentially be a significant coalbed methane-producing field. The review concluded that the Pilot Well Program is well designed, being effectively managed, and is making good progress in reducing the reservoir pressure toward critical desorption (the point at which gas rates are expected to increase significantly).

The review also concluded that the Gurvantes XXXV Project, like most successful pilot well programs worldwide, will likely require more time and/or more wells drilled to achieve the point of critical desorption pressure (**Figure 2**) and material gas production rates.

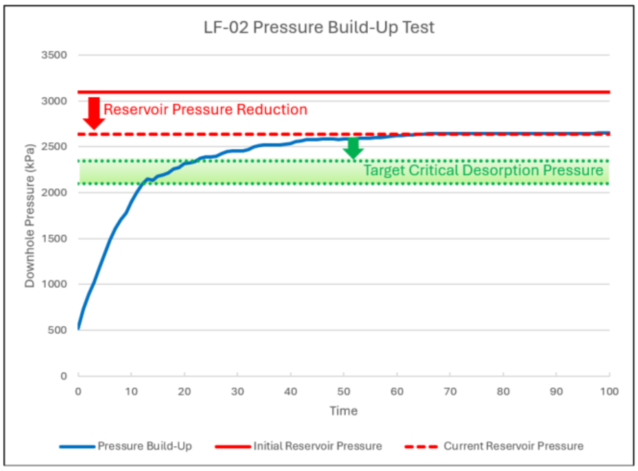


Figure 2: Pressure Build-Up Test Results

The results of the independent review confirmed that the Company's proposed 2024 drilling program was indeed the most efficient and effective way to accelerate the depressurisation of the reservoir and prove the ability of the upper coal seams to produce potentially commercial gas flows from the reservoir.

Lucky Fox-1 continuous flare

Environmental Approval Granted

After a lengthy approval process consisting of many months of consultation with both local communities and the Ministry, the Company received approval for its Detailed Environmental Impact Assessment (DEIA) submission.

This approval grants the Company permission to drill up to 45 production wells and 95 exploration wells during the five-year term of the approval. The approval was a major step forward which will allow the Company to plan and undertake substantially larger drilling programs in the coming years.

2024 Work Program

Following the Company's receipt of its five-year Detailed Environmental Impact Assessment (DEIA) approval the Company commenced the process of acquiring long lead items and securing the major services required for the implantation of the proposed 2024 pilot well drilling programme.

Long lead items (casing, wellheads etc.) have now been procured from China, Canada and Australia and have now all been delivered to the Gurvantes XXXV location in preparation for the commencement of the three well drilling campaign.

Tendering of major equipment and services is undertaken under a formal process pursuant to the regulations of the Production Sharing Contract (PSC) and this process was undertaken with a number of drilling tenders received from multiple parties, including two Chinese drilling contractors.

The tenders were assessed on the Company's key selection criteria which included HSES, cost, timing and expertise. After a rigorous process, a preferred drilling contract was selected and a drilling contract has been agreed delivering a highly cost-effective, fixed-price (turnkey) solution, which is approximately 28% lower than the all-in drilling and completion costs paid in 2023 for the initial three pilot wells.

The preferred drilling contractor has excellent background knowledge of the Company's existing Pilot Well Program and has offered a fixed-price drilling and completion package that meets the Company's need for a safe and efficient drilling programme.

Final site preparations are ongoing with drilling pads and sumps in the final stages of construction. Rig inspections and inventory checks are also being completed prior to the execution of the drilling contact and the commencement of drilling.

The locations of the three additional pilot wells (Lucky Fox 4, 5 and 6 shown in **Figure 3**) have been chosen to accelerate the reservoir depressurisation process, to target the wells reaching their critical desorption pressure faster than they would without the additional draw-down capability.

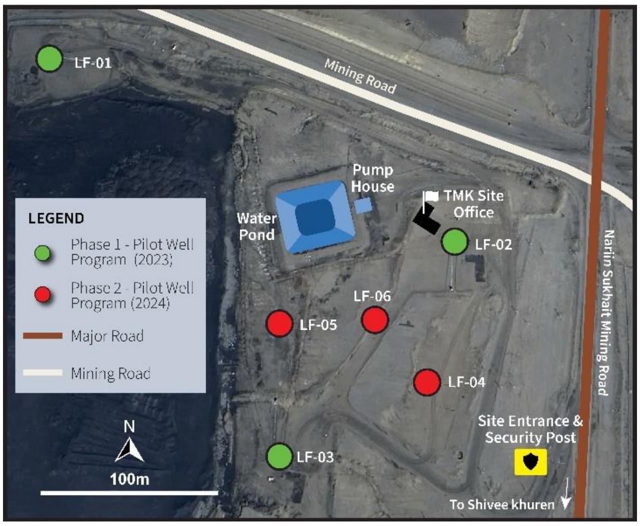
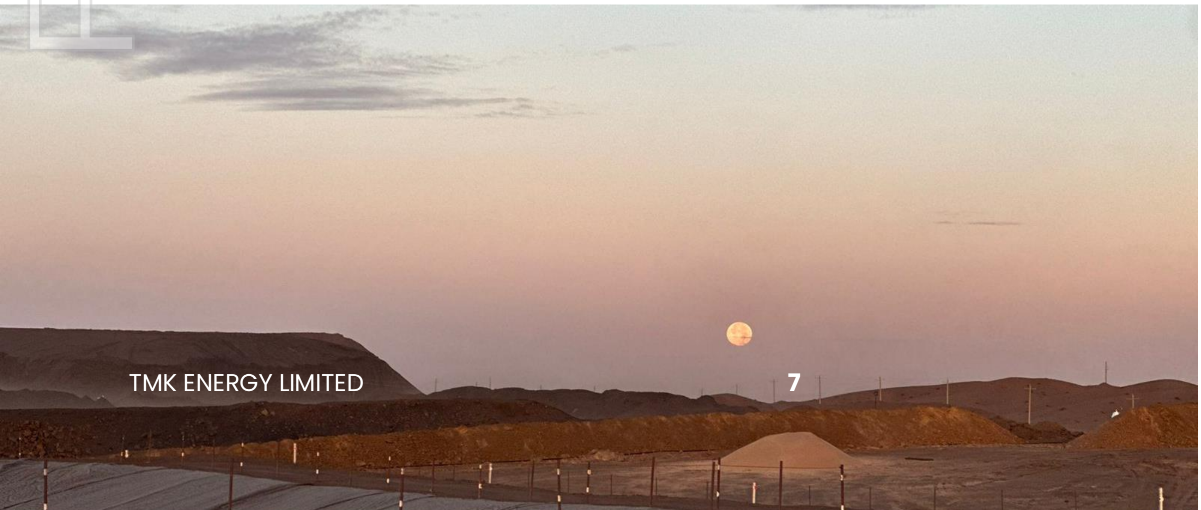


Figure 3: Lucky Fox 4, 5 and 6 drilling locations in respect to existing wells

Full moon rising over Nariin Sukhait



Installation of wellheads during 2023 commissioning

2024 Work Program (continued)

The decision to drill the three additional pilot wells at the Lucky Fox pilot well complex was made following a detailed technical review of the results of the current three pilot wells which are spaced approximately 150-300 metres apart in a triangular formation (**Figure 3**).

The conclusion of the review, conducted with industry professionals led by Cipher Consulting Pty Ltd (Cipher), a regarded CSG consultancy based in Brisbane, Australia, was that the Gurvantes XXXV Project displayed excellent technical attributes and that it has the potential to be a coalbed methane-producing field of substantial scale and importance.

The recommendations included drilling additional pilot wells spaced more closely together to accelerate the dewatering process and to also improve the understanding of the production zones within the approximate 70 metres of net coal thickness within the wells.

With these recommendations in mind, the Company has committed to not only drilling three additional infill pilot wells with the capacity to accelerate the target critical desorption pressure (**Figure 2**) but also the installation of Distributed Temperature Sensing (DTS) technology to provide additional detailed data over the very thick coal seams that exist at the Lucky Fox pilot well location.

With this additional DTS data, the Company expects to be able to plan future production wells that will target the “sweet spots” within the coal seams allowing for potentially more efficient completion techniques that target the most productive zones.

On completion of the drilling and tie-in of the additional production wells, the Company will have six producing wells at the Lucky Fox pilot well complex all spaced within an area of approximately 25,000 square metres, with all the wells accessing approximately 70 metres of vertical coal thickness.

Upon the commencement of production from the new pilot wells, combined with the production from the existing pilot wells, the Company estimates that it will take a matter months of production for the area of coal targeted by these wells to reach critical desorption pressures allowing gas to flow to surface at much higher rates and potentially prove not only the concept, but the ability to produce commercial rates of gas.

The Company will also gather detailed data from the DTS technology to be installed in some of the pilot production wells which will allow the design of more efficient completion techniques targeting the “sweet spots” within the upper coal seam and potentially consider more innovative drilling techniques (for example, horizontal drilling).

CORPORATE UPDATE

Management and Board Changes

Subsequent to the end of the reporting period, the Company implemented several Board and Management changes to better prepare the Company for the next phase of growth.

Effective 1 July 2024, the Board appointed Professor John Warburton as independent non-executive Chairman and Mr. Brett Lawrence has taken up a part-time executive role to assist with the implementation of the 2024 work program. Mr Dougal Ferguson was appointed interim Chief Executive Officer so that Mr Brendan Stats could focus his efforts on the implementation of the 2024 drilling program and the future development of the Gurvantes XXXV Project.

Running in parallel with the management restructure, the Board initiated a process to begin a search for a full-time Managing Director to lead the Company through what could soon become a major development project. This search process is ongoing and is expected to take several months, with the results of the upcoming drilling program anticipated to further define the necessary skill sets.

At the local subsidiary level (Telmen Resource LLC), there have been several Board and Management changes. Most notably Mr Tsetsen Zantav has stepped up to become Chairman of the Telmen Resource Board to leverage his wealth of in-country business experience. Mr Naran-Uchral Tsedev has been appointed as the local CEO. Naran has a track record of high-performance business leadership.

Preparation of drill pads for 2024 Pilot Well drilling

Changes in Capital Structure

On 21 March 2024, the Company announced it had received firm commitments to raise approximately $2.5 million (before costs) by way of a Placement, which was well supported by new and existing sophisticated and institutional investors, including senior management of TMK, both in Australia and Mongolia.

The Placement shares were issued pursuant to the Company's available placement capacity under ASX Listing 7.1 and 7.1A. The Company issued 633,135,500 new fully paid ordinary shares and placement participants were issued one option for every share subscribed for, exercisable at $0.008 with a three-year term expiring 30 April 2027 that have subsequently been listed and trade under the ASX ticker code TMKO.

In conjunction with the Placement, the Company also offered eligible existing shareholders the opportunity to participate in a Share Purchase Plan (SPP). The SPP was offered to existing shareholders on the same terms as the Placement, and applications were received for 155,897,172 shares raising an additional $623,588. Pursuant to the terms of the SPP offer, applicants were also issued a free attaching TMKO option.

Subsequent to the end of the reporting period, a number of Unlisted Options and Performance Rights issued to employees lapsed with the capital structure at the date of this report shown below.

Class of Security	On Issue
Fully Paid Ordinary Shares (Post March Placement)	6,921,611,972
Listed Options expiring 30 April 2026 Ex $0.025 (TMKOB)	808,052,867
Listed Options expiring 30 April 2027 Ex $0.025 (TMKO)	852,346,222
Unlisted Options expiring 11 February 2025 Ex $0.008	75,000,000
Unlisted Options expiring 30 April 2026 Ex $0.025	78,000,000
Unlisted Options expiring 30 April 2027Ex $0.008	5,250,000
Performance Rights	78,400,000

2023 Pilot Well drilling

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of TMK Energy Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

The following persons were directors of the Company during the whole of the financial period and up to the date of this report unless otherwise stated:

- Prof. John Warburton – Non-Executive Chairman
- Brett Lawrence – Executive Director
- Gema Gerelsaikhan – Non-Executive Director
- Tim Wise – Non-Executive Director

Principal activities

The principal activity of the Group during the financial period was the coal seam gas (CSG) exploration and appraisal of the Gurvantes XXXV Project in the South Gobi Basin of Mongolia.

Review of operations

For a review of the Group's operations refer to the Operations Review section at page 3 of this report.

Operating Results and Financial Position

The loss of the Group after providing for income tax amounted to $210,143 (30 June 2023: $967,845).

The Group had a closing cash balance of $1,714,844 at 30 June 2024 (31 Dec 2023: $2,255,012).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial period.

Matters subsequent to the end of the financial half-year

On 2 July 2024, the Company has announced several Board and Management changes. Professor John Warburton was appointed as non-executive Chairman while Mr Brett Lawrence stepping into a part-time executive role. Mr Brendan Stats has stepped down from CEO while Mr Dougal Ferguson has been appointed the interim CEO role.

On 24 July 2024, the Company issued 63,313,550 options as payment for services provided by the lead manager in relation to share placement held completed during the half year. This cost has been recognised and accrued for as a cost of raising cost in the 30 June 2024 financial statements given services were performed during this period by the lead manager.

On 28 August 2024, the Company sold their remaining shares held as an investment in Strike Energy Limited with the sale generating net proceeds of $485,097.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Prof John Warburton
Non-Executive Chairman
TMK Energy Limited
13th September 2024

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TMK ENERGY LIMITED

As lead auditor for the review of TMK Energy Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of TMK Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit Pty Ltd

Perth

13 September 2024

Condensed consolidated statement of profit or loss and other comprehensive income

For the half-year ended 30 June 2024

	Notes	Consolidated 30 Jun 2024 $	30 Jun 2023 $
Income			
Interest income		34,804	9,218
Other income		-	30,297
Gain on deregistration of subsidiary	12	1,265,059	-
Expenses			
Accounting and audit fees		(53,724)	(49,107)
Directors' fees		(92,000)	(83,000)
Professional and consultancy fees		(174,950)	(197,582)
Regulatory expenses		(99,059)	(89,530)
Share of loss in associate		-	(160)
Share based payments expense	7	(605,133)	(19,623)
Depreciation expense		(1,169)	(1,645)
Office and administrative expenses		(332,852)	(583,339)
Loss from revaluation of investment		(324,235)	-
Operating loss		(383,259)	(984,471)
Foreign exchange losses		173,116	16,626
Loss before income tax expense		(210,143)	(967,845)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of TMK Energy Limited		(210,143)	(967,845)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on deregistration of subsidiary	12	(1,265,059)	-
Foreign currency translation		14,249	(16,080)
Other comprehensive income/loss for the half-year, net of tax		(1,250,810)	(16,080)
Total comprehensive income for the half-year attributable to the owners of TMK Energy Limited		(1,460,953)	(983,925)
Loss for the half-year is attributable to:			
Owners of TMK Energy Limited		(210,143)	(967,845)
Total comprehensive income for the half-year is attributable to:			
Owners of TMK Energy Limited		(1,460,953)	(983,925)

	Cents	Cents
Basic earnings per share	(0.003)	(0.019)
Diluted earnings per share	(0.003)	(0.019)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position

As at 30 June 2024

		Consolidated	
		30 Jun 2024	31 Dec 2023
	Notes	$	$
Assets			
Current assets			
Cash and cash equivalents		1,714,844	2,255,012
Trade and other receivables		90,730	53,961
Other current assets		44,266	45,074
Total current assets		**1,849,840**	**2,354,047**
Non-current assets			
Investments held at fair value through profit and loss		675,601	1,000,000
Property, plant and equipment		724,586	739,693
Exploration and evaluation	5	17,016,761	14,207,077
Total non-current assets		**18,416,948**	**15,946,770**
Total assets		**20,266,788**	**18,300,817**
Liabilities			
Current liabilities			
Trade and other payables		390,130	455,030
Provisions		33,849	38,766
Total current liabilities		**423,979**	**493,796**
Total liabilities		**423,979**	**493,796**
Net assets		**19,842,809**	**17,807,021**
Equity			
Issued capital	6	30,241,189	27,349,581
Reserves		4,329,010	4,974,687
Accumulated losses		(14,727,390)	(14,517,247)
Total equity		**19,842,809**	**17,807,021**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity

For the half-year ended 30 June 2024

Consolidated	Issued capital $	Share based payment reserves $	Foreign currency translation reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2023	**12,804,079**	**2,752,969**	**70,933**	**(11,924,641)**	**3,703,340**
Loss after income tax expense for the half-year	-	-	-	(967,845)	(967,845)
Other comprehensive income for the half-year, net of tax	-	-	(16,080)	-	(16,080)
Total comprehensive income for the period	**-**	**-**	**(16,080)**	**(967,845)**	**(983,925)**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	5,699,678	-	-	-	5,699,678
Share-based payments (note 7)	-	19,623	-	-	19,623
Capital raising costs	(982,176)	644,981	-	-	(337,194)
Balance at 30 June 2023	**17,521,581**	**3,417,573**	**54,853**	**(12,892,486)**	**8,101,522**

Consolidated	Issued capital $	Share based payment reserves $	Foreign currency translation reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2024	**27,349,581**	**5,035,186**	**(60,499)**	**(14,517,247)**	**17,807,021**
Loss after income tax expense for the half-year[1]	-	-	(1,265,059)	(210,143)	(1,475,202)
Other comprehensive income for the half-year, net of tax	-	-	14,249	-	14,249
Total comprehensive income for the half-year	**-**	**-**	**(1,250,810)**	**(210,143)**	**(1,460,953)**
Transactions with owners in their capacity as owners:					
Issue of share capital (note 6)	3,156,131	-	-	-	3,156,131
Capital raising costs	(264,523)	-	-	-	(264,523)
Share-based payments (note 7)	-	605,133	-	-	605,133
Balance at 30 June 2024	**30,241,189**	**5,640,319**	**(1,311,309)**	**(14,727,390)**	**19,842,809**

[1] An amount of $1,265,059 previously recognised in the Foreign Currency Translation Reserve has been recognised in the Consolidated Statement of Profit and Loss upon deregistration of the US Subsidiary during the period. Please refer to Note 12 for further details.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half-year ended 30 June 2024

		Consolidated	
		30 Jun 2024	30 Jun 2023
	Notes	$	$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(893,391)	(678,551)
Interest received		34,804	30,297
GST refunds		44,651	30,141
Net cash used in operating activities		(813,936)	(618,113)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(345,762)
Payments for exploration and evaluation		(2,695,402)	(5,449,830)
Contributions from farm-in partner		-	5,110,871
Payment to term deposits		-	(1,500,000)
Net cash used in investing activities		(2,695,402)	(2,184,721)
Cash flows from financing activities			
Proceeds from issue of shares		3,156,131	5,699,678
Share issue transaction costs		(201,210)	(370,913)
Net cash from financing activities		2,954,921	5,328,765
Net increase/(decrease) in cash and cash equivalents		(554,417)	2,525,931
Cash and cash equivalents at the beginning of the financial half-year		2,255,012	2,681,265
Effects of exchange rate changes on cash and cash equivalents		14,249	(15,989)
Cash and cash equivalents at the end of the financial half-year		1,714,844	5,191,207

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. General Information

The financial statements cover TMK Energy Limited as a Group consisting of TMK Energy Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is TMK Energy Limited's functional and presentation currency.

TMK Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1202 Hay Street, West Perth, WA 6005

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 September 2024.

NOTE 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

During the half-year ended 30 June 2024, the Group recorded a loss of $210,143 (30 June 2023: $967,845) and net cash outflows for operating activities of $813,936 (30 June 2023: $618,113). At 30 June 2024, the Group had net current assets of $1,425,861(30 June 2023: $1,860,251).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flows in line with available funds. These conditions indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- the directors have the ability to reduce expenditure in order to preserve cash if required
- the Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements as evidenced by the $3.3m capital raised during the half year.

The ability of the Group to continue as a going concern and to fund its operational activities is dependent on the above. Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

NOTE 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities were the same as those applied in the last annual report for the year ended 31 December 2023.

NOTE 4 Operating segments

Identification of reportable operating segments

Operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

In the current financial reporting period, the Group has reassessed and realigned its operations under a single reportable segment. Previously, the Group was organized into three geographic segments. However, as the exploration operations in Australia and the US are not material, and following an internal review, the decision was made to reorganize the operating segments based on its business operation being oil and gas exploration.

NOTE 5. Exploration and evaluation

	Consolidated	
	30 Jun 2024	31 Dec 2023
	$	$
Non-current assets		
Exploration and evaluation assets	**17,016,761**	**14,207,077**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial half-year are set out below:

Consolidated	Exploration and evaluation $
Balance at 1 January 2023	537,425
Additions	8,930,129
Acquisition	9,978,712
Contributions from Partner	(5,258,014)
Exchange differences	18,825
Balance at 31 Dec 2023	14,207,077
Additions	2,213,508
Exchange differences	596,176
Balance at 30 June 2024	**17,016,761**

NOTE 6. Issued capital

(a) Ordinary shares

	Consolidated			
	30 Jun 2024 Shares	30 Dec 2023 Shares	30 Jun 2024 $	31 Dec 2023 $
Issued share capital	6,911,611,972	6,122,579,300	30,241,189	27,349,581

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2024	6,122,579,300		27,349,581
Share placement[1]	28 March 2024	633,135,500	$0.0040	2,532,542
Share purchase plan[1]	10 May 2024	155,897,172	$0.0040	623,589
Share issue costs		-	-	(264,523)
Balance	**30 June 2024**	**6,911,611,972**		**30,241,189**

[1] Share issued at $0.004 per share with free attaching option at an exercise price of $0.008 expiring 30 April 2027.

(b) Options

	Consolidated	
Movements in options on issue:	30 Jun 2024	31 Dec 2023 Number
Outstanding at the beginning of the period	**969,052,867**	**75,000,000**
Options issued for share placement [1]	789,032,672	196,539,650
Options issued to broker [2]	-	65,513,217
Options issued to Directors	-	25,000,000
Options issued under Employee Incentive Securities Plan	-	61,000,000
Options issued for acquisition of Gurvantes XXXV Project	-	546,000,000
Lapsed or expired	(8,000,000)	-
Outstanding at the end of the period	**1,750,085,539**	**969,052,867**
Listed options	**1,597,085,539**	**808,052,867**
Unlisted options	**153,000,000**	**161,000,000**
	1,750,085,539	**969,052,867**

[1] During the current half- year 608,135,500 listed options were issued on 22 May 2024 and 180,897,172 listed options was issued on 7 June 2024. These options are the free attaching options related to the share placement and share purchase plan. The options have an exercise price of $0.008 and expire on 30 April 2027. An accrual of $63,313 has been recognised in share issue costs.
[2] Options for the broker in relation to the share placement were issued only after 30 June 2024 and therefore are not included in this reconciliation.

The weighted average remaining contractual life of options outstanding at the end of the financial half-year was 1.92 years (31 Dec 2023: 2.13 years).

(c) Performance Rights

Movement in performance rights on issue	Consolidated 30 Jun 2024 Number	31 Dec 2023 Number
Outstanding at the beginning of the period	122,000,000	45,000,000
Granted	-	77,000,000
Exercised	(10,000,000)	-
Lapsed	(33,600,000)	-
Outstanding at the end of the period	**78,400,000**	**122,000,000**
Performance rights outstanding at the end of the period		
Class A Performance Rights	13,125,000	16,875,000
Class B Performance Rights	13,125,000	16,875,000
Class C Performance Rights	8,750,000	11,250,000
Class D Performance Rights	16,533,333	20,533,333
Class E Performance Rights	-	17,966,667
Class F Performance Rights	6,200,000	12,833,333
Class G Performance Rights	10,333,333	12,833,333
Class H Performance Rights	10,333,334	12,833,334
	78,400,000	**122,000,000**
Vested and exercisable	57,733,333	45,000,000
Not vested	20,666,667	77,000,000
	78,400,000	**122,000,000**

Consistently with others in the industry, the Group manages its capital by assessing the Group's financial risk and adjusts its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

The Group is not subject to any externally imposed capital requirements.

NOTE 7. Share-based payments

	Consolidated 30 Jun 2024 $	30 Jun 2023 $
Recognised in the statement of profit and loss		
Share based payment expense[1]	605,133	19,623
Recognised in the statement of financial position		
Issued capital (capital raising costs)[2]	63,314	644,981
	668,447	**664,604**

[1] This expense relates to the value of performance rights amortised over the vesting period.
[2] This expense relates to the 63,313,550 options issued to brokers after 30 June 2024 for the share placement completed during the period. The options were valued based on the price listed on the ASX on 13 March 2024.

NOTE 8. Related party transactions

Parent entity

TMK Energy Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 9.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 Jun 2024 $	30 Jun 2023 $
Payment for goods and services:		
Expenses charged for services from Tsetsen Zantav[1] and his related entities	323,527	488,271

[1] Tsetsen Zantav is the Chairman of the Telmen Resource Board and a significant shareholder of TMK Energy Limited and strategic advisor to the Board.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	30 Jun 2024 $	30 Jun 2023 $
Current payables:		
Trade payables to key management personnel	20,969	-

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 9. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	30 Jun 2024 $	30 Jun 2023 $
Short-term employee benefits	425,272	354,795
Superannuation	16,078	13,977
Annual leave	(7,443)	9,615
Share-based payments	411,043	19,623
	844,950	**398,010**

Other than disclosed above, there is no material change in transactions with KMP since the last annual report.

NOTE 10. Contingencies

The Company had no contingent liabilities or contingent assets at 30 June 2024 (30 June 2023: Nil).

NOTE 11. Commitments

The Company had no commitments at 30 June 2024 (30 June 2023: Nil).

NOTE 12. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

	Principal place of business /	Ownership interest	
	Principal place of business /	30 Jun 2024	31 Dec 2023
Name	Country of incorporation	%	%
Telmen Energy Limited	Australia	100.00%	100.00%
Telmen Resource LLC	Mongolia	100.00%	100.00%
Talon Energy Pte Ltd	Singapore	100.00%	100.00%
Talon Energy Mongolia LLC	Mongolia	100.00%	100.00%
Tamaska Oil and Gas Inc	Delaware USA	100.00%	100.00%
Tamaska Oil and Gas Texas LLC	Texas USA	100.00%	100.00%
Tamaska Energy LLC (1)	Louisiana USA	-	100.00%

(1) Tamaska Energy LLC has been dissolved during the period. There is no gain or loss in relation to the deregistration of Tamaska Energy LLC. There are no carried forward asset balances except for intercompany loan balances and investments which have been fully impaired and have nil impact on the Group. An amount of $1,265,059 previously recognised in the Foreign Currency Translation Reserve which relates to Tamaska Energy LLC has been recognised in the Consolidated Statement of Profit and Loss.

NOTE 13. Events after the reporting period

On 2 July 2024, the Company has announced several Board and Management changes. Professor John Warburton was appointed as non-executive Chairman while Mr Brett Lawrence stepping into a part-time executive role. Mr Brendan Stats has stepped down from CEO while Mr Dougal Ferguson has been appointed the interim CEO role.

On 24 July 2024, the Company issued 63,313,550 options as payment for services provided by the lead manager in relation to share placement held completed during the half year. This cost has been recognised and accrued for as a cost of raising cost in the 30 June 2024 financial statements given services were performed during this period by the lead manager.

On 28 August 2024, the Company sold their remaining shares held as an investment in Strike Energy Limited with the sale generating a net proceed of $485,097.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Prof John Warburton
Non-Executive Chairman
TMK Energy Limited
13th September 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of TMK Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of TMK Energy Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 13 September 2024

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