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PILOT WELL PROGRAM UPDATE – DECEMBER 2023

- Monthly gas production from Pilot Production Wells continues to increase
- December 2023 production 50% higher than November 2023 and 335% more than October 2023
- Winterisation of Pilot Well Project completed during December 2023
- Consolidation of 100% ownership of the Gurvantes XXXV Project completed during December 2023 with the in-specie distribution of shares to Talon Energy Limited shareholders now complete

TMK Energy Limited (ASX: TMK) (“TMK” or the “Company”) provides the following update on the Pilot Well Program for the Gurvantes XXXV CSG Project in the South Gobi Basin of Mongolia.

Lucky Fox Pilot Well Program (Nariin Sukhait)

The three Lucky Fox pilot wells continue to produce in accordance with the Company’s expectations. Gas production during December 2023 was approximately 50% higher than November 2023 and was approximately 335% more than October 2023. Water rates continued to gradually decrease in all three Lucky Fox wells with December’s average daily water production less than November.

The Lucky Fox pilot production wells continue to display the typical characteristics that most successful coal seam gas projects display during the initial desorption period. The increasing, but still relatively low, gas rates, are not yet indicative of the final anticipated flow rates, however total gas produced during December 2023 has again increased significantly over the prior month.

Table 1 – Monthly Pilot Well Program Production Data

Month (2023)	Total Volume Produced (mscf)	Max Daily Gas Volume (mscf)	Average Water Volume (bwpd)	Comment
July	2.4	0.6	418	Pilot wells commenced 15 July 2023
August	72.7	4.1	530	Initial “flush” production period
September	30.7	2.3	389	14 days downtime for LF-03
October	60.1	3.6	417	12 days downtime for LF-03
November	130.5	13.0	496	98% production uptime for all wells
December	200.4	12.9	488	99% production uptime for all wells

Note: The production rates in Table 1 are likely to underestimate gas volumes at low rates and are therefore indicative only. Accuracy of the measurements improves as gas rates increase.

Water production from each of the three Lucky Fox wells continues to gradually decrease indicating that that reservoir pressure is gradually decreasing. A gradual reduction (rather than a rapid reduction) in water rates is a positive sign and demonstrates sufficient permeability and connectivity of the reservoir. Water rates are currently tracking at approximately 460 barrels of water per day (bwpd) with the water being beneficially re-used locally at the nearby mining operations.

Despite the extreme cold and sometimes challenging weather conditions experienced throughout the Mongolian winter, the TMK team successfully completed the winterisation of the production wells and associated facilities during December 2023. With this work now complete, the risk of not being able to maintain production throughout the winter months is dramatically reduced.

Throughout the month of December, all three pilot production wells continued to perform exceptionally well, with pumps operating 99% of the time, and only minor interruptions for maintenance or brief power outages.

Consolidation of Gurvantes XXXV Working Interests

The consolidation of 100% of the Gurvantes XXXV Project within TMK is now complete with Talon Energy Limited (TPD) shareholders receiving their entitlements to the in-specie distribution of the Consideration Securities paid to TPD on 22 December 2023.

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

"We rounded out 2023 recording another strong performance from the pilot production wells which continue to meet expectations. With gas production increasing by approximately 50% from November and the continued good water rates which are a positive indication of sufficient permeability, we remain confident that the Gurvantes XXXV Project can deliver value for our now significantly expanded shareholder base as the Project matures.

Subject to approvals, we anticipate the 2024 work program will include both an expanded pilot well program at Nariin Sukhait, but also more exploration adding to the already significant independently certified 1.2TCF (2C) resources already identified within only a small part of the Gurvantes XXXV Project area."

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

