TMK ENERGY LIMITED (ASX: TMK)

2023 ANNUAL REPORT

TMK ENERGY

ABN 66 127 735 442

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CORPORATE DIRECTORY

DIRECTORS

Prof. John Warburton
Non-Executive Director

Brett Lawrence
Non-Executive Director

Gema Gerelsaikhan
Non-Executive Director

Tim Wise
Non-Executive Director

CHIEF EXECUTIVE OFFICER

Brendan Stats

COMPANY SECRETARY

Dougal Ferguson

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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

LETTER FROM THE COMPANY'S BOARD OF DIRECTORS

Dear Shareholders,

We are pleased to deliver the Company's Annual Report for the year ended 31 December 2023. It has been another active year for the Company, and we are very pleased with the progress being made at the Company's most significant asset, the Gurvantes XXXV Coal Seam Gas Project in Mongolia.

During 2023, the Company successfully drilled, completed, and commissioned three pilot production wells, all of which began producing gas in a relatively short time after commissioning. In addition to these core activities, the Company installed the necessary surface facilities, including pipelines, flare stacks and water handling facilities and built a semi-permanent forty-plus person camp in the South Gobi Desert to support the Company's ongoing operations. All these activities were undertaken on time, on budget and most importantly, safely.

With respect to safety, the Company is very proud to have developed and implemented an HSE management system that is both fit for purpose and is consistent with international standards. This has required a major effort by management and the Board thanks them for all their hard work. Implementation of these standards has resulted in a significant improvement in HSE culture and reporting and actioning of HSE action items. This has, in turn, resulted in a major improvement in our operational performance. Furthermore, TMK confirmed its ability to operate under challenging, sub-zero temperatures while delivering sustained pilot project operations throughout the harsh winter months. A truly impressive achievement that testifies to the professionalism and commitment of our Mongolian operations staff.

Another significant achievement during 2023 was the consolidation of 100% interest in the Gurvantes Project back within TMK. The Board considered this a significant opportunity to return control of the assets to TMK. Our previous joint venture partner, Talon Energy, signalled its desire to exit the Project because of other corporate considerations, and TMK has now significantly expanded its shareholder base as a result of that acquisition. The Board welcomes all our new shareholders and looks forward to their continued involvement in the Company.

Despite all the positive results and significant de-risking of the Gurvantes Project that occurred during 2023, the downturn in the macro-economic capital market environment has had a detrimental effect on the share price of the Company. Your Board is fully cognisant of this and is taking the necessary steps to manage capital expenditures and operating costs but is also leveraging off our 100% ownership of the Gurvantes Project. To that end, the Company plans shortly to launch a formal campaign to attract a strategic partner of its choice during 2024. This will be instrumental in enabling TMK's growth ambitions as regional gas markets continue to develop.

In order to achieve our 2024 goals, we have recently closed a small equity raising to provide the necessary funding to progress the Gurvantes Project through its next phase. We fully anticipate the positive results from the Gurvantes Project will attract a strategic partner to provide a significant portion of the future capital required to expand the Project and start delivering energy initially to local industrial energy users. In the longer term, our vision is to position TMK to help satisfy Mongolia's broader energy demands and to facilitate its departure from burning coal for electricity generation, and ultimately, supplement China's enormous and growing energy requirements through export of gas or power.

On behalf of all the Directors and Management of TMK, we look forward to another active and transformational year for the Company as we aggressively pursue the goal of responsibly developing what is currently Mongolia's largest contingent gas resource (certified 2C of 1.2 Trillion Cubic Feet), for the benefit of shareholders and Mongolia.

Sincerely,

Prof. John Warburton
Independent Non-Executive Director

OPERATIONS REPORT

Executive Summary

During the year ended 31 December 2023, TMK Energy Limited (TMK or the Company) and the consolidated entity (the Group) was focused on the delivery of the Company's maiden pilot production well complex at the Gurvantes XXXV Coal Seam Gas (CSG) Project in the South Gobi Desert in Mongolia.

The three-well Pilot Well Program at Nariin Sukhait commenced drilling in April 2023 with the wells and all the associated facilities commissioned around three months later in July 2023. The wells were then placed on production and have been continuously on production since that date. Initial water rates were encouraging at around 630 barrels of water per day (bwpd) which was an indication of good permeability and connectivity between the three pilot wells. Early gas breakthrough was achieved early in the process and gas rates continued to rise throughout the remainder of calendar 2023.

Subsequent to the end of the reporting period, the Company conducted a technical peer review workshop comprising experienced and independent CGS experts to evaluate the performance to date of the Pilot Well Program and the results from additional testing activities that were undertaken in January and February 2024. The technical review concluded that the Gurvantes XXXV project has excellent technical attributes (typically required for a commercial CSG project) and that the Pilot Well Program is well designed, being effectively managed, and making good progress in reducing the reservoir pressure.

The results from the independent review support the Company's 2024 work program plan and are consistent with the Company's understanding that the Project has the potential to be a significant coalbed methane-producing field and that it is currently meeting all of the key milestones on the path to commercialising the independently certified 1.2 trillion cubic feet (TCF) of Contingent (2C) Resources in the Nariin Sukhait area.

Following the completion of its farm in obligations and having earned its rights to a 33% interest in the Project, Talon Energy Limited (Talon) signalled its desire to exit the Project to focus on their corporate actions and negotiations commenced between TMK and Talon to consolidate 100% of the Project back within TMK. Following negotiations, a binding agreement was executed between the companies and both Talon and TMK shareholders approved the acquisition in November 2023. Settlement of the transaction occurred on 8 December 2023 with in-specie distribution of the majority of the total consideration securities paid by TMK, being distributed to Talon shareholders on 29 December 2023.

In April 2023, the Company raised approximately $5.7 million (before costs) of additional capital to assist with the funding of the Pilot Well Program at $0.0145 per share. Placement participants were issued a free attaching option on a one-for-two basis, at a strike price of $0.025 expiring 30 April 2026, which were subsequently listed and trade under the ASX ticker TMKOB.

Subsequent to the end of the reporting period, the Company raised approximately $2.5 million (before costs) by way of a placement at $0.004 per share. Placement participants will be entitled to a one-for-one option for every share subscribed for, exercisable at $0.008 (being a 100% premium to the placement price) with a three-year term expiring 30 April 2027. The Company currently has a Share Purchase Plan (SPP) open which is expected to close on Monday, 22 April 2024. The SPP is seeking to raise approximately $1.5 million and provides existing shareholders the opportunity to participate in the recent equity raise on the same terms as the placement participants. The options to be issued pursuant to both the placement and the SPP are intended to be listed subject to meeting all the listing requirements of the ASX.

On 7 March 2023, the Company appointed Professor John Warburton as a non-executive director of the Company. John's experience and expertise are detailed in the Director's Report. On 31 March 2023, Mr Stuart Baker resigned from the Board due to demands from his other business interests. There were no other changes to the Board or Management during the year ended 31 December 2023.

Lucky Fox-01
on continuous flare

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. Notably, it is the closest of Mongolia's CSG projects to China's West-East Gas Pipeline and is proximate to several large-scale mining operations with high energy needs. The Gurvantes XXXV CSG Project is ideally situated to provide energy to not only support Mongolia's energy requirements but also supplement Chinese energy requirements.

TMK's interest is held by its wholly owned subsidiary, Telmen Resource LLC, via a Production Sharing Agreement (PSA). Telmen Resource LLC was awarded the PSA in July 2021 and subsequently gained the Gurvantes XXXV exploration license in September 2021. This exploration license has a duration of 10 years and can be extended for a period of up to 35 years if it evolves into a production license.

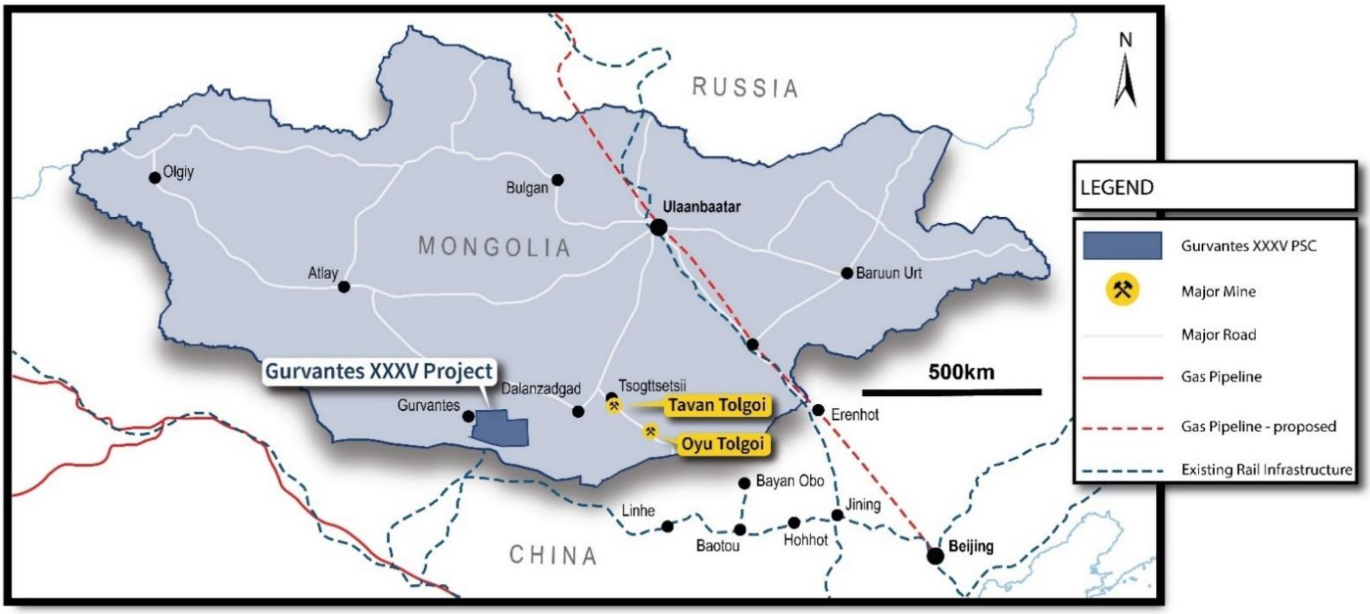

Figure 1: Location of the Gurvantes XXXV Coal Seam Gas Project, South Gobi Desert of Mongolia

Pilot Well Program

Lucky Fox Production Well Drilling

In 2023, TMK commenced its maiden Pilot Well Program at Nariin Sukhait. The program included the drilling of three production wells in proximity to the location of the successful Snow Leopard-02 (SL-02) exploration well. Throughout February and March, site preparations were completed and by April 2023, all regulatory approvals had been secured and Major Drilling commenced mobilisation of equipment and personnel to site in the South Gobi Desert.

In April 2023, the Pilot Well Drilling Program commenced with the spudding of the Lucky Fox-1 (LF-01) pilot production well. LF-01 was completed to a total depth of 375 metres and intersected 61m of gassy coal in the production interval as prognosed and was drilled safely, on time and on budget. Lucky Fox-2 (LF-02) was drilled approximately 200 metres from LF-01 and was completed on 16 May to a total depth of 407 metres, intersecting 62 metres of gassy coal. Lucky Fox 03 (LF-03) was drilled approximately 175 metres southwest of LF-02 and was completed to a total depth of 515 metres, intersecting 68 metres of gassy coal.

All three pilot wells were completed safely, on time and on budget. The data gathered from the pilot well drilling was integrated into the geological model to optimize the pilot well program.

Lucky Fox-1

Total Depth	375 metres
Net Coal Thickness	61 metres
Date Drilled	April 2023
Production Interval	184-314 metres

Lucky Fox-2

Total Depth	407 metres
Net Coal Thickness	62 metres
Date Drilled	May 2023
Production Interval	245-393 metres

Lucky Fox-3

Total Depth	515 metres
Net Coal Thickness	68 metres
Date Drilled	May 2023
Production Interval	316-470 metres

Production Wells Extended Production Testing

Following the successful drilling of the three pilot production wells, pumps were run into the wells and the wells tied into the surface facilities, which included metering skids, water handling facilities and flare lines, which then allowed for the wells to be commissioned and the dewatering process to commence in a controlled manner.

The extended production test (EPT) involves producing water and gas from the three Lucky Fox production wells over an extended period to understand the reservoir response with respect to reservoir pressure, water productions rates and gas flow rates. This process commenced in July 2023 and continues to perform in accordance with the Company's expectations, with the EPT displaying the typical characteristics that most successful coal seam gas projects display during the initial testing period.

During July 2023, initial gas buildup was observed in the casing of the Lucky Fox-1 production and the well flowed gas to the surface which was then flared. This represented the first gas flow to surface at the Gurvantes XXXV Project and was an early demonstration of the ability to flow gas from the coal seams being targeted by the Project.

By early August, a sustained gas flow of gas had been achieved at LF-01, FL-02 and LF-03 pilot production wells, with the gas flows sufficient to support continuous flares for each of the wells. At this time, all three wells still had a hydrostatic head that was being continually pumped off in accordance with the reservoir management plan.

LF-01 and LF-02 have remained continuously on pump since commissioning, with the pump speeds having been gradually increased to slowly reduce the fluid levels in the wells and hydrostatic pressure in 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.

LF-03 experienced several pump blockages resulting in some modest downtime in the early part of the EPT, but LF-03 has been performing well over recent months and has enjoyed approximately 95% production uptime since it was first commissioned.

By the end of 2023 all three pumps were operating effectively and the winterisation of the wells and construction of the facilities was complete.

Throughout January and early February 2024, a well testing program was undertaken to gather more data the response of the reservoir since the start of the EPT and assess methods of optimising the performance of the Lucky Fox production wells. Pressure build-up tests were successfully undertaken in Lucky Fox 3 (LF-03) and Lucky Fox 2 (LF-02) wells.

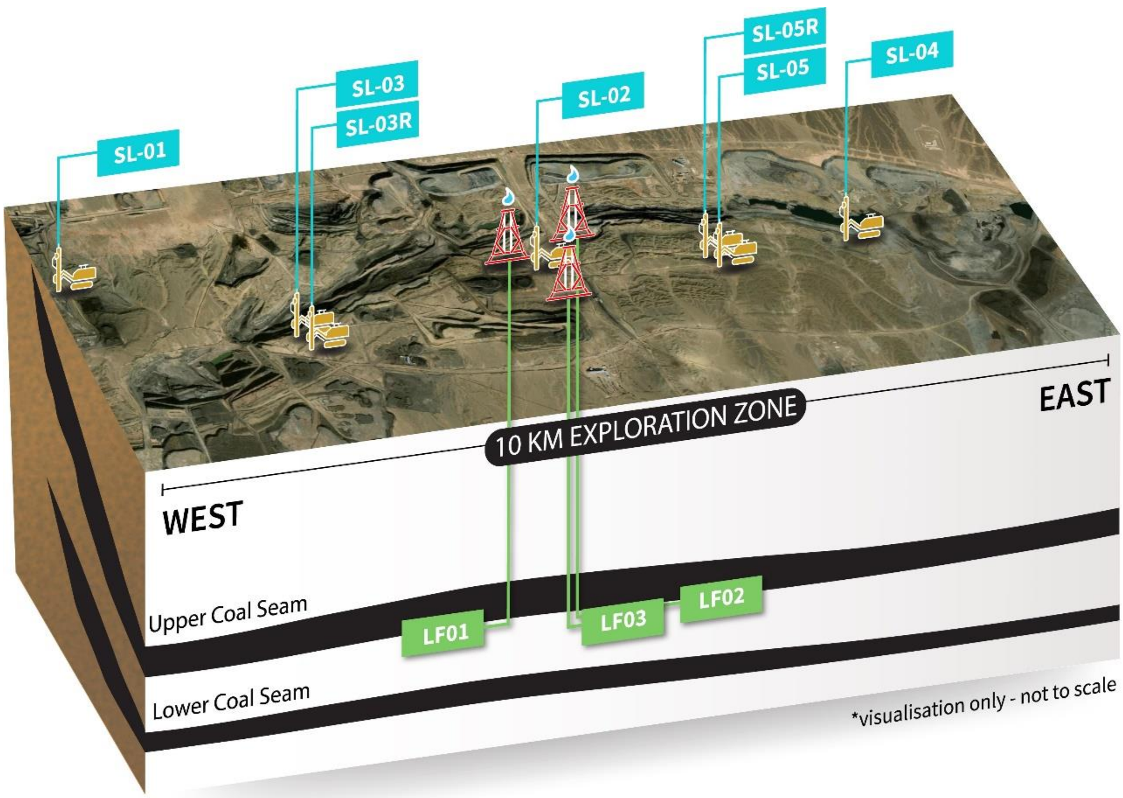

Figure 2: Nariin Sukhait Exploration Area and Lucky Fox Pilot Well Program

Pressure build-up testing requires the wells to be 'shut-in' for a period of several days to measure the reservoir response and the change to the reservoir pressure over time. Measuring the change in reservoir pressure through time is important. It determines how much the reservoir pressure has reduced since the Pilot Well Program testing commenced and shows how much further the reservoir pressure needs to be drawn down before critical desorption pressure and increased gas flow achieved.

LF-03 was shut-in in January 2024 and LF-02 was shut-in in early February 2024. The results from the pressure build up testing demonstrated that the reservoir pressure has reduced significantly (by approximately 500kPa) since the commencement of the extended production test. The response of the reservoir is highly encouraging as the gradual reduction in the reservoir pressure, rather than a rapid reduction, indicates that the reservoir has good permeability and good connectivity and typically means higher gas recovery per production well.

The reservoir pressure is currently above the critical desorption pressure (the pressure at which gas starts to desorb from the coal) for the bulk of the 60–70m thick upper coal seam in the production interval. It is estimated the reservoir pressure needs to be reduced in total by approximately 750kPa to 1,000kPa (depending on depth of coal seam) to reach critical desorption pressure (refer to Figure 4 below).

It remains the expectation that once the pressure is reduced by a further 250kPa to 500kPa (from the current 500kPa), there will be a material uplift in gas production rates from the pilot production wells. The important results to date from the initial three-well Pilot Project have been successful in confirming what work needs to be undertaken in the next phase of appraisal of gas resource.

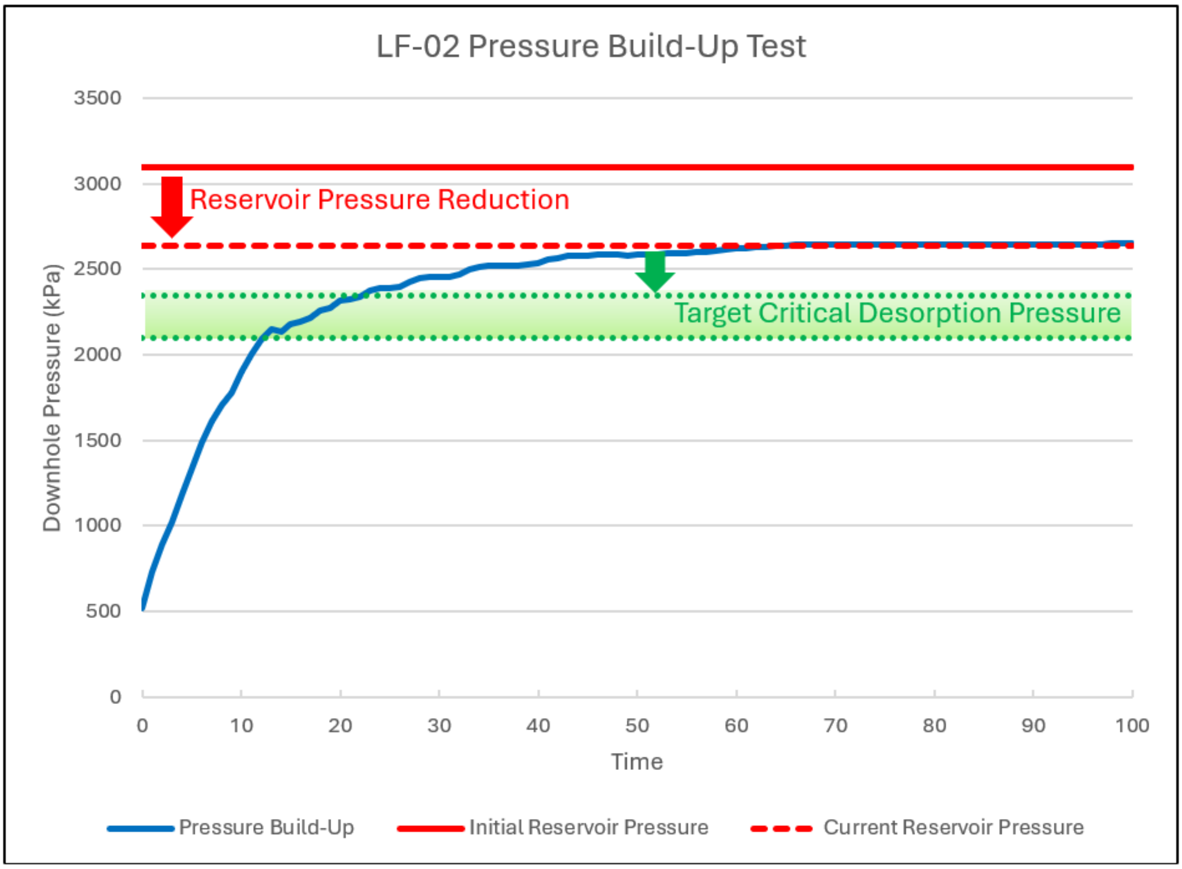

Figure 3: LF-02 Pressure Build-Up Test Results

Figure 4 below provides a general overview of the typical production phases of CSG wells. The initial three-well Lucky Fox Pilot program is considered to currently lie within the 'Phase 1 – Dewatering of well and gas production build-up', but successfully making progress toward Phase II – Peak Gas Production' and meeting the required milestones.

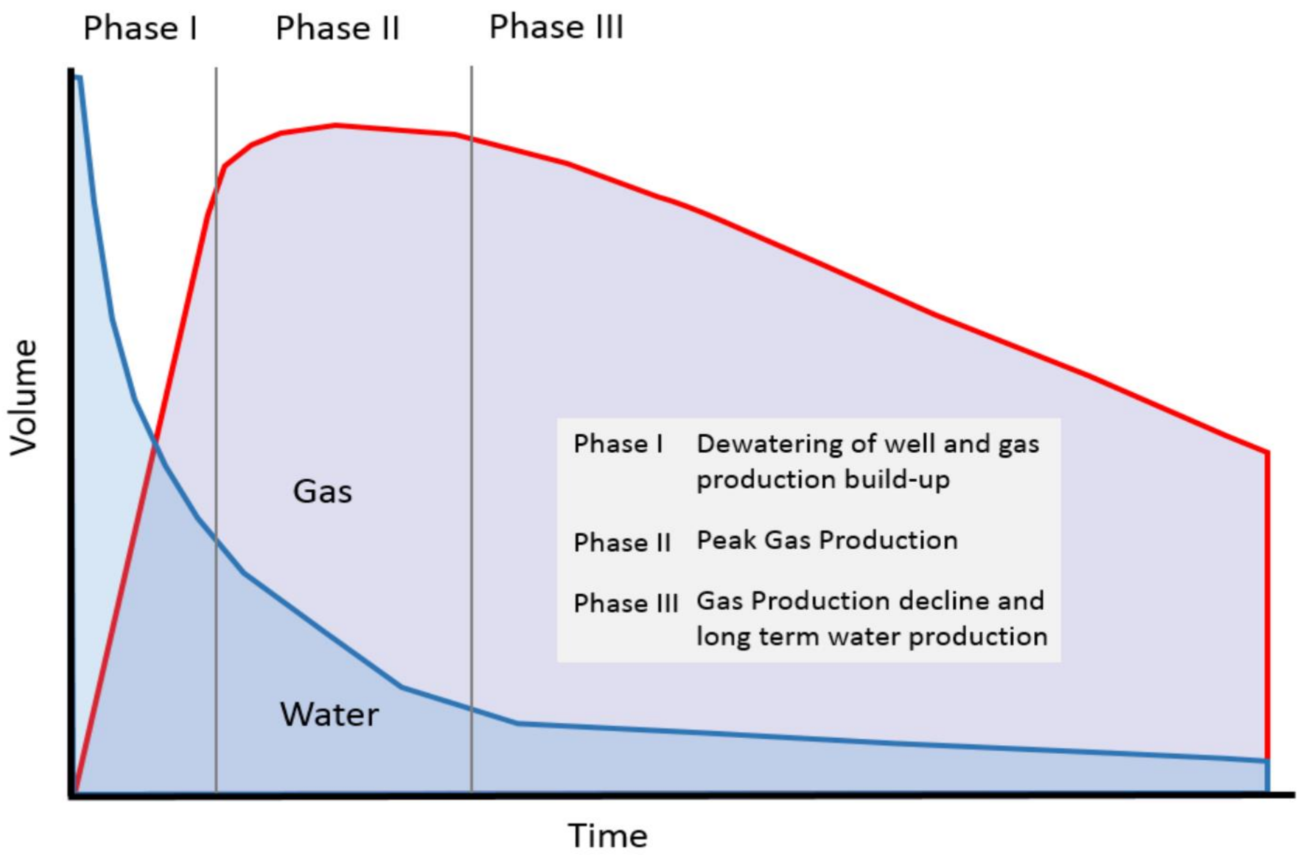

Figure 4: CSG Well Production Phases

(reproduced from '15-02-Ref-Doc_CSG-Water-Volume, APPEA Reference document – Coal seam gas and water volumes')

The Extended Production Testing conducted in January and February 2024 temporarily impacted the production of water and gas. However, additional testing was necessary to fully evaluate the performance of the pilot well program to date and help determine the optimal drilling program in 2024, including where and how many more wells (if any) should be drilled at the Lucky Fox complex. Drilling additional wells is expected to accelerate the dewatering of the reservoir and potentially deliver a commercial gas flow rate sooner – noting however from other successful CSG projects, that a longer dewatering phase usually results in a longer gas production phase and hence enhanced commerciality of the overall project.

Continuous flaring at LF-01 and rare snowy conditions at Gurvantes XXXV

Independent Technical Review

In February 2024, TMK invited Cipher Consulting Pty Ltd, a well-regarded independent CSG consultancy based in Brisbane, to participate in a technical peer review workshop to discuss the performance to date from the Gurvantes XXXV Lucky Fox Pilot Project.

The expert technical review endorsed TMK's characterisation of the Gurvantes XXXV project has displaying excellent technical attributes and that it has the potential to be a significant coalbed methane-producing field. The review supported the Pilot Well Program design, that it is being effectively managed, and is making good progress in reducing the reservoir pressure. Importantly, the review concluded that the Gurvantes XXXV Project, like most successful pilot well programs worldwide, is making good progress towards the point of critical desorption pressure and hence, material gas production rates – supporting the 2024 work program to drill more pilot wells.

The results from the independent review are consistent with the Company's understanding that the Project is currently meeting all of the key milestones on the path to commercialising the 1.2 trillion cubic feet (TCF) of Contingent (2C) Resources certified for the Nariin Sukhait area (refer ASX announcement dated 9th November 2022).

In accordance with ASX guidelines, the Company confirms that the Technical Peer Review concluded there were no new data, information or conclusions, that materially affect the Company's current estimates of its Contingent (2C) Resources, nor have the assumptions and technical parameters underpinning those estimates materially changed.

Lucky Fox-1 winterised wellhead and meter skid

2023 Exploration Activities

In August 2023, TMK announced it had entered into an Exploration Cooperation Agreement with Terra Energy LLC ('Terra') to accelerate the exploration of the Gurvantes XXXV CSG Project area in the South Gobi Basin of Mongolia. Terra is the owner and operator of the Baruun Noyon Uul Coal Mine located within the Gurvantes XXXV Project area.

The Agreement set the terms under which the parties agree to cooperate on exploration activities within the overlapping petroleum and coal mining license areas. The initial joint exploration program required under the Agreement included a minimum of four fully cored exploration wells and ~40 kilometres of 2D seismic acquisition.

The drilling program commenced in August 2023 utilising contractors already engaged by Terra. The term of the Agreement was for two years. However, the initial exploration program was expanded and completed within approximately two months. Given the success and expediency of the program and the beneficial cost sharing, it is possible that additional joint exploration activities may be considered and if these are mutually beneficial, will be governed by the same Agreement.

The drilling of 8 cored wells jointly with Terra was completed in November 2023, with results from testing of these wells becoming progressively available. A summary of the exploration results from the cored exploration wells completed at the Terra area is shown in Table 1, and the approximate location of the wells is shown in Figure 5.

The results from the exploration wells drilled at Terra Central are considered very encouraging as they have identified very thick gassy coal seams in an area where there has been no historical CSG exploration. The results from the 2023 exploration program at Terra will be used to guide further evaluation of the Central Terra area as well as further areas to the south and west.

Table 1: Summary of 2023 Exploration Results

	Drill Hole Details			Coal		Gas Characteristics		Permeability (DST)	
	Location	Date Completed	Total Depth (metres)	Net Coal Thickness (metres)	Top Coal Intersection (metres)	Gas Content	Methane (CH4) % (average)	Flow Capacity mD.m	Coal Permeability mD
TU23_001C	Terra North	Abandoned	219.70	n/a	n/a	n/a	n/a	n/a	n/a
TU23_002C	Terra North	Sep-23	406	9	170	Low	n/a	n/a	n/a
TU_0023C	Terra North	Sep-23	408	10	90	Low	n/a	n/a	n/a
KSN23_005C	Terra North	Oct-23	308	21	143	Low	n/a	n/a	n/a
BNH23_002C	Terra Central	Sep-23	330	45	177	Low-High*	>96%	14	0.49
BNH23_005C	Terra Central	Oct-23	250	56	180	Low-High*	>96%	48	0.86
BNH23_004C	Terra Central	Nov-23	255	9	237	Low*	n/a	1.7	0.2
BNH23_003C	Terra Central	Nov-23	230	5	193	Low*	n/a	n/a	n/a

CORPORATE UPDATE

Consolidation of 100% Ownership of Gurvantes XXXV Project

The initial exploration program was primarily funded pursuant to a farmout agreement with Talon Energy Limited (Talon) which required Talon to spend US$4.65 million to earn a 33% interest in the Project via a two-stage farm-in (Farmout Agreement). TMK was the Operator under the terms of the Farmout Agreement.

On 11 October 2023, TMK and Talon signed a binding agreement for TMK to acquire Talon Energy Pte Ltd in order to consolidate 100% of the ownership of the Gurvantes XXXV CSG Project within TMK. Following this, Talon and TMK Shareholders approved the acquisition, by General Meetings that were held in late November 2023.

The settlement for the transaction occurred as scheduled on 8 December 2023 in which TMK processed the in-specie distribution of TMK shares and TMK Listed Options to Talon shareholders following the acquisition from Talon of its rights to 33% interest in the Gurvantes XXXV Project.

Of the total Consideration Securities issued to Talon, being 1,092,000,000 fully paid TMK Shares plus 546,000,000 listed options (ASX:TMKOB), 1,001,0017,238 TMK Shares, and 500,508,618 listed options were distributed to Talon shareholders.

CEO, Brendan Stats, onsite in Mongolia speaking with stakeholders

Changes in Capital Structure

On 20 April 2023, the Company announced that it had received commitments to raise approximately $5.7 million (before costs) through the issue of 393,079,300 shares to sophisticated and institutional investors at $0.0145 per share. Placement participants were issued a free attaching option on a one-for-two basis, at a strike price of $0.025 expiring 30 April 2026, which were subsequently listed and trade under the ASX ticker TMKOB.

Bell Potter Securities Limited and PAC Partners Securities Pty Ltd acted as Joint Lead Managers and were paid a 6% fee for the funds raised under the placement and issued broker options on a one-for-six basis, on the same terms as the options issued pursuant to the placement.

On 31 May 2023, shareholders have approved the issuance of 25,000,000 unlisted options to directors, which will vest if the director remains as a director of the Company for one year from the date of issue of the options. The options have an exercise price of $0.025 and expire on 30 April 2026.

On 21 March 2024 (subsequent to the year-end), the Company received firm commitments to raise approximately $2.5 million (before costs) by way of a placement. The Company issued 633,135,500 new fully paid ordinary shares on 28 March 2024 at an issue price of $0.004 per share. Placement participants will be entitled to a one-for-one option for every subscribed for, exercisable at $0.008 (being a 100% premium to the placement price) with a three-year term expiring 30 April 2027. The placement options will be issued by the Company pursuant to a prospectus to facilitate the quotation of the placement options, subject to meeting the ASX's minimum listing requirements.

The four largest shareholders have participated in the Placement with the Company's largest shareholder, Mr Tsetsen Zantav, subscribing for 25,000,000 shares in the placement. Bell Potter Securities Limited (Bell Potter) and PAC Partners Securities Pty Ltd (PAC) (Joint Lead Managers) acted as Joint Lead Managers to the placement and were paid a 6% fee for the funds raised under the placement and will receive options on a one-for-ten basis, on the same terms as the options issued pursuant to the placement.

The Company is currently seeking to raise approximately $1.5 million via a Share Purchase Plan (SPP) which opened on Monday, 25 March 2024 and is expected to close on Monday, 22 April 2024. As at the date of this report, no shares have been issued under the SPP.

The capital structure of the Company following the Placement (but not including any securities to be issued pursuant to the SPP) will be as follows

Class of Security	On Issue
Fully Paid Ordinary Shares (post March 2024 Placement)	6,755,714,800
Existing Listed Options (ASX: TMKOB) exercisable at $0.025 per share on or before 30 April 2026	808,052,867
Placement and Broker Option exercisable at $0.008 per share on or before 30 April 2027	696,449,050
Unlisted Options exercisable at $0.008 per share on or before 11 February 2025	75,000,000
Unlisted Options exercisable at $0.025 per share on or before 30 April 2026	86,000,000
Employee Performance Rights	122,000,000

Board and Management Changes

On 7 March 2023, Professor John Warburton was appointed to the Board of the Company as an Independent Non-executive Director. John brings extensive ASX-listed company experience together with outstanding technical credentials gained through his time working with internationally recognised companies, including Super-Majors, in various roles and locations throughout the world.

On 31 March 2023, Mr Stuart Baker, one of the founding directors of Telmen Energy Limited which was acquired by TMK in February 2022, resigned from the Board due to demands from his other business interests. Stuart joined the Telmen Energy Limited Board in August of 2021 and was appointed to the TMK board on 15 February 2022 following the acquisition of Telmen by TMK.

There were no other changes to the Board or Management during the year ended 31 December 2023.

Non-Executive Director, John Warburton experiencing the ancient practice of Mongolian eagle hunting.

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 year ended 31 December 2023.

Directors

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

- Brett Lawrence – Non-Executive Director
- Tim Wise – Non-Executive Director
- Gema Gerelsaikhan – Non-Executive Director
- Prof. John Warburton – Non-Executive Director (appointed 7 March 2023)
- Stuart Baker – Non-Executive Director (resigned 31 March 2023)

Corporate Governance

The Group's Corporate Governance Statement and ASX Appendix 4G are released to ASX on the same day the Annual Report is released. TMK Energy Limited's Corporate Governance Statement, and the Group's Policies, Charters and Procedures, can be all found on the Group's website at http://tmkenergy.com.au/display/index/corporate-governance.

Principal activities

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

Change in financial year end

The Group has changed its financial year end from 30 June to 31 December in the prior year. The current period figures relate to 12 months from 1 January 2023 to 31 December 2023 however, the comparative period figures relate to six months from 1 July 2022 to 31 December 2022, hence the comparative amounts disclosed in the financial report and related notes are not comparable as the lengths of the periods differ by six months. The change had been made to align the financial year end of the Group with the Company's 100% Mongolian subsidiary, Telmen Resource LLC ('TRJ'), the principal operating company within the Group.

The accounting policies have been consistently applied, unless otherwise stated.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

For information on a review of the Group's operations refer to Operations Report section at page 5 of this report.

Operating Results and Financial Position

The loss of the Group after providing for income tax amounted to $2,592,606 (6 months to 31 December 2022: $1,801,013).

The Group had a closing cash balance of $2,255,012 at 31 December 2023 (31 December 2022: $2,681,265).

Significant changes in the state of affairs

The Group has acquired the remaining 33% of the Gurvantes XXXV Project through the acquisition of Talon Energy Pte Ltd during the year to consolidate 100% ownership of the Project.

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

Matters subsequent to the end of the financial year

In March 2024, the Company has announced a placement and share purchase plan to raise up to a total of approximately $4.0 million (before costs) to primarily fund additional infill production wells at Gurvantes XXXV CGS Project in Mongolia.

As at the date of this report, the Company has received $2,532,542 (before costs) from the share placement at the date of this report.

No other matter or circumstance has arisen since 31 December 2023 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.

Likely developments and expected results of operations

Likely developments in the operations of the Group are set out in the review of operations in this annual report. Any future prospects are dependent upon the results of future exploration and evaluation.

National Greenhouse and Energy Reporting 2007 Act (the 'NGER' Act)

The Directors consider the NGER Act which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Company for the current nor subsequent financial year. The Directors will reassess this position as and when the need arises.

Environmental regulation

The Group's operations are subject to environmental regulations under both Mongolian and Australian Commonwealth and State legislation. The Board believes there are adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply.

Information on Directors

Names, qualifications, experience and special responsibilities of current directors and company secretary:

Name:	**Professor John Warburton**
Title:	Non-Executive Director (Appointed 7 March 2023)
Experience and expertise:	John brings extensive ASX-listed company experience together with outstanding technical credentials gained through his time working with internationally recognised companies, including Super-Majors BP and Eni, in various roles and locations throughout the world. He is currently a Visiting Professor in the School of Earth and Environment at Leeds University in the United Kingdom. He previously served as a Non-executive Director of Senex Energy Limited in the six years before its takeover in 2022 by POSCO/Hancock Prospecting and was also Chief of Geoscience & Exploration Excellence at Oil Search Limited from 2015 to 2018.
Other current directorships:	Empire Energy Group Limited (appointed February 2019)
Former directorships (last 3 years):	Senex Energy Limited (ASX:SXY)
Interest in shares:	7,000,000
Interests in options:	12,000,000
Interest in performance rights:	-

Name:	**Brett Lawrence**
Title:	Non-Executive Director (Appointed 1 February 2015)
Experience and expertise:	Mr Lawrence has 19 years of diverse experience in the oil and gas industry. Mr Lawrence worked with Apache Energy for over eight years, performing roles in drilling engineering, reservoir engineering, project development and commercial management before seeking new venture opportunities with ASX listed companies. Brett holds a Master of Petroleum Engineering, a Bachelor of Engineering (Mining) and Bachelor of Commerce (Finance) from Curtin University in Western Australia.
Other current directorships:	IPB Petroleum Ltd (ASX:IPB)
Former directorships (last 3 years):	Sparc Technologies Ltd (ASX:SPN) (formerly Acacia Coal Ltd), Calima Energy Ltd (ASX: CE1)
Interests in shares:	1,875,000
Interest in options:	5,000,000
Interest in performance rights:	10,000,000

Name:	**Gema Gerelsaikhan**
Title:	Non-Executive Director (Appointed 15 February 2022)
Experience and expertise:	Ms Gerelsaikhan has more than 10+ years of experience in investment, marketing / communications and business development in mining, technology, real estate and hospitality sectors. Currently, she's Managing Partner at Exponential Zaisan Partners, a seed stage Mongolia focused VC fund and Founding Partner at Exponential Partners. Previously, she was Director of Communications / Marketing at Shangri-La Hotel, Ulaanbaatar. She also headed the Singapore and Hong Kong offices of Asia Pacific Investment Partners (APIP) as Chief Marketing & Business Development Officer. Before joining APIP, Ms Gerelsaikhan was Business Analyst at SouthGobi Resources, a TSX & HKEx listed coal mining company (TSX: SGQ & HKEx: 1878). She is a founding member of both Mongolian Chamber of Commerce in Hong Kong, as well as Mongolian Chamber of Trade and Commerce in Singapore (currently serving as President). She holds Master's and Bachelor's degree in Economics and Business Administration from Roskilde University in Denmark.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	31,000,000
Interest in options:	5,000,000
Interest in performance rights:	-

Name:	**Tim Wise**
Title:	Non-Executive Director (Appointed 4 November 2019)
Experience and expertise:	Mr Wise (BSc) is a corporate executive with 25+ years experience in the growth of early stage public and private businesses, providing strategic advice to a broad range energy and industrial related companies. Mr Wise is the founder and former CEO of The Tap Doctor, and Kalina Power (ASX:KPO).
Other current directorships:	entX Limited (appointed February 2019), Environmental Clean Technologies Limited (ASX:ECT) (appointed September 2021)
Former directorships (last 3 years):	Graft Polymer (UK) Plc (LSE:GPL)
Interests in shares:	24,000,000
Interest in options:	5,750,000
Interest in performance rights:	-

Name:	**Stuart Baker**
Title:	Non-Executive Director (Appointed 15 February 2022) (Resigned 31 March 2023)
Experience and expertise:	Mr Baker has more than four decades of experience in the oil and gas sector and currently provides independent advice to corporates and investors in the Australian oil and gas industry. Previously he was Executive Director, Morgan Stanley with dual roles as Co-Head Asia Oil, Gas and Chemicals Research and team leader, Australian energy, mining and utility research, with positions held over a 13-year period. He has a Bachelor of Engineering and holds an MBA from the Melbourne University Graduate School of Management. He also worked as a Petrophysical Engineer at Schlumberger Inc. based in Southeast Asia, rising to General Field Engineer. Mr Baker is currently a member of the investment committee of resource focused ASX listed Lowell Resources Fund (ASX:LRT). Mr Baker was a director of Central Petroleum Limited (ASX:CTP) from 7 December 2018 until 30 August 2022.
Other current directorships:	None
Former directorships (last 3 years):	Central Petroleum Ltd (ASX: CPL)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each director were:

Director	Full Board	
	Attended	Held
Brett Lawrence	10	10
Tim Wise	10	10
Gema Gerelsaikhan	9	10
Prof. John Warburton(1)	9	9
Stuart Baker(2)	2	2

Held: represents the number of meetings held during the time the director held office.
(1) Appointed 7 March 2023
(2) Resigned 31 March 2023

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Board is responsible for determining and reviewing compensation arrangements for the Directors and Executive Officers. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

The Board policy is to remunerate Non-Executive Directors at fair market rates for comparable companies for the relevant time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum amount of fees that can be paid to directors is subject to approval by shareholders at the Annual General Meeting. The maximum amount approved is $300,000. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests the Directors are encouraged to hold shares in the Company and may be issued with additional incentive-based securities as deemed appropriate.

The Board believes that the remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate for aligning director and executive objectives with shareholder and business objectives. The Board will continually develop new practices which are appropriate to the Company's size and stage of development.

All contracts with non-executive directors have no termination date, benefits or notice period noted.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration that has both fixed and variable components. Executive officers are those directly accountable for the operational management and strategic direction of the Group and the consolidated entity. The Group currently has one full time executive being the Chief Executive Officer and an executive contractor being the Commercial Manager who also acts as the Chief Financial Officer and the Company Secretary. The details of their Service Agreements are noted below.

The combination of these comprises the executive's total remuneration.

Fixed Remuneration

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds.

Fixed remuneration levels for directors and executive officers will be reviewed annually by the Board through a process that considers the employee's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Performance-linked Remuneration

All employees and certain contractors may receive bonuses and/or equity incentive securities based on achievement of specific goals related to performance against individual KPIs and to the performance of the Group as a whole as determined by the directors, based on a range of factors. These factors include traditional financial considerations such as operating performance, share price performance and deals concluded. They also include industry-specific factors relating to the advancement of the Group's activities and relationships with third parties and internal employees.

During the year ended 31 December 2023, 77,000,000 performance rights and 61,000,000 options have been issued to employees and certain contractors as follows:

TMK Incentive Remuneration Framework - for the 12 months ending 30 June 2024

Class (for ASX Purposes only)	D	E	F	G	H	Existing Class
	STI Component 1 year timeframe			LTI Component 3 year timeframe		
% of TFR	65%			60%		
Equity Type	Perf Rights	Perf Rights	Perf Rights	Perf Rights	Perf Rights	Options
Sub-Category	HSES	Operations	Corporate	100BCF (2P)	GSA	TSR
Weighting (by component)	40%	35%	25%	50%	50%	100%
KPI's -to be backed up by additional detail and conditions and the following gates (no HSES fatalities or perm disability, no personal disciplinary actions, and continued employment)	HSES Management Plan and Implementation thereof	Successful long term test of PWP demonstrating proof of concept and ability to book reserves and sell PWP gas	Sourcing of funding for 2024 appraisal and development budget as part of the 3 year corporate plan	2P Reserves of not less than 100BCF (Gross) for the Project Area	Gas Sales Agreement for the sale of not less than 10 TJ/Day	Share price greater than $0.025 per share (option exercise price)

None of the above performance rights have vested as at 31 December 2023.

Use of remuneration consultants

The Group did not engage with remuneration consultants during the year or in prior years.

Voting and comments made at the Company's 31 December 2022 Annual General Meeting ('AGM')

At the 31 May 2023, AGM, 99.89% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

The key management personnel of the Company during the year ended 31 December 2023 includes all directors and executives mentioned above. There are no other executives of the company which are required to be disclosed.

Remuneration packages contain the following key elements:

- Primary benefits - salary/fees and bonuses
- Post-employment benefits - superannuation
- Equity - performance rights and other equity securities
- Other benefits

Nature and amount of remuneration for the 12 months ended 31 December 2023:

	Short-term benefits		Post-employment benefits			
12 months ended 31 Dec 2023	Cash salary and fees $	Annual leave $	Superannuation $	Share-based payments $	Total $	Performance related %
Non-Executive Directors:						
Brett Lawrence	44,000	-	-	27,473	71,473	38.4%
Tim Wise	44,000	-	-	27,473	71,473	38.4%
Gema Gerelsaikhan	44,000	-	-	27,473	71,473	38.4%
Prof. John Warburton(1)	34,389	-	3,611	54,945	92,945	59.1%
Stuart Baker(2)	9,000	-	-	-	9,000	-
	175,389	**-**	**3,611**	**137,364**	**316,364**	
Other Key Management Personnel:						
Brendan Stats	286,251	31,702	26,345	144,874	489,172	29.6%
Dougal Ferguson	320,125	-	-	115,899	436,024	26.6%
	606,376	31,702	26,345	260,773	925,196	
	781,765	**31,702**	**29,956**	**398,137**	**1,241,560**	

(1) Appointed 7 March 2023
(2) Resigned 31 March 2023

Nature and amount of remuneration for the 6 months ended 31 December 2022:

	Short-term benefits		Post-employment benefits			
6 months ended 31 Dec 2022	Cash salary and fees $	Annual leave $	Superannuation $	Share-based payments $	Total $	Performance linked %
Non-Executive Directors:						
Brett Lawrence	18,000	-	-	49,182	67,182	73.2%
Tim Wise	18,000	-	-	-	18,000	-
Gema Gerelsaikhan	18,000	-	-	73,774	91,774	80.4%
Stuart Baker	18,000	-	-	49,182	67,182	73.2%
	72,000	**-**	**-**	**172,138**	**244,138**	
Other Key Management Personnel						
Brendan Stats	125,000	9,191	12,646	172,138	318,975	54.0%
Dougal Ferguson	157,875	-	-	147,547	305,422	48.3%
	282,875	9,191	12,646	319,685	624,397	
	354,875	**9,191**	**12,646**	**491,823**	**868,535**	

Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Brett Lawrence
Title:	Non-Executive Director
Agreement commenced:	1 February 2015
Details:	Directors' fees were increased effective 1 May 2023 from $36,000 per annum to $48,000 per annum with no termination date, benefits or notice period noted.

Name:	Mr Tim Wise
Title:	Non-Executive Director
Agreement commenced:	24 November 2019
Details:	Directors' fees were increased effective 1 May 2023 from $36,000 per annum to $48,000 per annum with no termination date, benefits or notice period noted.

Name:	Mr Gema Gerelsaikhan
Title:	Non-Executive Director
Agreement commenced:	15 February 2022
Details:	Directors' fees were increased effective 1 May 2023 from $36,000 per annum to $48,000 per annum with no termination date, benefits or notice period noted.

Name:	Prof. John Warburton
Title:	Non-Executive Director
Agreement commenced:	7 March 2023
Details:	Directors' fees were increased effective 1 May 2023 from $36,000 per annum to $48,000 per annum with no termination date, benefits or notice period noted.

Name:	Mr Brendan Stats
Title:	Chief Executive Officer
Agreement commenced:	15 February 2022
Details:	Annual salary increased from $250,000 per annum plus statutory superannuation to $350,000 per annum inclusive of statutory superannuation effective 1 July 2023, with no termination date and a 3-month notice period.

Name:	Mr Dougal Ferguson
Title:	Chief Commercial Officer and Company Secretary (appointed 1 April 2022)
Agreement commenced:	15 February 2022
Term of agreement:	12-month fixed term contract
Details:	Mr Ferguson's contract expired on 15 February 2023 and was extended indefinitely. Mr Ferguson's contract includes a retainer of $15,000 per month plus $1,600 per day for any additional days worked during any one month, with no termination date, benefits or notice period noted.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2023.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date	Expiry date	Exercise price	Fair value per option at grant date
Brett Lawrence	5,000,000	31 May 2023	7 Jun 2024	30 Apr 2026	$0.0250	$0.0094
Gema Gerelsaikhan	5,000,000	31 May 2023	7 Jun 2024	30 Apr 2026	$0.0250	$0.0094
Prof. John Warburton	10,000,000	31 May 2023	7 Jun 2024	30 Apr 2026	$0.0250	$0.0094
Tim Wise	5,000,000	31 May 2023	7 Jun 2024	30 Apr 2026	$0.0250	$0.0094
Brendan Stats	25,000,000	4 Aug 2023	3 Aug 2024	30 Apr 2026	$0.0250	$0.0084
Dougal Ferguson	20,000,000	4 Aug 2023	3 Aug 2024	30 Apr 2026	$0.0250	$0.0084

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

Name	Number of options granted during the year 12 months ended 31 Dec 2023	Number of options vested during the year 12 months ended 31 Dec 2023
Brett Lawrence	5,000,000	-
Gema Gerelsaikhan	5,000,000	-
Tim Wise	5,000,000	-
Prof John Warburton	10,000,000	-
Brendan Stats	25,000,000	-
Dougal Ferguson	20,000,000	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date $	Exercise Price $	Expected volatility %	Dividend yield %	Risk-free interest rate %	Fair value at grant date $
23/02/2023	30/04/2026	$0.0130	$0.0250	110.00%	-	3.20%	$0.0030
31/05/2023	30/04/2026	$0.0160	$0.0250	110.00%	-	3.12%	$0.0094
01/08/2023	30/04/2026	$0.0150	$0.0250	110.00%	-	3.12%	$0.0084

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Grant date	Vesting date and exercisable date	Expiry date	Fair value per option at grant date
Brett Lawrence					
Class A (Vested)	3,750,000	15 Feb 2022	21 Nov 2022	14 Feb 2025	$0.0100
Class B (Vested)	3,750,000	15 Feb 2022	21 Nov 2022	14 Feb 2027	$0.0110
Class C (Vested)	2,500,000	15 Feb 2022	21 Nov 2022	14 Feb 2027	$0.0110
Brendan Stats					
Class A (Vested)	13,125,000	15 Feb 2022	21 Nov 2022	14 Feb 2025	$0.0100
Class B (Vested)	13,125,000	15 Feb 2022	21 Nov 2022	14 Feb 2027	$0.0110
Class C (Vested)	8,750,000	15 Feb 2022	21 Nov 2022	14 Feb 2027	$0.0110
Class D	6,000,000	1 Aug 2023	30 Jun 2024	30 Jun 2024	$0.0150
Class E	5,250,000	1 Aug 2023	30 Jun 2024	30 Jun 2024	$0.0150
Class F	3,750,000	1 Aug 2023	30 Jun 2024	30 Jun 2024	$0.0150
Class G	3,750,000	1 Aug 2023	30 Jun 2026	30 Jun 2026	$0.0150
Class H	3,750,000	1 Aug 2023	30 Jun 2026	30 Jun 2026	$0.0150
Dougal Ferguson					
Class D	4,800,000	1 Aug 2023	30 Jun 2024	30 Jun 2024	$0.0150
Class E	4,200,000	1 Aug 2023	30 Jun 2024	30 Jun 2024	$0.0150
Class F	3,000,000	1 Aug 2023	30 Jun 2024	30 Jun 2024	$0.0150
Class G	3,000,000	1 Aug 2023	30 Jun 2026	30 Jun 2026	$0.0150
Class H	3,000,000	1 Aug 2023	30 Jun 2026	30 Jun 2026	$0.0150

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2023 are set out below:

Name	Number of rights granted during the year 12 months ended 31 Dec 2023	Number of rights vested during the year 12 months ended 31 Dec 2023
Brett Lawrence	-	-
Gema Gerelsaikhan	-	-
Tim Wise	-	-
Prof John Warburton(1)	-	-
Stuart Baker(2)	-	-
Brendan Stats	22,500,000	-
Dougal Ferguson	18,000,000	-

(1) Appointed 7 March 2023
(2) Resigned 31 March 2023

All the performance rights were issued for nil consideration key management personnel. The performance rights convert into fully ordinary shares upon meeting the following performance conditions:

Class	Performance Conditions	Fair value per right
A (Vested)[1]	Both of the following conditions occurring: - The volume-weighted average price ('VWAP') of TMK shares over 20 consecutive trading days being at least $0.02; and - Commencement of a drilling program within the Gurvantes XXXV area within three years from the date of issue.	$0.010
B (Vested)	Vest upon either of the following occurring: - Intersection of 25m of coal seams in any two of the first four wells within the Gurvantes XXXV Project area; or - 100 billion cubic feet of 2C (best estimate of contingent resources) Petroleum Resources Management System ('PRMS') compliant resource within the Gurvantes XXXV Project area.	$0.011
C (Vested)	Determination of a 100 billion cubic feet 2C PRMS compliant resource within the Gurvantes XXXV Project Area	$0.011
D	Short Term Incentive ('STI') Component - HSES Management Plan and Implementation thereof.	$0.015
E[2]	STI Component - Successful long term test of PWP demonstrating proof of concept and ability to book reserves and sell PWP gas.	$0.015
F[2]	STI Component - Sourcing of funding for 2024 appraisal and development budget as part of the 3 year corporate plan	$0.015
G	Long Term Incentive (LTI) Component - 2P Reserves of not less than 100BCF (Gross) for the Project Area.	$0.015
H	LTI Component - Gas Sales Agreement for the sale of not less than 10TJ/Day	$0.015

(1) The Class A Performance Rights have been valued with the assumptions - Volatility of 120%, implied life of 3 years, risk free rate of 1.59% and dividend yield of nil.
(2) Management has assumed likelihood of vesting of less than 50%.

Additional information

The earnings of the Group for the five years to 31 December 2023 are summarised below:

	2023 $	6 months ending 31 Dec 2022 $	2022[1] $	2021[2] $	2020[2] $
Interest and finance income	133,995	8,242	530,329	11,065	24,945
Loss after income tax	(2,592,606)	(1,801,013)	(9,949,720)	(574,165)	(1,095,863)

(1) Results based on 12 months ended 30 June 2022.
(2) Results for the year 2020 to 2021 is reflective of legal parents results prior to the reverse acquisition of TRJ and Telmen Resources

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	31 Dec 2023	31 Dec 2022	30 June 2022	30 June 2021[1]	30 June 2020[1]
Share price at financial year end ($)	0.015	0.015	0.009	0.008	0.005
Basic loss per share	(0.052)	(0.049)	(0.380)	(0.060)	(0.160)

(1) Results for the year 2020 to 2021 is reflective of legal parents results prior to the reverse acquisition of TRJ and Telmen Resources.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Ordinary Shares	Balance at the start of the year	Received as part of remuneration	Additions[3]	Disposals/ other[4]	Balance at the end of the year
Brett Lawrence	1,875,000	-	-	-	1,875,000
Tim Wise	22,500,000	-	1,500,000	-	24,000,000
Gema Gerelsaikhan	31,000,000	-	-	-	31,000,000
Prof. John Warburton[1]	-	-	7,000,000	-	7,000,000
Stuart Baker[2]	18,000,000	-	-	(18,000,000)	-
Brendan Stats	288,000,000	-	-	-	288,000,000
Dougal Ferguson	195,940,000	-	3,748,600	-	199,688,600
	557,315,000	**-**	**12,248,600**	**(18,000,000)**	**551,563,600**

[1] Appointed 7 March 2023
[2] Resigned 31 March 2023
[3] Additions includes acquisition through share placement plan and on-market shares acquisition.
[4] Other changes includes shares that were converted from performance shares and performance rights, and shares held on the date of resignation.

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other[3]	Balance at the end of the year
Brett Lawrence	-	5,000,000	-	-	5,000,000
Tim Wise	-	5,000,000	-	750,000	5,750,000
Gema Gerelsaikhan	-	5,000,000	-	-	5,000,000
Prof. John Warburton[1]	-	10,000,000	-	2,000,000	12,000,000
Stuart Baker[2]	-	-	-	-	-
Brendan Stats	-	25,000,000	-	-	25,000,000
Dougal Ferguson	-	20,000,000	-	1,624,302	21,624,302
	-	**70,000,000**	**-**	**4,374,302**	**74,374,302**

[1] Appointed 7 March 2023
[2] Resigned 31 March 2023
[3] Other changes includes options that were acquired on-market through share purchase plan or other market activities.

Options over ordinary shares	Vested and exercisable	Not vested	Balance at the end of the year
Brett Lawrence	-	5,000,000	5,000,000
Tim Wise	750,000	5,000,000	5,750,000
Gema Gerelsaikhan	-	5,000,000	5,000,000
Prof. John Warburton[1]	2,000,000	10,000,000	12,000,000
Stuart Baker[2]	-	-	-
Brendan Stats	-	25,000,000	25,000,000
Dougal Ferguson	1,624,302	20,000,000	21,624,302
	4,374,302	**70,000,000**	**74,374,302**

[1] Appointed 7 March 2023
[2] Resigned 31 March 2023

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Performance rights over ordinary shares	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Brett Lawrence	10,000,000	-	-	-	10,000,000
Tim Wise	-	-	-	-	-
Gema Gerelsaikhan	-	-	-	-	-
Prof. John Warburton(1)	-	-	-	-	-
Stuart Baker(2)	-	-	-	-	-
Brendan Stats	35,000,000	22,500,000	-	-	57,500,000
Dougal Ferguson	-	18,000,000	-	-	18,000,000
	45,000,000	**40,500,000**	**-**	**-**	**85,500,000**

(1) Appointed 7 March 2023
(2) Resigned 31 March 2023

Performance rights over ordinary shares	Vested and exercisable	Vested and un-exercisable	Balance at the end of the year
Brett Lawrence	10,000,000	-	10,000,000
Tim Wise	-	-	-
Gema Gerelsaikhan	-	-	-
Prof. John Warburton(1)	-	-	-
Stuart Baker	-	-	-
Brendan Stats	35,000,000	-	57,500,000
Dougal Ferguson	-	-	18,000,000
	45,000,000	**-**	**85,500,000**

(1) Appointed 7 March 2023
(2) Resigned 31 March 2023

No loans were provided to the key management personnel or to any of their associates.

There were no other transactions with key management personnel during the financial period.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of TMK under option at the date of this report are as follows:

Grant Date	Expiry date	Listed / Unlisted	Exercise price	Number under option
14/02/2022	14/02/2025	Unlisted	$0.0800	75,000,000
03/05/2023	30/04/2026	Listed	$0.0250	262,052,867
31/05/2023	30/04/2026	Unlisted	$0.0250	25,000,000
01/08/2023	30/04/2026	Unlisted	$0.0250	61,000,000
08/12/2023	30/04/2026	Listed	$0.0250	546,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance shares and rights

Unissued ordinary shares of TMK Energy Limited under performance rights at the date of this report are as follows:

Class	Vested	Grant date	Expiry date	Number under performance rights
Class A	Vested	11/02/2022	14/02/2025	16,875,000
Class B	Vested	11/02/2022	14/02/2025	16,875,000
Class C	Vested	11/02/2022	14/02/2025	11,250,000
Class D	Not-vested	01/08/2023	30/06/2024	20,533,333
Class E	Not-vested	01/08/2023	30/06/2024	17,966,667
Class F	Not-vested	01/08/2023	30/06/2024	12,833,333
Class G	Not-vested	01/08/2023	30/06/2026	12,833,333
Class H	Not-vested	01/08/2023	30/06/2026	12,833,334

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of TMK issued on the exercise of options during the year ended 31 December 2023 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of TMK issued on the exercise of performance rights during the year ended 31 December 2023 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid an insurance premium to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Group has agreed to indemnify each of the Directors and the Company Secretary of the Company and its controlled entity, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Company Secretary of the company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. No agreements have been entered into to indemnify the Group's auditors against any claims by third parties arising from their report on the Annual Financial Statements.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

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 thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Prof John Warburton
Director
Perth, Western Australia
28 March 2024

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF TMK ENERGY LIMITED

As lead auditor of TMK Energy Limited for the year ended 31 December 2023, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

28 March 2024

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2023

	Notes	Consolidated 12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Income			
Interest income		125,029	8,242
Other income		8,966	-
Expenses			
Office and administrative expenses	5	(796,713)	(338,186)
Share Based Payments Expense	21	(545,236)	(961,681)
Depreciation Expense		(3,263)	(1,135)
Impairment of investments	11	(449,659)	-
Accounting and audit fees		(131,205)	(140,299)
Directors' fees		(179,000)	(72,000)
Professional and consultancy fees		(355,905)	(165,278)
Regulatory expenses		(201,438)	(81,573)
Share of loss in associate		(254)	(87)
Operating loss		(2,528,678)	(1,751,997)
Foreign exchange losses		(63,928)	(49,016)
Loss before income tax expense		(2,592,606)	(1,801,013)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of TMK Energy Limited		(2,592,606)	(1,801,013)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(131,432)	36,410
Other comprehensive income/loss for the year, net of tax		(131,432)	36,410
Total comprehensive income for the year attributable to the owners of TMK Energy Limited		(2,724,038)	(1,764,603)
Loss for the year is attributable to:			
Owners of TMK Energy Limited		(2,592,606)	(1,801,013)
Total comprehensive income for the year is attributable to:			
Owners of TMK Energy Limited		(2,724,038)	(1,764,603)

		Cents	Cents
Basic earnings per share	7	(0.052)	(0.049)
Diluted earnings per share	7	(0.052)	(0.049)

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

Statement of financial position

As at 31 December 2023

	Notes	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	2,255,012	2,681,265
Trade and other receivables		53,961	57,633
Other current assets		45,074	119,257
Total current assets		**2,354,047**	**2,858,155**
Non-current assets			
Investments in associate	11	-	449,913
Investments held at fair value through profit and loss	10	1,000,000	-
Property, plant and equipment	12	739,693	184,830
Exploration and evaluation	13	14,207,077	537,425
Oil and gas properties		-	44,553
Total non-current assets		**15,946,770**	**1,216,721**
Total assets		**18,300,817**	**4,074,876**
Liabilities			
Current liabilities			
Trade and other payables	14	455,030	317,700
Provisions		38,766	15,514
Total current liabilities		**493,796**	**333,214**
Non-current liabilities			
Provisions		-	38,322
Total non-current liabilities		**-**	**38,322**
Total liabilities		**493,796**	**371,536**
Net assets		**17,807,021**	**3,703,340**
Equity			
Issued capital	15	27,349,581	12,804,079
Reserves	16	4,974,687	2,823,902
Accumulated losses		(14,517,247)	(11,924,641)
Total equity		**17,807,021**	**3,703,340**

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

Statement of changes in equity

For the year ended 31 December 2023

Consolidated	Issued capital $	Share based payment reserves $	Foreign currency translation reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2022	**12,804,079**	**1,791,288**	**34,523**	**(10,123,628)**	**4,506,262**
Loss after income tax expense for the period	-	-	-	(1,801,013)	(1,801,013)
Other comprehensive income for the period, net of tax	-	-	36,410	-	36,410
Total comprehensive income for the period	**-**	**-**	**36,410**	**(1,801,013)**	**(1,764,603)**
Transactions with owners in their capacity as owners:					
Share-based payments (note 21)	-	961,681	-	-	961,681
Balance at 31 December 2022	**12,804,079**	**2,752,969**	**70,933**	**(11,924,641)**	**3,703,340**

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 year	-	-	-	(2,592,606)	(2,592,606)
Other comprehensive income for the year, net of tax	-	-	(131,432)	-	(131,432)
Total comprehensive income for the year	**-**	**-**	**(131,432)**	**(2,592,606)**	**(2,724,038)**
Transactions with owners in their capacity as owners:					
Issue of share capital (note 15)	5,699,678	-	-	-	5,699,678
Capital raising costs	(982,176)	644,981	-	-	(337,195)
Asset acquisition (note 18)	9,828,000	1,092,000	-	-	10,920,000
Share-based payments (note 21)	-	545,236	-	-	545,236
Balance at 31 December 2023	**27,349,581**	**5,035,186**	**(60,499)**	**(14,517,247)**	**17,807,021**

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

Statement of cash flows

For the year ended 31 December 2023

		Consolidated	
	Notes	12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,540,662)	(961,232)
Interest received		125,029	8,242
GST refunds		86,828	40,747
Net cash used in operating activities	9	(1,328,805)	(912,243)
Cash flows from investing activities			
Payments for exploration and evaluation		(10,343,600)	(1,499,429)
Contributions from farm-in partner	13	5,258,014	238,572
Bonus from farm-in partner	13	-	1,210,046
Cash received on acquisition	18	790,805	-
Net cash used in investing activities		(4,294,781)	(50,811)
Cash flows from financing activities			
Proceeds from issue of shares	15	5,699,678	-
Share issue transaction costs		(370,913)	-
Net cash from financing activities		5,328,765	-
Net decrease in cash and cash equivalents		(294,821)	(963,054)
Cash and cash equivalents at the beginning of the financial year		2,681,265	3,607,909
Effects of exchange rate changes on cash and cash equivalents		(131,432)	36,410
Cash and cash equivalents at the end of the financial year	8	2,255,012	2,681,265

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

NOTES TO THE 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 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 28 March 2024. The directors have the power to amend and reissue the financial statements.

NOTE 2. Material accounting policy information

The accounting policies that are material to the Group are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, 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 year ended 31 December 2023, the Group has recorded a loss of $2,592,606 (6 months to 31 December 2022: $1,801,013) and experience net cash outflow for operating activities of $1,328,805 (6 months to 31 December 2022: $912,243). At 31 December 2023, the Group had a net current assets of $1,860,251 (31 December 2022: $2,524,941).

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 Company has raised $2,532,542 cash via an issue of capital subsequent to year end (see note 29)
- the Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements.

On the basis of the above, the directors believe that, as at the date of this report, there will be sufficient funds available to meet the Group's working capital requirements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Change in financial year end

During the prior year, the Group has changed its financial year end from 30 June to 31 December. The comparative period figures relate to six months from 1 July 2022 to 31 December 2022. Accordingly, the current year period figures and the comparative amounts disclosed in the financial report and related notes are not comparable as the lengths of the periods differ by six months. The change had been made to align the financial year end of the Group with the Company's Mongolian subsidiary, Telmen Resource JSC.

Asset acquisition

On 9 December 2023, TMK completed the acquisition of Talon Energy Pte Ltd (TES) and its wholly owned subsidiary Talon Energy Mongolia (TEM). Under the Australian Accounting Standard, the acquisition did not meet the definition of a business combination and instead, had been accounted as an asset acquisition under the principles of AASB 2 Share Based Payments. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of TMK Energy Limited ('Company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the year then ended. TMK Energy Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is TMK Energy Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income recognition

The Group recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial report date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Loans and receivables are carried at amortised cost using the effective interest method.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the Group has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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 (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Asset acquisition not constituting a business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset. Estimates and judgements are required by the Group, taking into consideration all available information at the acquisition date, to assess the fair value of assets acquired, liabilities and contingent liabilities assumed. Management assessed that the fair value of the assets/ liabilities acquired, namely the 33% interest in Gurvantes XXXV, could not be estimated reliably, as such the transaction was measured indirectly by reference to the fair value of the equity instruments granted in line with AASB 2.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that either exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves or alternatively the Group has assessed that it will be able to commence commercial production in the future, from which it will be able to recoup those costs. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Further details of capitalised exploration and evaluation costs are set out in note 13.

Investments in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries. A holding of 20% or more of the voting power will indicate significant influence. They are accounted for using the equity method. The carrying amount of the investment in associates is increased or decreased to recognise the Group 's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

The Group assesses the carrying amount of its investments in associates at each reporting period, or more frequently if events or changes in circumstances indicate impairment, in accordance with AASB 128 Investments in Associates and Joint Ventures. If impairment indicators are identified, the Group tests the investments for impairment in accordance with AASB 136 Impairment of Assets. In assessing the recoverability of its investments in associates management applies their estimates and judgements as to the recoverability of its investments.

The Group applies the requirements of AASB 9 Financial Instruments to its other interest in the associate such as loans to or receivables from the associate.

Joint arrangements

Joint arrangements are those entities or arrangements which the Group hold joint control with other parties. Judgement is required in assessing the level of control that the Group holds over the arrangement or entity. Judgement is applied when determining the relevant activities of a project and if joint control is held over it. Relevant activities include, but are not limited to, work program and budget approval, investment decision approval, voting rights in joint operating committees, amendments to permits and changes to joint arrangement participant holdings. If the Group obtains joint control of an arrangement, judgment is also required to assess whether the arrangement is a joint operation or a joint venture.

NOTE 4 Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments from a geographic perspective. These 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. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

	Mongolia $	Australia $	USA $	Corporate/ Unallocated $	Total $
For the 12 months ended 31 December 2023					
Revenue	-	-	-	133,995	133,995
Expenses	(80,458)	(449,659)	-	(2,196,484)	(2,726,601)
Loss for the period	(80,458)	(449,659)	-	(2,062,489)	(2,592,606)
Assets					
Segment assets	14,993,310	1,000,000	-	2,307,507	18,300,817
Liabilities					
Segment liabilities	204,236	-	-	289,560	493,796

	Mongolia $	Australia $	USA $	Corporate/ Unallocated $	Total $
For the 6 months ended 31 December 2022					
Revenue	-	-	-	8,242	8,242
Expenses	(60,840)	(87)	-	(1,748,328)	(1,809,255)
Loss for the period	(60,840)	(87)	-	(1,740,086)	(1,801,013)
Assets					
Segment assets	818,794	449,913	44,553	2,761,616	4,074,876
Liabilities					
Segment liabilities	31,574	-	38,322	301,640	371,536

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTE 5. Office and administrative expenses

	Consolidated 12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Wages and Salaries	189,331	56,553
Advertising and Marketing	159,003	94,163
Office Rent	36,440	20,069
Other administrative expenses	411,939	167,401
	796,713	**338,186**

NOTE 6. Income tax

	Consolidated 12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Aggregate income tax expense	**-**	**-**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,592,606)	(1,801,013)
Tax at the statutory tax rate of 30%	(777,782)	(540,304)
Effect of expenses that are not deductible in determining taxable profit	322,583	302,796
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	455,199	237,508
Income tax expense	**-**	**-**

	Consolidated 2023 $	2022 $
Deferred tax assets/(liabilities) not recognised		
Deferred tax assets/(liabilities) not recognised comprises temporary differences attributable to:		
Tax losses	3,235,626	3,018,538
Provisions	11,630	16,151
Capital raising costs	7,013	7,013
Oil and gas properties	-	(13,366)
Total deferred tax assets not recognised	**3,254,269**	**3,028,336**

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

NOTE 7. Earnings per share

	Consolidated	
	12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Loss after income tax attributable to the owners of TMK Energy Limited	(2,592,606)	(1,801,013)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	4,972,612,877	3,671,074,112
Weighted average number of ordinary shares used in calculating diluted earnings per share	4,972,612,877	3,671,074,112

	Cents	Cents
Basic earnings per share	(0.052)	(0.049)
Diluted earnings per share	(0.052)	(0.049)

Options are considered non-dilutive as their inclusion reduces the loss per share.

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of TMK Energy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 8. Cash and cash equivalents

	Consolidated	
	2023 $	2022 $
Current assets		
Cash at bank	**2,255,012**	**2,681,265**

Accounting policy for cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and short-term deposits.

NOTE 9. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Loss after income tax expense for the year	(2,592,606)	(1,801,013)
Adjustments for:		
Depreciation	3,263	1,135
Oil and gas properties write down	44,553	-
Impairment of investments	449,659	-
Share of loss - associates	254	87
Share-based payments	545,236	961,681
Foreign exchange differences	63,926	49,016
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(3,672)	23,050
Increase/(decrease) in trade and other payables	137,330	(142,713)
Increase/(decrease) in other provisions	23,252	(3,486)
Net cash used in operating activities	**(1,328,805)**	**(912,243)**

NOTE 10. Investments held at fair value through profit and loss

	Consolidated 2023 $	2022 $
Non-current assets		
Investments held at fair value through profit and loss	**1,000,000**	-

Investment held at fair value through profit and loss relates to shares held in ASX listed entity, Strike Energy Limited ("STX"). The value of the investments are based on the market value of the shares as at year-end. Refer to note 20 for further information on fair value measurement.

NOTE 11. Investments in associate

The Company's interest in Talisman Deeps was acquired through the acquisition of a 20% shareholding in Skye Napoleon Pty Ltd (JV Company), which owns 100% of the Project comprising all the petroleum rights below 2,700m in offshore petroleum production licence WA-8-L. The Company has a right to convert this 20% shareholding to a 20% direct participating interest in the Project upon a joint venture for the Project being formed. The Company contributes to expenditure in accordance with its percentage interest.

Interest in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

	Consolidated 2023 $	2022 $
Non-current assets		
Skye Napoleon Pty Ltd	-	449,913
Reconciliation		
Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:		
Opening carrying amount	449,913	450,000
Loss after income tax	(254)	(87)
Impairment of assets[1]	(449,659)	-
Closing carrying amount	**-**	**449,913**

[1] Management has fully impaired the investment in associates on the basis there is no intention to conduct further exploration and has no future economic benefit.

Summarised statement of financial position	Consolidated 2023 $	2022 $
Current assets	2,044	3,008
Non-Current assets	26,865	26,865
Total assets	**28,909**	**29,873**
Current liabilities	(40,994)	(40,687)
Non-current liabilities	(1,128)	(1,128)
Total liabilities	**(42,122)**	**(41,815)**
Net liability	**(13,213)**	**(11,942)**

Summarised statement of profit or loss and other comprehensive income	Consolidated 2023 $	2022 $
Expenses	(1,271)	(437)
Loss before income tax	**(1,271)**	**(437)**
Income tax expense	-	-
Loss after income tax	**(1,271)**	**(437)**
Other comprehensive income	-	-
Total comprehensive loss	**(1,271)**	**(437)**

NOTE 12. Property, plant and equipment

	Consolidated 2023 $	2022 $
Non-current assets		
Plant and equipment - at cost	538,542	42,891
Less: Accumulated depreciation	(79,698)	(25,688)
	458,844	**17,203**
Fixtures and fittings - at cost	25,455	8,849
Less: Accumulated depreciation	(3,587)	(1,514)
	21,868	**7,335**
Motor vehicles - at cost	261,584	171,213
Less: Accumulated depreciation	(33,313)	(10,921)
	228,271	**160,292**
Land improvements - at cost	32,117	-
Less: Accumulated depreciation	(1,407)	-
	30,710	**-**
	739,693	**184,830**

Reconciliations

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

Consolidated	Plant and equipment $	Motor vehicles $	Furniture and fixtures $	Land improvement $	Total $
Balance at 1 July 2022	49,375	61,909	9,709	-	120,993
Additions	7,756	135,104	-	-	142,860
Depreciation expense	(12,739)	(6,956)	(512)	-	(20,207)
Transfers to joint operation partner	(21,763)	(20,288)	(1,151)	-	(43,202)
Exchange differences	(5,426)	(9,477)	(711)	-	(15,614)
Balance at 31 December 2022	17,203	160,292	7,335	-	184,830
Additions	340,721	60,925	13,355	22,141	437,142
Acquisition[(1)]	150,237	29,544	3,259	9,983	193,023
Depreciation expense	(53,565)	(22,402)	(2,074)	(1,407)	(79,448)
Exchange differences	4,249	(88)	(7)	(7)	4,147
Balance at 31 December 2023	458,844	228,271	21,868	30,710	739,693

[(1)] Refer to note 18 for further details.

Accounting policy for property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Plant and equipment 2-10 years
- Motor vehicles 5-10 years
- Furniture and fixtures 2-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTE 13. Exploration and evaluation

	Consolidated 2023 $	2022 $
Non-current assets		
Exploration and evaluation assets	**14,207,077**	**537,425**

Reconciliations

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

Consolidated	Exploration and evaluation $
Balance at 1 July 2022	632,999
Additions	1,500,689
Contributions from Partner[(1)]	(398,918)
Bonus payment from Partner	(1,210,046)
Exchange differences	12,701
Balance at 31 December 2022	537,425
Additions	8,930,129
Acquisition[(2)]	9,978,712
Contributions from Partner[(1)]	(5,258,014)
Exchange differences	18,825
Balance at 31 December 2023	**14,207,077**

[(1)] The Company had a Farm-in agreement with Talon Energy Limited (Talon) in which Talon has funded the initial US$1.5 million of exploration costs (Stage 1) and has funded a further US$3.15 million (Stage 2) in return for a 33% interest in the Gurvantes XXXV Project. The Farm-in agreement ceased upon The Group's acquisition of Talon Energy Pte Ltd, refer to note 18 for further details.
[(2)] Refer to note 18 for further details.

Accounting policy for exploration and evaluation assets

Expenditure on exploration and evaluation is accounted for in accordance with the area of interest method, in which rights of tenure are current is carried forward as an asset in the consolidated statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

This approach is strongly linked to the Group's oil and gas reserves determination and reporting process and is considered to most fairly reflect the results of the Group 's exploration and evaluation activity because only assets with demonstrable value are carried on the statement of financial position.

Once a well commences producing commercial quantities of oil and gas, capitalised exploration and evaluation costs are transferred to Oil and Gas Properties – Producing Projects and amortisation commences.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are treated as exploration and evaluation expenditure.

Farm-out Arrangements

The Group does not record any expenditure made by the farmee on its account. It also does not recognise any gain or loss on its exploration and evaluation farm-out arrangements but redesignates any costs previously capitalised in relation to the whole interest as relating to the partial interest retained. Any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest as relating to the partial interest retained with any excess accounted for by the farmor as gain on disposal. Monies received pursuant to farm-in agreements are treated as a liability on receipt and until such time as the relevant expenditure is incurred.

Impairment of Exploration and Evaluation Assets

The ultimate recoupment of the value of exploration and evaluation assets, the Company's investment in subsidiaries, and loans to subsidiaries is dependent on the successful development and commercial exploitation, or alternatively, sale of the exploration and evaluation assets.

Impairment tests are carried out on a regular basis to identify whether the assets carrying values exceed their recoverable amounts. There is significant estimation and judgement in determining the inputs and assumptions used in determining the recoverable amounts. The key areas of judgement and estimation include:

- Recent exploration and evaluation results and resource estimates;
- Environmental issues that may impact on the underlying tenements; and
- Fundamental economic factors that have an impact on the operations and carrying values of assets and liabilities.

NOTE 14. Trade and other payables

	Consolidated 2023 $	2022 $
Current liabilities		
Trade creditors	377,030	231,700
Trade accruals	78,000	86,000
	455,030	**317,700**

Refer to note 19 for further information on financial risk management.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 15. Issued capital

(a) Ordinary shares

	Consolidated 2023 Shares	2022 Shares	2023 $	2022 $
Issued share capital	6,122,579,300	4,637,500,000	27,349,581	12,804,079

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2022	3,480,000,000		12,804,079
Class A Performance Shares		600,000,000	$0.0000	-
Class C Performance Shares		400,000,000	$0.0000	-
Class A Performance Rights		57,656,250	$0.0000	-
Class B Performance Rights		61,406,250	$0.0000	-
Class C Performance Rights		38,437,500	$0.0000	-
Balance	31 December 2022	4,637,500,000		12,804,079
Capital raise(1)		393,079,300	$0.0145	5,699,678
Capital raising costs(2)		-	$0.0000	(982,176)
Share issued for Talon acquisition(3)		1,092,000,000	$0.0000	9,828,000
Balance	**31 December 2023**	**6,122,579,300**		**27,349,581**

(1) Share issued on 8 April 2023 at $0.0145 per share with free attaching option on a 1 for 2 basis at an exercise price of $0.025 expiring 30 April 2026.
(2) Capital raising costs include 65,513,217 options issued to brokers valued at $664,981.
(3) Refer to note 18 for further details.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

Movements in options on issue:	Consolidated 2023 Number	2022 Number
Outstanding at the beginning of the period	75,000,000	75,000,000
Options issued for share placement [1]	196,539,650	-
Options issued to broker [1] [2]	65,513,217	-
Options issued to Directors [2]	25,000,000	-
Options issued under Employee Incentive Securities Plan [2]	61,000,000	-
Options issued for acquisition of Gurvantes XXXV Project [2] [3]	546,000,000	-
Outstanding at the end of the period	969,052,867	75,000,000
Listed options	808,052,867	-
Unlisted options	161,000,000	75,000,000
	969,052,867	75,000,000
Vested and exercisable	808,052,867	75,000,000
Not vested	86,000,000	-
	894,052,867	75,000,000

[1] Listed options issued on 3 May 2023 are the free attaching option on a 1 for 2 basis for the share placement on 8 April 2023. The options have an exercise price of $0.025 and expire on 30 April 2026. As part of the share placement, options were issued to brokers as capital raising costs.
[2] Refer to note 21 for further details.
[3] Refer to note 18 for further details.

(c) Performance Rights

Movement in performance rights on issue	Consolidated 2023 Number	2022 Number
Outstanding at the beginning of the period	-	45,000,000
Granted	77,000,000	-
Exercised	-	-
Lapsed	-	-
Outstanding at the end of the period	**77,000,000**	**45,000,000**
Performance rights outstanding at the end of the period		
Class A Performance Rights	16,875,000	16,875,000
Class B Performance Rights	16,875,000	16,875,000
Class C Performance Rights	11,250,000	11,250,000
Class D Performance Rights	20,533,333	-
Class E Performance Rights	17,966,667	-
Class F Performance Rights	12,833,333	-
Class G Performance Rights	12,833,333	-
Class H Performance Rights	12,833,334	-
	122,000,000	**45,000,000**
Vested and exercisable	45,000,000	45,000,000
Not vested	77,000,000	-
	122,000,000	**45,000,000**

Refer to note 25 for details on performance rights.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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.

The capital risk management policy remains unchanged from the 31 December 2022 Annual Report.

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 16. Reserves

	Consolidated 2023 $	2022 $
Foreign currency translation reserve	(60,499)	70,933
Share based payment reserve	5,035,186	2,752,969
	4,974,687	**2,823,902**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 17. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

NOTE 18. Acquisition of Talon Energy Pte Ltd

On 8 December 2023, the Company has acquired 100% shares in Talon Energy Pte Ltd including its subsidiary, Talon Energy Mongolia LLC. The acquisition includes the remaining 33% interest in the Gurvantes XXXV Project in which the Group holds.

The acquisition does not meet the definition of a business in accordance with AASB 3 Business Combinations. As such the acquisition has been accounted for as an asset acquisition whereby fair value of consideration is allocated to net identifiable assets acquired on a relative fair value basis.

The fair value of the consideration paid and allocation to net identifiable assets is as follows:

Consideration	Value
1,092,000,000 of TMK's shares at $0.009 per share	9,828,000
546,000,000 of TMK's options at $0.002 per option	1,092,000
Cash contribution from vendor	(600,000)
	10,320,000
Additional cash contribution for costs incurred	22,107
	10,342,107

The allocation to net identifiable assets is as follows:

	$
Assets	
Cash and cash equivalents	190,805
Other current assets	11,463
Property, plant and equipment	206,732
Exploration and evaluation assets	9,990,664
	10,399,664
Liabilities	
Trade and other payables	(57,557)
	10,342,107
Cash acquired on acquisition	790,805

NOTE 19. Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group monitors this risk and implements measures to minimise the impact of this risk. The Group uses different methods to measure different types of risk to which it is exposed, including sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and ageing analysis for credit risk.

Risk management is carried out by the Board.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. operates internationally through foreign subsidiaries and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar and Mongolian Tugrik.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency or from net investments in foreign operations. The risk is monitored using cash flow forecasting and regular management reporting.

Price risk

Due to the nature of the Group’s principal operation being oil & gas exploration and production the Group is exposed to the fluctuations in the price of oil & gas. Although the Group is economically exposed to commodity price risk of the above mentioned inputs, this is not a recognised market risk under the accounting standard as the risk is embedded within normal purchase and sales and are therefore not financial instruments.

In the current year, the Group has acquired equity instruments resulting in the Group being exposed to price risk due to the fluctuation in the share price of equity instruments held at fair value through profit and loss.

	Average price increase			Average price decrease		
Consolidated - 2023	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Investment held at fair value through profit and loss	10%	100,000	100,000	10%	(100,000)	(100,000)

	Average price increase			Average price decrease		
Consolidated - 2022	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Investment held at fair value through profit and loss	10%	-	-	10%	-	-

Interest rate risk

At reporting date, the Group has no long term borrowings and its exposure to interest rate risk is assessed as minimal.

The Group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets of the Group are summarised in the following tables:

	Floating interest rate	Interest bearing	1 year or less	Over 1 to 5 years	Total
Consolidated - 2023					
Financial assets					
Cash and cash equivalents	-	2,255,012	-	-	2,255,012
Consolidated - 2022					
Financial assets					
Cash and cash equivalents	-	2,681,265	-	-	2,681,265

The Group has minimal exposure to interest rate risk other than reduction/increases in interest earned should the rates decrease/increase respectively. As an indication of possible sensitivity to changes in interest rates a 1% movement in interest rate, would increase/decrease the annual amount of interest received by $Nil (2022: Nil)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is not significantly exposed to credit risk from its operating activities, however the Board constantly monitors customer receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset. The Group does not hold collateral as security. No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments and cash deposits. The Group ensure the use of leading investment institutions in terms of managing cash. The cash is only held in institutions with at a minimum AA- credit rating.

The maximum exposure to credit risk are the financial assets as follow:

	Consolidated 2023 $	2022 $
Trade receivables	53,961	57,633
Other current assets	45,074	119,257
	99,035	**176,890**

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions should they arise. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. No unused lines of credit currently exist.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2023	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	455,030	-	-	-	455,030
Total non-derivatives	**455,030**	**-**	**-**	**-**	**455,030**

Consolidated - 2022	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives					
Non-interest bearing					
Trade payables	317,700	-	-	-	317,700
Total non-derivatives	**317,700**	**-**	**-**	**-**	**317,700**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 20. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

At year end 31 December 2023, the Group has investment held at fair value through profit and loss that are subject to recurring fair value measurements. The investment held at fair value through profit and loss relates to listed equity securities in which quoted prices are readily available to access on measurement date (Level 1).

Cash assets, borrowings and other remaining financial assets are carried at amounts approximating fair value because of their short term nature to maturity.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Accounting policy for fair value measurement

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

NOTE 21. Share-based payments

	Consolidated	
	12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Recognised in the statement of profit and loss		
Share based payment expense	545,236	961,681
Recognised in the statement of financial position		
Issued capital (capital raising costs)	644,981	-
Acquired asset (refer note 18)	10,320,000	-
	10,946,981	-
	11,510,217	**961,681**

Options

During the year, the following options were issued as share based payment:

- Options issued to broker - On 23 February 2023, 65,513,217 listed options were granted to brokers for the successful share placement in April 2023. These options were issued on 3 May 2023. The options have been valued using the Black Scholes method and determined to have a fair value of $644,981. The expense arising from this share based transactions have been recognised as capital raising costs in issued share capital.

- Options issued to directors - On 31 May 2023, shareholders have approved the issuance of 25,000,000 unlisted options to directors, which will vest if the directors remain as directors of the Company for one year from the date of issue of the options. The options have an exercise price of $0.025 and expire on 30 April 2026. The options have been valued using the Black Scholes method and determined to have a fair value of $235,481 using the following assumptions. The expense has been recognised over the vesting period with $137,364 recognised during the year ended 31 December 2023 as share based payment expense in the statement of profit and loss.

- Options issued under the Employee Incentive Securities Plan - On 4 August 2023, 61,000,000 unlisted options has been awarded to employees and key consultants under the plan. The options which will vest if the employees or key consultants remain with the Company for one year from the date of issue of the options. The expense has been recognised over the vesting period with $212,873 recognised during the year ended 31 December 2023 as share based payment expense in the statement of profit and loss.

- Shares and options were issued for the acquisition of Talon Energy Pte Ltd - On 8 December 2023, 1,092,000,000 shares and 546,000,000 listed options has been issued to Talon Energy Limited as consideration of the acquisition. Options have an exercise price of $0.025 expiring on 30 April 2026. Accordingly, $9,828,000 and $1,092,000 has been recognised as the acquisition cost in the acquired assets. (Refer to note 18 for further details.)

2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/02/2022	14/02/2025	$0.0080	75,000,000	-	-	-	75,000,000
23/02/2023	30/04/2026	$0.0250	-	65,513,217	-	-	65,513,217
31/05/2023	30/04/2026	$0.0250	-	25,000,000	-	-	25,000,000
01/08/2023	30/04/2026	$0.0250	-	61,000,000	-	-	61,000,000
08/12/2023	30/04/2026	$0.0250	-	546,000,000	-	-	546,000,000
			75,000,000	**697,513,217**	**-**	**-**	**772,513,217**

2022							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
14/02/2022	14/02/2025	$0.0080	75,000,000	-	-	-	75,000,000
			75,000,000	**-**	**-**	**-**	**75,000,000**

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.21 years (2022: 2.13 years)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value per option
23/02/2023	30/04/2026	$0.0130	$0.0250	110.00%	-	3.20%	$0.0098
31/05/2023	30/04/2026	$0.0160	$0.0250	110.00%	-	3.12%	$0.0094
01/08/2023	30/04/2026	$0.0150	$0.0250	110.00%	-	3.91%	$0.0084

Performance rights

Set out below are summaries of performance rights granted:

2023	Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Lapsed/ expired/ other	Balance at the end of the year
Class A	11/02/2022	14/02/2025	16,875,000	-	-	-	16,875,000
Class B	11/02/2022	14/02/2025	16,875,000	-	-	-	16,875,000
Class C	11/02/2022	14/02/2025	11,250,000	-	-	-	11,250,000
Class D	01/08/2023	30/06/2024	-	20,533,333	-	-	20,533,333
Class E	01/08/2023	30/06/2024	-	17,966,667	-	-	17,966,667
Class F	01/08/2023	30/06/2024	-	12,833,333	-	-	12,833,333
Class G	01/08/2023	30/06/2026	-	12,833,333	-	-	12,833,333
Class H	01/08/2023	30/06/2026	-	12,833,334	-	-	12,833,334
			45,000,000	**77,000,000**	**-**	**-**	**122,000,000**

2022	Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Lapsed/ forfeited/ other	Balance at the end of the period
Class A	11/02/2022	14/02/2025	78,281,250	-	(57,656,250)	(3,750,000)	16,875,000
Class B	11/02/2022	14/02/2027	78,281,250	-	(61,406,250)	-	16,875,000
Class C	11/02/2022	14/02/2027	52,187,500	-	(38,437,500)	(2,500,000)	11,250,000
			208,750,000	**-**	**(157,500,000)**	**(6,250,000)**	**45,000,000**

All the performance rights were issued for nil consideration to employees and management. The performance rights convert into fully ordinary shares upon meeting the following performance conditions:

Class	Performance conditions	Fair value per right	Likelihood of vesting
A	Both of the following conditions occurring: - The volume-weighted average price ('VWAP') of TMK shares over 20 consecutive trading days being at least $0.02; and - Commencement of a drilling program within the Gurvantes XXXV area within three years from the date of issue.	$0.010[(1)]	Vested
B	Vest upon either of the following occurring: - Intersection of 25m of coal seams in any two of the first four wells within the Gurvantes XXXV Project area; or - 100 billion cubic feet of 2C (best estimate of contingent resources) Petroleum Resources Management System ('PRMS') compliant resource within the Gurvantes XXXV Project area.	$0.011[(2)]	Vested
C	Determination of a 100 billion cubic feet 2C PRMS compliant resource within the Gurvantes XXXV Project Area	$0.011[(2)]	Vested
D	Short Term Incentive ('STI') Component - HSES Management Plan and Implementation thereof.	$0.015[(2)]	100%
E	STI Component - Successful long term test of PWP demonstrating proof of concept and ability to book reserves and sell PWP gas.	$0.015[(2)]	0%
F	STI Component - Sourcing of funding for 2024 appraisal and development budget as part of the 3 year corporate plan	$0.015[(2)]	0%
G	Long Term Incentive (LTI) Component - 2P Reserves of not less than 100BCF (Gross) for the Project Area.	$0.015[(2)]	100%
H	LTI Component - Gas Sales Agreement for the sale of not less than 10TJ/Day	$0.015[(2)]	100%

[(1)] The Class A Performance Rights have been valued with the following assumptions:

- Volatility of 120%
- Implied life of 3 years
- Risk free rate of 1.59%
- Dividend yield of nil

[(2)] Performance Rights have been valued at the underlying share price on the date of issue.

Accounting policy for share-based payments

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

Upon vesting of the Performance Rights, the proceeds received (if any) net of any directly attributable transaction costs are allocated to share capital.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

NOTE 22. Related party transactions

Parent entity

TMK Energy Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Payment for goods and services:		
Expenses charged for services from Tsetsen Zantav[1] and his related entities	919,248	109,852

[1] Tsetsen Zantav is 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 2023 $	2022 $
Current receivables:		
Receivables from Tsetsen Zantav and his related parties	-	11,936

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 23. Interests 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2023 %	2022 %
Tamaska Energy LLC	Louisiana USA	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%
Telmen Energy Pty Ltd	Australia	100.00%	100.00%
Telmen Resource LLC	Mongolia	100.00%	100.00%
Talon Energy Pte Ltd	Singapore	100.00%	-
Talon Energy Mongolia LLC	Mongolia	100.00%	-

NOTE 24. 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 12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Short-term employee benefits	813,467	364,066
Post-employment benefits	29,956	12,646
Share-based payments	398,137	491,823
	1,241,560	**868,535**

NOTE 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Profit/(loss) after income tax	2,860,406	(897,800)
Total comprehensive income	2,860,406	(897,800)

Statement of financial position

	Parent 2023 $	2022 $
Total current assets	2,254,366	2,688,833
Total assets	17,040,511	3,138,746
Total current liabilities	260,106	325,655
Total liabilities	260,106	325,655
Equity		
Issued capital	48,990,071	33,352,568
Options	408,890	408,890
Share based payment reserve	1,771,780	581,563
Accumulated losses	(34,390,336)	(31,529,930)
Total equity	**16,780,405**	**2,813,091**

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company:

	Consolidated	
	12 months ended 31 Dec 2023 $	6 months ended 31 Dec 2022 $
Audit services - BDO Audit (WA) Pty Ltd		
Audit and review of the financial statements	65,700	50,149

NOTE 27. Contingencies

The Company had no contingent liabilities or contingent assets at 31 December 2023 (31 December 2022: Nil).

NOTE 28. Commitments

The Company had no commitments at 31 December 2023 (31 December 2022: Nil).

NOTE 29. Events after the reporting period

In March 2024, the Company has announced a placement and share purchase plan to raise up to a total of approximately $4.0 million (before costs) to primarily fund additional infill production wells at Gurvantes XXXV CGS Project in Mongolia.

As at the date of this report, the Company has received $2,532,542 (before costs) from the share placement at the date of this report.

No other matter or circumstance has arisen since 31 December 2023 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, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

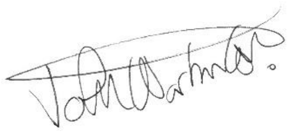
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Prof John Warburton
Director
Perth, Western Australia
28 March 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of TMK Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of TMK Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for the acquisition of Talon Energy Pte Ltd

Key audit matter	*How the matter was addressed in our audit*
During the year, the Group executed an agreement with Talon Energy Limited to acquire Talon Energy Pte Ltd to consolidate 100% ownership of the Gurvantes XXXV project as disclosed in Note 18. The Group treated the transaction as an asset acquisition. Accounting for an asset acquisition is complex due to the judgment applied in determining the appropriate accounting including whether the acquisition should be classed as asset or business acquisition, estimating the fair value of assets acquired and liabilities assumed including estimating fair value of purchase consideration as disclosed in Note 2, 3 and 18 to the Financial Report.	Our procedures included, but were not limited to: • Assessing the Group's determination that the acquisition represented an asset acquisition as well as the appropriate acquisition date; • Reviewing the relevant agreements to obtain an understanding of the contractual terms and conditions of the transaction; • Assessing management's determination of the fair value of consideration paid and agreeing to supporting documentation; • Reviewing the methodology and assumptions utilised to identify and determine the fair value of the assets acquired and liabilities assumed; and • Assessing the adequacy of the related disclosures in Note 2, 3 and 18 to the Financial Report.

Valuation of Exploration and Evaluation Assets

Key audit matter	***How the matter was addressed in our audit***
As disclosed in Note 13 to the Financial Report, the carrying value of the exploration and evaluation asset represents a significant asset of the Group. The Group's accounting policies and significant judgements applied to capitalised exploration and evaluation expenditure are detailed in Note 2, 3 and 13 of the Financial Report. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6'), the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether there are any facts and circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Assessing whether rights to tenure of the Group's area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 13 of the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 28 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of TMK Energy Limited, for the year ended 31 December 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 28 March 2024

ADDITIONAL ASX SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 28 March 2024.

LISTING OF 20 LARGEST SHAREHOLDERS

Position	Investor	Holding	%
1	TSETSEN ZANTAV	1,638,000,000	24.91%
2	MR GANZORIG VANCHIG	316,212,000	4.81%
3	BRENDAN STATS	295,500,000	4.49%
4	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	224,289,496	3.41%
5	CITICORP NOMINEES PTY LIMITED	159,152,184	2.42%
6	DUNEDIN CAPITAL ADVISORS PTY LTD	148,240,000	2.25%
7	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	141,759,325	2.16%
8	MR BARRY FEICKERT	121,000,000	1.84%
9	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	94,721,275	1.44%
10	AVIEMORE CAPITAL PTY LTD	92,250,000	1.40%
11	DELGERMAA ERKHEMBAYAR	80,000,000	1.22%
11	BOLORMAA ERKHEMBAYAR	80,000,000	1.22%
12	BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	68,859,877	1.05%
13	BUTTONWOOD NOMINEES PTY LTD	65,550,581	1.00%
14	MOLBEK PTY LTD <BRUCK FAMILY S/F>	62,500,000	0.95%
15	WYMAN INVESTMENTS PTY LTD <ROBERT FOOT PERSONAL A/C>	59,232,226	0.90%
16	SHENTON JAMES PTY LTD	58,721,954	0.89%
17	CRAIG IAN BURTON <CI BURTON FAMILY A/C>	57,156,499	0.87%
18	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	52,850,619	0.80%
19	ALBA CAPITAL PTY LTD	50,753,634	0.77%
20	MUI JOO FOOT	48,600,000	0.74%
	Total	**3,915,349,670**	**59.54%**

DISTRIBUTION OF SHAREHOLDERS

Spread of Holdings	Number of Ordinary Shareholder
1 - 1000	175
1001 - 5000	370
5001 - 10,000	552
10,001 - 100,000	1,632
100,001 and above	1,600
Total	**4,329**

UNMARKETABLE PARCELS

There were 2,834 shareholders holding less than a marketable parcel of shares.

SUBSTANTIAL SHAREHOLDERS

Investor	Holding	%
TSETSEN ZANTAV	1,638,000,000	24.91%

VOTING RIGHTS AND UNLISTED SECURITIES

Ordinary Shares

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held.

Performance Rights

Refer to Page 30 of the Annual Report for information on the Performance Rights that are on issue as of 28 March 2024. There are no voting rights attached to the Performance Rights.

Listed Options

Refer to Page 30 of the Annual Report for information on the Listed Options that are on issue as of 28 March 2024. There are no voting rights attached to the Listed Options.

Unlisted Options

Refer to Page 30 of the Annual Report for information on the Unlisted Options that are on issue as of 28 March 2024. There are no voting rights attached to the Options.

CORPORATE GOVERNANCE

The Company's Corporate Governance Statement can be accessed at www.tmkenergy.com.au/corporate-governance

TENEMENT SCHEDULE

Gurvantes XXXV Production Sharing Agreement

TMK has a 100% economic interest in the Gurvantes XXXV Production Sharing Agreement in the South Gobi Basin of Mongolia.

Skye Napoleon Tenement

TMK has the right to a 20% direct interest in petroleum production license WA-8-L in the offshore Barrow-Dampier sub basin on Australia's Northwest Coast through its 20% ownership of Skye Napoleon Pty Ltd.

TMK
ENERGY