

Maiden Gurvantes XXXV Contingent Resource Certification

- Maiden gross unrisked 2C (best estimate) Contingent Gas Resource of ~1.2 TCF certified for the Nariin Sukhait area of the Gurvantes XXXV exploration permit.
- Contingent Gas Resource certified by highly regarded petroleum consultants, Netherland, Sewell & Associates, Inc.
- Outstanding results delivered within 9 months of the commencement of the Stage 1 exploration program demonstrate the world class nature of the Gurvantes Project.
- Significant Coal Seam Gas Resource located near major pipeline infrastructure servicing China.
- Talon holds an option to acquire a 33% Participating Interest in the Gurvantes XXXV PSA.

Talon Energy Ltd ("Talon" or "Company") is pleased to announce that highly respected international petroleum consultants Netherland, Sewell and Associates, Inc. (**NSAI**), have certified a maiden Contingent Gas Resource for the Gurvantes XXXV Coal Seam Gas Project (**Gurvantes Project**) located in Mongolia, following the completion of the Stage 1 exploration program undertaken by TMK Energy Ltd (**TMK**), owner of the Gurvantes Project, and funded by Talon as part of its farm in activities.

Talon's Managing Director, Colby Hauser, commented: "The past year has been an extremely exciting time for Talon and its shareholders, with the completion of a number of value catalysts validating the Company's growth strategy. The independent certification of the Contingent Gas Resource at Gurvantes has been the latest milestone for the Company, adding to its success at the Walyering Gasfield in Western Australia, which is forecast to be in production early next year.

The exploration success at the Gurvantes Project to date has far exceeded Talon's initial expectations and has led to what is now the largest independently certified Contingent Resource for a coal bed methane project in Mongolia, of any ASX listed company. These results bode well for the upcoming Stage 2 pilot well program, which is being designed to further understand the commerciality of this world class resource. With the certification of the Contingent Resource at Gurvantes, and a better understanding of the project's potential, Talon is now in a far better position to make a decision on its continuing investment in the project."

Talon recently announced that it had been notified by TMK that it had been granted an option to be assigned a 33% Participating Interest in the Production Sharing Agreement (**PSA**) over the Gurvantes XXXV project area, having satisfied its Stage 1 exploration funding commitment in accordance with the Gurvantes XXXV Farm In Agreement.

TMK engaged NSAI to certify the Contingent Resource estimate for the Nariin Sukhait area of the Gurvantes XXXV exploration permit, incorporating data collected from the recently completed Stage 1 core hole drilling program. Details of the Contingent Gas Resource certification as at 31 October 2022 are shown in Table 1 below.

Table 1: Unrisked Gross (100%) Contingent Gas Resource (BCF)¹ for the Gurvantes XXXV Project.

| Depth Range | Unrisked Gross (100%) Contingent Resources | | |
|------------------------|--|---------------------|---------------------|
| | Low Estimate 1C | Best Estimate 2C | High Estimate 3C |
| Lower Coal Seam | | | |
| 150 – 750 metres | 398 | 722 | 1,113 |
| 750 – 1,000 metres | 0 ² | 492 | 831 |
| Total | 398 | 1,214 | 1,944 |

| Depth Range | Low Estimate ³ 1C | Best Estimate ³ 2C | Low Estimate 3C |
|------------------------|---------------------------------|----------------------------------|--------------------|
| Upper Coal Seam | | | |
| 150 – 750 metres | 0 | 0 | 233 |
| 750 – 1,000 metres | 0 | 0 | 184 |
| Total | 0 | 0 | 417 |
| Depth Range | Low Estimate 1C | Best Estimate 2C | Low Estimate 3C |
| Total | | | |
| 150 – 750 metres | 398 | 722 | 1,346 |
| 750 – 1,000 metres | 0 | 492 | 1,015 |
| Total | 398 | 1,214 | 2,361 |

1. Gas volumes are expressed in billions of cubic feet (BCF) at standard temperatures and pressure bases.
2. There is no low estimate Contingent Gas Resource for this depth range as of 31 October 2022, due to lack of data.
3. The low estimate and best estimate for the Upper Coal Seam at these depths, as of 31 October 2022, are zero due to lack of pilot and conclusive permeability data.

This is currently the largest independently certified Contingent Gas Resource for any ASX listed company operating in Mongolia. The initial Contingent Resource certification is based on a very capital efficient exploration program (approximately US\$1.5m funded by Talon) that focused on exploring the Nariin Sukhait area. The Stage 2 exploration program planned for 2023 will focus on drilling other prospects and leads and converting the attributed Prospective Resource (refer Talon Announcement dated 18 August 2021) into additional Contingent Resources, further making a case for the Project's suitability in helping address the energy needs of the Mongolian and Chinese markets.

Methodology

The Contingent Gas Resource estimates shown in Table 1 above has been estimated using a deterministic method. Once all contingencies have been successfully addressed (refer below), the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk. The 1C, 2C, and 3C contingent resources have been aggregated by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation.

Contingencies

Lower Seam

For the Nariin Sukhait area Lower Coal Seam package, the resources estimated are contingent upon the collection of additional technical data, through drilling core wells and conducting pilot operations, to demonstrate permeability and to establish commercial producibility of project development and, subsequently, the commitment to develop the resources. The project maturity subclass for the Nariin area Lower Coal Seam package is development unclarified.

Upper Seam

For the Nariin Sukhait area Upper Coal Seam package, the resources estimated are contingent upon the collection of additional technical data, through drilling core wells and conducting pilot operations, to establish commercial producibility of project development and, subsequently, the commitment to develop the resources. The project maturity subclass for the Nariin area Upper Coal Seam package is development on hold.

The data used by NSAI to calculate its estimates were obtained from TMK, public data sources, and the non-confidential files of Netherland, Sewell & Associates, Inc., and were accepted as accurate.

Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development project(s) not currently considered to be commercial owing to one or more contingencies. NSAI's report does not include an economic analysis for these properties. Based on analogous field developments, it appears that the best estimate contingent resources in this report have a reasonable chance of being economically viable. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves; the estimates have not been risked to account for the possibility that the contingencies are not successfully addressed.

Gurvantes XXXV Farm In Agreement

Talon is party to a Farm-in Agreement with Telmen Resource LLC (**Telmen**) a subsidiary of TMK, to acquire a 33% Participating Interest in the Gurvantes Project.

Having completed its initial expenditure obligations under its farm in agreement with TMK, Talon holds an option to be assigned this Participating Interest and expects a final decision as to whether to exercise the option to be made in the coming weeks.

Under the terms of the Gurvantes XXXV Farm-In Agreement, on certification of a 2C Contingent Resource of greater than 0.5 TCF, Talon is required to pay TMK an additional farm-in amount based on the size of certified Resource Estimate. Based on the 1.214 Tcf independently certified 2C Contingent Gas Resource noted above, Talon is required to pay TMK an amount of US\$809,333, which can be settled in cash or Talon shares at TMK's election.

--Ends--

This Announcement has been authorised for release by the Board.

For further information, please contact:

Talon Energy Ltd
Colby Hauser
Managing Director and CEO
+61 8 6319 1900
info@talonenergy.com.au

Talon Energy Ltd
David Lim
Company Secretary
+61 8 6319 1900
info@talonenergy.com.au

Competent Persons Statement

The information in this report that relates to Contingent Resource information for the Gurvantes XXXV Project is based on information compiled by Mr. John Hattner, an employee of Netherland, Sewell & Associates, Inc, and who is a Qualified Petroleum Reserves and Resources Evaluator (QPRRE) as defined by ASX listing rules. This information was subsequently reviewed by Dr Darren Ferdinando PhD, BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Dr Ferdinando is an employee of Talon, with approximately 30 years relevant experience in the petroleum industry and is a member of The American Association of Petroleum Geologists (AAPG) and a Fellow of the Petroleum Exploration Society of Australia (PESA). The Resources included in this report have been prepared using definitions and guidelines consistent with the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). The resources information included in this Report are based on, and fairly represents, information and supporting documentation reviewed by Dr Ferdinando. Dr Ferdinando is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Information required by ASX Listing Rule 5.33 in relation to the initial reporting of a Contingent Gas Resource estimate:

Talon holds an interest in the Gurvantes XXXV Coal Seam Gas Project, located in Mongolia, and owned by ASX Listed TMK Energy Ltd (ASX:TMK), through an option granted to Talon, which once exercised will require Talon to be assigned a 33% interest in a Production Sharing Agreement executed with the Mongolian Government by Telmen Resource LLC, a wholly owned subsidiary of TMK.

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| LR 5.33 | The types of permits or licences held by the +entity in respect of the reported estimates of +contingent resources. |
| <p>Telmen Resource LLC, a wholly owned subsidiary of ASX Listed TMK Energy Ltd, holds 100% of Mongolian exploration license Gurvantes XXXV, covering an area of ~8,398.6 km². The exploration license has an expiry date of 26 July 2031.</p> <p>Telmen Resource LLC is party to a Production Sharing Agreement with Mongolian Government.</p> | |
| LR 5.33.2 | The basis for confirming the existence of a significant quantity of potentially moveable hydrocarbons and the determination of a discovery. |
| <p>The data used by NSAI to calculate its estimates were obtained from TMK, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. and were accepted as accurate.</p> <p>Data from the TMK Snow Leopard core wells in the project area, coal exploration wells, and nearby coal mines were used to determine the lateral continuity and volume of coal to identify potentially attractive target areas.</p> | |
| LR 5.33.3 | <p>A brief description of:</p> <ul style="list-style-type: none"> the analytical procedures used to estimate the +contingent resources; the key contingencies that prevent the +contingent resources from being classified as +petroleum reserves; and any further appraisal drilling and evaluation work to be undertaken to assess the potential for commercial recovery, and to progress the +material oil and gas project. |
| <p><u>Methodology</u></p> <p>The Contingent Gas Resource estimates shown in Table 1 above have been estimated using a deterministic method. Once all contingencies have been successfully addressed (refer below), the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for development risk. The 1C, 2C, and 3C contingent resources have been aggregated by arithmetic summation; therefore, these totals do not include the portfolio effect that might result from statistical aggregation</p> <p><u>Contingencies</u></p> <p><u>Upper Seam</u></p> <p>For the Nariin Sukhait area Upper Coal Seam package, the resources estimated are contingent upon the collection of additional technical data, through drilling core wells and conducting pilot operations, to establish commercial producibility of project development and, subsequently, the commitment to develop the resources. The project maturity subclass for the Nariin area Upper Coal Seam package is development on hold.</p> <p><u>Lower Seam</u></p> <p>For the Nariin Sukhait area Lower Coal Seam package, the resources estimated are contingent upon the collection of additional technical data, through drilling core wells and conducting pilot operations, to demonstrate permeability and to establish commercial producibility of project development and, subsequently, the commitment to develop the resources. The project maturity subclass for the Nariin area Lower Coal Seam package is development unclarified.</p> <p>TMK has developed a plan for near-term exploration wells to determine the potential coal volume, gas content, and producibility of coals targeted for CSG production. If exploration results are favorable, pilot projects will be required to determine if permeability and producibility are adequate to justify future commercial development.</p> | |