

Talon acquires 33% interest in the Gurvantes XXXV CSG Project

- Talon exercises option to acquire a 33% interest in the Gurvantes XXXV CSG Project after satisfying its Stage 1 farm in commitment.
- ~400 BCF (33%) of the recent independently certified (NSAI) ~1.2 TCF 2C Contingent Gas Resource for the Nariin Sukhait area of the Gurvantes XXXV exploration permit, will now be attributed to Talon.
- In addition to acquiring its 33% Participating Interest, Talon holds a First Right of Refusal over TMK's retained interest in the Gurvantes XXXV Project.

Talon Energy Ltd (Talon or the Company) is pleased to announce that it has exercised its option to acquire a 33% Participating Interest in the Production Sharing Agreement over the Gurvantes XXXV Coal Seam Gas Project located in southern Mongolia (Gurvantes) after satisfying its Stage 1 Farm In commitment.

The exercise of the option by Talon comes after the recent release by Project Operator, TMK Energy Ltd (ASX:TMK), of a ~1.2 TCF Contingent Gas Resource (Gross 2C)¹. Upon the completion of the transfer of Talon's 33% Participating Interest, ~400Bcf of the 2C Contingent Resource will be attributable to Talon.

Commenting on the acquisition of the 33% interest in Gurvantes, Managing Director and CEO Colby Hauser said: "We are pleased to have now formalised our entry into a Joint Venture with TMK at Gurvantes XXXV. The initial exploration program has yielded enormous success and we are pleased for Talon and its shareholders to ratify our exposure in this exciting project. To have received independent certification of a gross ~1.2Tcf of 2C Contingent Resource (400Bcf net) from an initial exploration capital outlay of just US\$1.85m is simply extraordinary.

Gurvantes XXXV is by far the largest Contingent Resource for a Mongolian coal seam gas project operated by any ASX listed entity, and sits proximate to important gas transport pipeline infrastructure just inside the border with China, one of the most significant consumers of gas in the world. Along with our JV Partner, TMK, we look forward to continuing to advance the Gurvantes XXXV project as the joint venture continues planning activities for the initial Pilot Well Program scheduled for the early part of next year.

The success at our Mongolian project caps a landmark year for Talon in 2022, with our Walyering Project in the Perth Basin, Western Australia taking FID and moving rapidly towards production which will see Talon earning significant cashflows in the new year. Next year will see Talon both cement and build from the success in 2022 at our two flagship projects."



Talon's CEO and Managing Director, Colby Hauser (far right), with TMK representatives at a recent Gurvantes XXXV site visit

¹ Refer to ASX announcement by the Company dated 9 November 2022 titled "1.2 TCF Contingent Gas Resource (2C) Independently Certified". Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed

Upcoming Pilot Well Program

TMK has advised that preparation for the upcoming Pilot Well Program is progressing, with the completion of design work, and contract tendering nearing completion. The Pilot Well Program will include the drilling of up to three production wells proximate to the Snow Leopard 02 (SL-02) well. The success seen at SL-02 provides a high degree of confidence as to the success of the planned Pilot Well Program.

Information about the Farmin Agreement with TMK Energy Ltd

In February 2021 Talon executed a binding agreement with Telmen Resource LLC (**Telmen**) (a subsidiary of ASX Listed TMK) to acquire a 33% interest in the Production Sharing Agreement over the Gurvantes XXXV Project Area, (**Farmin Agreement**).

Under the terms of the Farmin Agreement, Talon was required to provide initial funding of US\$1.85M to earn an option to be assigned a 33% interest in the Gurvantes PSA, and on exercise of the option, commit to funding a further US\$3.15M in exploration expenditure, and enter into a Joint Venture arrangement with Telmen. The Joint Venture which is governed by a Joint Operating Agreement between the Parties, requires each JV participant to fund their Participating Interest in the Joint Venture, being 67% TMK and 33% Talon.

In addition to the 33% interest in Gurvantes earned to date, Talon also holds a 3-year Pre-emptive Right (PEP) over the sale by Telmen of all or part of its retained interest (67%) in the Gurvantes Project. The PEP provides Talon with a first right of refusal over Telmen's interest in Gurvantes and requires Telmen to not sell any of its retained interest without first offering the interest to Talon. The PEP is effective from 11 February 2022.

This Announcement has been authorised for release by the board of directors.

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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.