

Successful \$12 million Placement undertaken by Talon

- Talon has received firm commitments for a \$12 million placement of new shares.
- The oversubscribed Placement was well supported by new and existing sophisticated and institutional investors.
- Funds raised to be used to progress the Company's existing project exploration and development activities.

Talon Energy Ltd ("Talon" or the "Company") advises that it has received firm commitments for a share placement to raise A\$12 million (before costs) through the issue of approximately 85.7 million new shares, at an offer price of A\$0.14 ("Placement").

The Placement was well supported by new and existing institutional and sophisticated investors, with the Company having to scale back applications due to the strong interest from investors. The offer price represents a 9.7% discount to the last ASX closing price of A\$0.155 on 28 November 2022, a 14.5% discount to the 5-day VWAP and a 20.4% discount to the 10-day VWAP. Canaccord Genuity (Australia) Limited and Chieftain Securities WA Pty Ltd acted as Joint Lead Managers to the Placement, with Bell Potter Securities Limited appointed a Co-Manager. Settlement of the Placement is scheduled to take place on Thursday, 8 December 2022.

Talon Managing Director, Colby Hauser commented: *"The success of the Placement has provided Talon with a sound financial footing as it moves into its next phase of growth, the development of its Portfolio. With the success of Placement the Company has been able elect to take a 33% participating interest in the Gurvantes XXXV Joint Venture, where our election to commit to the Joint Venture required the Company to commit to fund the first ~US\$3.15m of expenditure of the Stage 2 Pilot Well program, and 33% of ongoing expenditure at Gurvantes, as well as pay an additional US\$809,333 to TMK, based on the recently announced 1.2 Tcf 2C Contingent Resource for Gurvantes.*

The Placement has also removed the uncertainty around funding for the coming months as the Company works towards finalising negotiations to secure a debt facility to fund the development at Walyering, which will only become available to draw on following the achievement a near term Project milestones.

The board would like to take this opportunity to thank our existing shareholders who have supported the Company to date and to welcome the new investors who took part in the Placement. We would also like to take this opportunity to thank Canaccord, Chieftain Securities and Bell Potter Securities who assisted the Company to execute the Placement."

The Placement funds raised by the Company will be used to fund Talon's obligations in relation to the farm-in of Gurvantes XXXV in Mongolia, having now elected to take a 33% interest in the Project and enter into a Joint Venture with TMK Energy Ltd's wholly owned subsidiary, and Project owner, Telmen Resource, LLC. The Company's election to proceed with Gurvantes has crystalised a farm in commitment to fund the first ~US\$3.15m (~A\$ 4.5m) of Stage 2 expenditure at Gurvantes, and 33% of ongoing expenditure after the US\$3.15m expenditure commitment has been satisfied. In addition to these expenditure commitments, on the recent certification of a Contingent Gas Resource at Gurvantes XXXV, under the Gurvantes Farm In agreement, Talon is required to pay Telmen an additional US\$809,333 (\$A1.1m).

Additionally, funds will be used for general working capital expenditure and Talon's 45% share of immediate development costs at Walyering Project as it moves towards commercial production in Q1 2023.

In conjunction with the funds received through the Placement, as previously announced, discussions on a debt facility to fund the development of Walyering, are continuing, and are well advanced. Once finalised, the Company will be fully funded for forecasted activities through to first revenues at Walyering, and Gurvantes activities to the end of the 2023.

This Announcement is authorised for release by the board.

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