

GURVANTES XXXV MAIDEN PROSPECTIVE RESOURCE

- NSAI complete Maiden Prospective Resource assessment for Gurvantes XXXV coal seam gas project
- Risked 2U (best case) of 5.96TCF from only 2,235km² of the 8,400km² permit area
- Best case resource concentration of 12.4BCF/km² for Prospect Area

Talon Energy Ltd (Talon or Company) is pleased to advise that Netherland Sewell & Associates Inc. (NSAI), has completed its Maiden Independent Prospective Resource assessment for the Gurvantes XXXV coal seam gas project in Mongolia.

NSAI are highly regarded international petroleum consultants and are the #1 choice for Securities and Exchange Commission (SEC) reserves reporting in the US. Considered one of, if not the most experienced and respected coal seam gas certifiers globally, NSAI was the obvious choice for the Telmen/Talon Joint Venture.

The following Prospective Resource table is for 100% of the Gurvantes XXXV coal seam gas project. Talon will have an option to earn a 33% participating interest in Gurvantes XXXV by paying 100% of the costs of this years agreed initial exploration work program (including the drilling of at least 4 core holes), up to an amount of US\$1,500,000.

Gross (100%) Prospective Gas Resources (TCF)

Region	Unrisked Prospective Resource (TCF)			Risked Prospective Resource (TCF)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Prospect Area	1.30	2.02	3.38	1.17	1.82	3.04
Lead Area	6.89	17.94	38.24	1.95	4.14	8.21
Total	8.19	19.96	41.62	3.12	5.96	11.25

Gas volumes are expressed in the table above are in trillion cubic feet (TCF) at standard temperature and pressure bases.

Talon's net (33%) Prospective Gas Resources (TCF)*

Region	Unrisked Prospective Resource (TCF)			Risked Prospective Resource (TCF)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Prospect Area	0.43	0.66	1.12	0.39	0.60	1.00
Lead Area	2.28	5.92	12.62	0.64	1.37	2.71
Total	2.71	6.58	13.74	1.03	1.97	3.71

Gas volumes are expressed in the table above are in trillion cubic feet (TCF) at standard temperature and pressure bases.

*Subject to completion of Farmout and transfer of 33% participating interest in Gurvantes XXXV

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Talon's Managing Director, David Casey said: *"This is a very exciting first up result, particularly when considered in the context of the relatively small area covered by these resources and the resource concentration that it represents. With a best case concentration of 12.4BCF/km² for the Prospect Area, Gurvantes would be one of, if not the most, prolific and resource intensive coal seam gas provinces in Mongolia, which in large part is due to the quality and quantity of Telmen's data set from over 1,800 drillholes. It augurs particularly well on the likely prospect of seeing a significant conversion of this Resource to the Contingent category on the back of this year's exploration program.*

By any metric this is a fantastic return on our initial and ongoing investment in Mongolia, and particularly when considering the size of the prize and the proximity of Gurvantes to major pipeline infrastructure across the border in China, which is the fastest growing market for gas anywhere in the world."

NSAI's methodology for determining the Prospective Resources within the Gurvantes XXXV PSA Project

The prospective resources shown in the table above have been estimated by NSAI using probabilistic methods and are dependent on a Coal Seam Gas (**CSG**) discovery being made. If a discovery is made and development is undertaken, the probability that the recoverable volumes will equal or exceed the un-risked estimated amounts is 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate.

Un-risked prospective resources for CSG prospects and leads are estimated ranges of recoverable gas volumes assuming their discovery and development and are based on estimated ranges of in-place volumes. The estimates for risked resources are derived directly from the estimates for un-risked resources, incorporating a geologic risk assessment; such risked resources do not incorporate a development risk assessment. Geologic risking of prospective resources addresses the probability of success for the discovery of a significant quantity of potentially recoverable petroleum; this risk analysis is conducted independent of estimations of petroleum volumes and without regard to the chance of development. For CSG prospects and leads, principal geologic risk elements include coal quantity, gas content, and coal permeability. Development risking of prospective resources for CSG prospects and leads should include consideration of whether the entire area addressed by the assessment can and will be developed; this component is generally unique to CSG accumulations because of the greater areal extent and the wide variability in thickness, rock properties, gas content, and production characteristics across that areal extent. For CSG prospects and leads, principal development risk elements are reservoir quality across the evaluated acreage, application of technology needed to commercially produce the acreage, the ability to depressure the reservoir over a reasonable period of time, project commercial conditions (financial, marketing, legal, social, and governmental factors), and a reasonable expectation of a commitment to develop the acreage. Risk assessment is a highly subjective process dependent upon the experience and judgment of the evaluators and is subject to revision with further data acquisition or interpretation. Prospects and leads were differentiated based on the density of available data. Prospects were defined as regions with greater data density, while leads were defined as regions with limited data.

Data from coal exploration wells and nearby coal mines were used to determine the lateral continuity and volume of coal to identify potentially attractive target areas. However, there still exists a wide range of uncertainties regarding gas content and permeability of the coals across these areas. Telmen Resource JSC has developed an exploration 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 favourable, pilot projects will be required to determine if permeability and producibility are adequate to justify future commercial development.

NSAI did not perform any field inspection of the prospects and leads, or investigate possible environmental liability related to the prospects and leads.

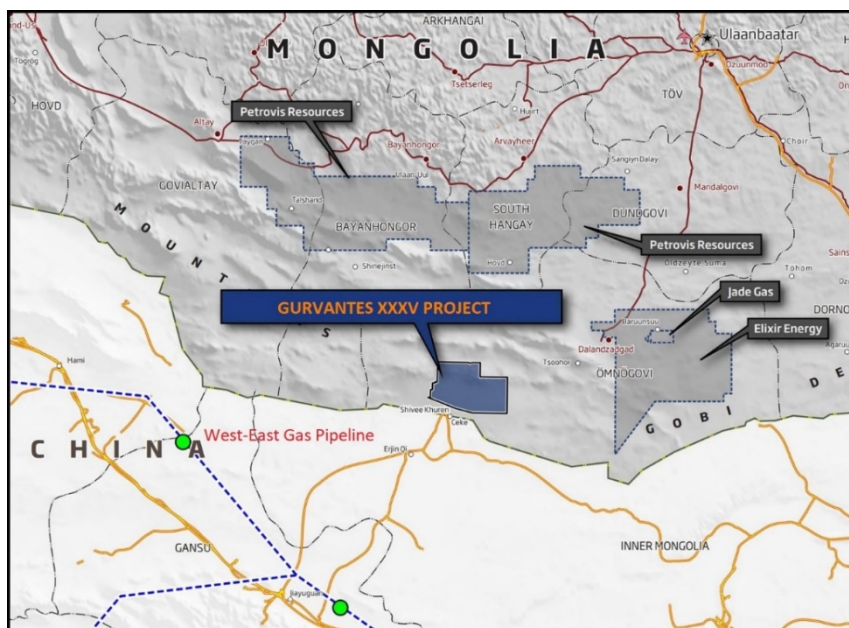
It should be understood that the prospective resources discussed and shown herein are those highly speculative resources estimated beyond reserves or contingent resources where geological and geophysical data suggest the potential for discovery of producible CSG but where the level of proof is insufficient for classification as reserves or contingent resources. The risked prospective gas resources reported in the table above are the range of volumes that could reasonably be expected to be recovered in the event of the discovery and development of these prospects and leads.

NSAI used technical data including, but not limited to, coal properties, gas content and composition data, well logs, geologic maps, seismic data, and well test data. The reported resources have been estimated using probabilistic methods; these estimates have been prepared in accordance with generally accepted petroleum engineering and evaluation principles set forth in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE (**SPE Standards**). NSAI used standard engineering and geoscience methods, or a combination of methods, including volumetric analysis and analogy, that they considered to be appropriate and necessary to classify, categorize, and estimate volumes in accordance with the 2018 PRMS definitions and guidelines. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, NSAI's conclusions necessarily represent only informed professional judgment.

The data used in NSAI's estimates were obtained from Telmen Resource JSC, public data sources, and the nonconfidential files of Netherland, Sewell & Associates, Inc. and were accepted as accurate.

Gurvantes XXXV Overview

The Gurvantes XXXV PSA covers a significant area of 8,400km² and is in, what is considered one of the most prospective coal seam gas basins globally. Gurvantes XXXV is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network. It is also proximate to several large-scale mining operations with high energy needs. Gurvantes is therefore ideally placed for future gas sales to satisfy both local Mongolian, as well as Chinese, energy requirements.



This Announcement is authorised for lodgement by the Managing Director.

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Competent Persons Statement. The information in this report that relates to Prospective 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). This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey 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.