

MONGOLIA - GURVANTES XXXV

ENVIRONMENT IMPACT ASSESSMENT APPROVED

- **Environmental Impact Assessment approved by the Mongolian Ministry of Nature, Environment and Tourism**
- **Drilling on track to commence mid-first quarter 2022**
- **Drilling to be the first step in the definition of a significant Contingent Gas Resource adjacent to the growing Chinese gas market**

Talon Energy Ltd (Talon or the Company) is pleased to advise that it has been notified by its Gurvantes XXXV JV Partner Telmen Resource LLC (Telmen) that the Environmental Impact Assessment (EIA) for the Gurvantes XXXV Project has been approved by the Mongolian Ministry of Nature, Environment and Tourism. As a result of the EIA approval, Telmen will mobilise to site within the coming weeks to complete final site preparations, with the maiden Gurvantes XXXV drilling program expected to commence in late February - early March.

The drilling program will include the completion of 4 fully tested cored holes within the western portion of the Gurvantes XXXV Project area, located in the region of Nariin Sukhait. Nariin Sukhait has a number of active open cut coal mining operations and has been extensively explored for coal over the last 15 years. The area is known to contain two very thick, high quality, coal seam groups, and preliminary coal seam gas data acquired from a series of 5 wells indicates high gas contents.

The drilling program aims to intersect the thick coal seams at suitable depths for coal seam gas development, and complete the first comprehensive testing program to further define the significant potential of the Project. The drilling is the first step in the process of upgrading the independently certified 5.96 TCF (2U risked) Gross Prospective Resource (as set out below) to Contingent Resources. This will be a major milestone in the potential establishment of a world class gas project adjacent to one of the world's most important gas markets, in China.

Gross (100%) Prospective 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. For more information on the above Prospective Resources, refer to ASX announcement dated 18 August 2021. 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.

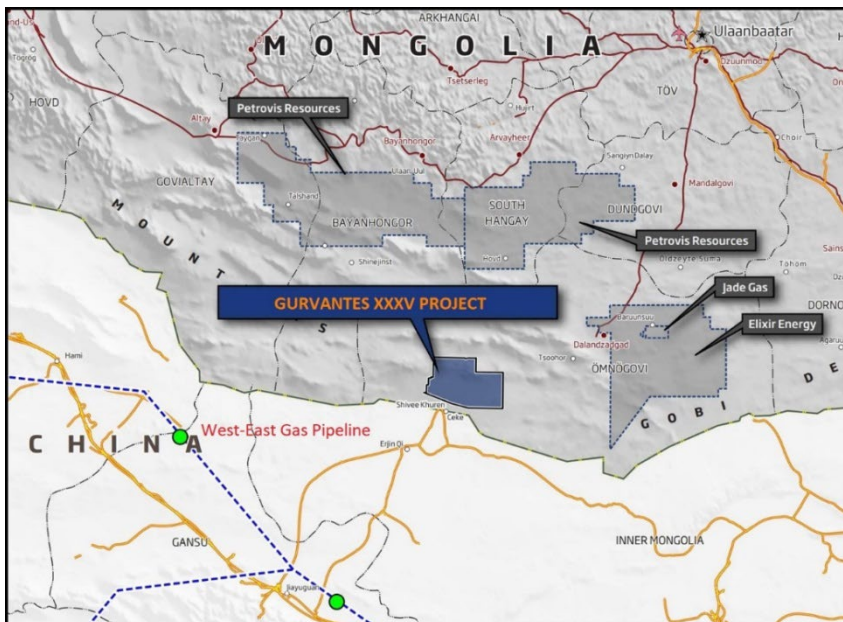
Talon's Non-Executive Director, responsible for Mongolia, David Casey said: "The EIA approval is the culmination of a comprehensive process by all involved, and we are very excited by the prospect of drilling our maiden corehole in Mongolia in the coming weeks. This is a significant milestone for both Telmen and Talon as the Joint Venture looks to book what I believe will be Mongolia's largest Contingent Gas Resource by around the middle of the year, thereby establishing Gurvantes XXXV as the pre-eminent and closest coal seam gas project to the largest growing gas market in the world, in China."



Telmen Resource LLC's Ulaanbaatar Team

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 has been authorised for lodgement by the Chairman.

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Competent Persons Statement. The information in this report that relates to Prospective Resource information for the Gervantes XXXV Project is based on information compiled by Mr John Hattner, an employee of Netherland, Sewell & Associates Inc, and 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.