

WALYERING-5 FLOW TESTING UPDATE

- Preparation of well for flow testing commenced with gas to surface
- Perforation of the lower D Sand reservoir produces preliminary reservoir pressure of 4,516 psia with flowing well head pressure of 2,184 psia through a 24/64" choke.
- Gas samples confirm low CO₂ content and zero Hydrogen Sulfide (H₂S)
- Walyering's 2nd well Walyering-6 permitted and scheduled to spud in May

Talon Energy Ltd (Talon or the Company) is pleased to provide an update on its Perth Basin Portfolio.

As announced by Strike Energy Limited (STX), Talon's JV Partner and Operator of the EP447 Joint Venture, on 25 March 2022, preliminary work has commenced on the Walyering-5 appraisal well in preparation to flow test the reservoirs intersected by the well in December 2021.

Walyering-5 intersected 4 gas charged reservoirs with a total gross thickness of 116m, total net pay of 51m, and average porosity of 15.4%.

The current work program, which will flow test the 4 reservoirs over the coming month, is aimed at determining the commerciality of the reservoirs, and is expected to result in an upgrade of the Project's existing Prospective Resource to the Contingent category and booking of the Company's Maiden Gas Reserve.

While the JV awaits delivery of the remaining equipment required to complete the full flow test program, preliminary activities on site included the installation of the well's production tree, emergency shutdown system and surface well test package. This equipment allowed for the perforation of the lower D Sands (refer table below), over a 12.6m interval. Preliminary testing of the D Sands has yielded a flowing well head pressure of 2,100 psia, with gas flowing through a 24/64" choke manifold constraining gas flows to approximately 7 mmscf/d. Gas samples taken during testing confirmed that the D Sands reservoir contains low CO₂ and no H₂S, supporting results from the samples taken during the December drilling campaign. Further sample testing, including gas composition analysis will be undertaken over the coming weeks.



Figure 1 - flaring gas at surface on during D Sand testing

A summary of the reservoir horizons and pressure testing to date is shown below:

Reservoir	Interval top TVDss (-m)	Gross Thickness (m)	Peak Porosity (%)	Average Porosity (%)	Net Pay (m)	Reservoir Pressure (psia)
A Sand	2,969	15	21.5	17.3	14	4,386
B Sand	3,045	69	18.0	14.5	10	Untested
C Sand ¹	3,154	11	20.5	16.4	9	Untested
D Sand ²	3,212	22	16.6	13.9	18	4,516
Total		116	21.5	15.4	51	

1. Previously referred to as C1 Sand

2. Previously referred to as C2 Sand

Walyering-6

Permitting for the drilling of the Project's second well, Walyering-6, is complete, with the civil works related to the construction of the drill pad and required access road underway. Ensign 970, the rig which drilled the Walyering-5 well has been scheduled to return to the permit for the drilling of Walyering-6, with the well expected to spud in May 2022.

Walyering is located proximate to existing sales pipelines which transmit gas between the Perth Basin and end users, with gas sampling to date indicating that gas from the Walyering reservoirs is within pipeline specifications and therefore requiring minimal processing before entering the pipeline. The current testing program will be used to confirm preliminary results sourced during drilling.

The Walyering Joint Venture is seeking to commercialise the Walyering gas field with preliminary studies into the development of production facilities underway.



Figure 2 - Walyering: Proposed location of W-6 and pipeline tie in

Talon Energy's Perth Basin Interests

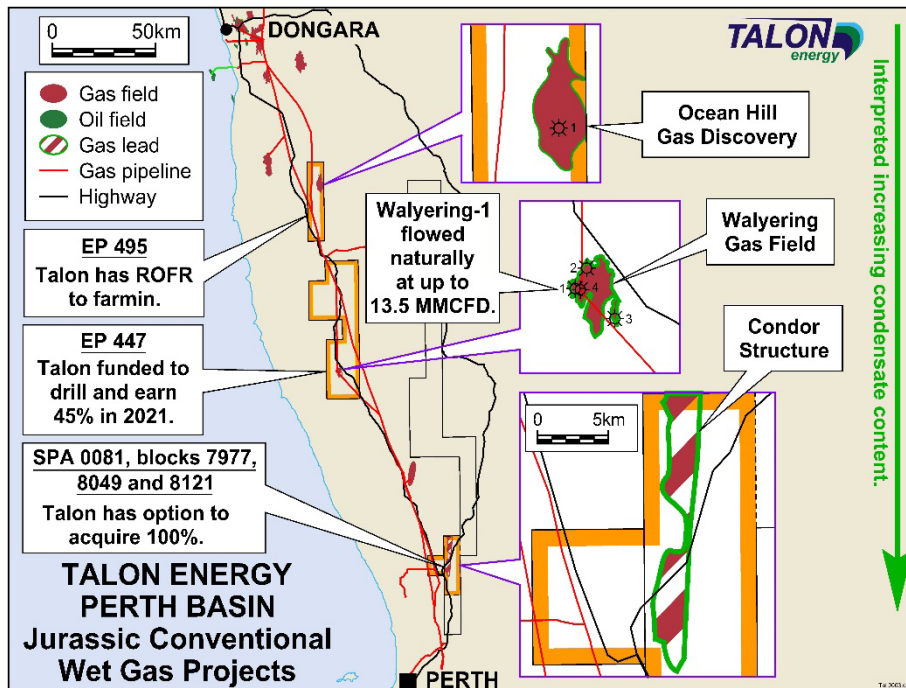


Figure 3 - Talon Energy's Perth Basin Interests

Implications for Talon's Perth Basin portfolio

The success of flow testing of Walyering-5 has broader implications for Talon in the Perth Basin where it holds a First Right of Refusal over the Ocean Hill Project on EP495, held by Strike Energy Limited, Talon's JV Partner at the Walyering Gas Project on EP447, and an option to acquire tenure over the Condor Structure located on EP494, currently held by Macallum Group Limited.

As part of the Farm-in Agreement for Walyering (EP447), Talon has a First Right of Refusal over the Ocean Hill Project located within EP495. Ocean Hill is a similar Jurassic wet gas play located approximately 250km from Perth in the Onshore Perth Basin, in proximity to existing gas transmission pipelines, and with a compressor station within 6.5kms of Ocean Hill.

In addition to the above agreement with Strike Energy Limited, Talon has the option to acquire tenure over the Condor structure within EP494. The Condor Structure has been mapped by Talon as one of the Perth Basin's largest, untested wet gas structures within conventional Jurassic age reservoirs. Of significance for Condor, the reservoirs could be up to 1,500m shallower than at Walyering, with the beneficial effects being both improved reservoir quality and reduced drilling and completion costs. Condor's proposed streamlined drilling program expected low CO₂ levels and proximity to key transport and pipeline infrastructure mean that it is ideally placed for commercial development in the event of exploration success.

Colby Hauser, Talon's Managing Director and CEO commented *"It is an extremely exciting time for Talon's investors with the commencement of the flow testing program at Walyering-5 and confirmation that preparation for the drilling of the Walyering-6 well in May is underway. Should the ongoing flow testing continue to meet expectations, we expect that Talon will be able to book its Maiden Gas Reserve, a milestone event for Talon and its shareholders. We would like to thank Strike, the Operator of the Walyering Joint Venture, for the exceptional work undertaken in the development to date, and we look forward to the ongoing success of the Project."*

This Announcement is authorised for lodgement by the board.

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Competent Persons Statement (Perth Basin): The information in this report that relates to Prospective Resources as set out in this document related to the Perth Basin Projects (Walyering and Condor) is based on information compiled by Mr John Lamberto and Mr John Begg who are geoscientists each with over 30 years of industry experience and both consultants to the Company. 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 (SPE)/World Petroleum Council (WPC)/ American Association of Petroleum Geologists (AAPG)/ Society of Petroleum Evaluation Engineers (SPEE) 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.

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.