

# TALON ENERGY LIMITED

Poised for near-term exponential growth

Colby Hauser– Managing Director & CEO

Investor Presentation

April 2022

ASX: TPD

[www.talonenergy.com.au](http://www.talonenergy.com.au)



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# Corporate Overview



Near term cash flow with growth catalysts will lead to re-rating

Talon has an experienced Board and energetic Management that can deliver significant growth

## Capital Structure

Ordinary shares on issue (ASX:TPD)	7,023,789,525
Cash Balance	~\$6.7m (31 Dec 21)
Unlisted Options (exercisable at \$0.006 expiring 28/02/2024)	279,000,000
Unquoted Performance Rights	231,750,000
Market Capitalisation @ \$0.01c (undiluted)	\$70.2 million

TPD Chart



## Board & Management

Doug Jendry	Non-Executive Chairman
Colby Hauser	Managing Director & CEO
Matt Worner	Executive Director
David Casey	Non-Executive Director

- Raised ~ \$10M in 2021 to fund drilling programs in the Perth Basin (Nov '21) and Mongolia (Mar '22)
- Supportive long term share register
- Gas discovery in December 2021
- New CEO appointed March 2022
  - Significant Perth Basin experience
- Revised and re-focused strategy

**Imminent production with high value exploration targets**

# Executing on a diversified portfolio

Foundations are built, near term growth imminent



Basin / Play	Permit	Share	Summary
Perth Basin (Australia) / Jurassic Wet Gas	Walyering	45% TPD 55% Strike Energy	<ul style="list-style-type: none"> <li>Gas Discovery announced Dec '21, full flow test imminent</li> <li>2U 39 Bcf Prospective Resource (net) (subject to pending upgrade)</li> </ul>
	Ocean Hill	To be determined 100% Strike Energy	<ul style="list-style-type: none"> <li>ROFR</li> <li>DeGolyer MacNaughton Contingent Resource booked at 2C 360 Bcf</li> </ul>
	Condor	100%	<ul style="list-style-type: none"> <li>South Perth Basin</li> <li>2U 408 Bcf Prospective Resource</li> </ul>
South Gobi (Mongolia) / CSG	Gurvantes XXXV CSG	Up to 33% 67% TMK Energy	<ul style="list-style-type: none"> <li>First of four core hole campaign has commenced</li> <li>2U 6 Tcf Prospective Resource (Risky) at 33% potential, adjacent to Chinese market</li> </ul>



Company strategy is built around onshore Jurassic wet gas and multi-Tcf CSG exposure in Mongolia

# Near term cash flow

Walyering

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# Walyering – EP447

## Confirmed geological discovery, gas to surface

- Farmed into 45% of Walyering with Strike Energy (STX) – **Discovery December 2021**
- D Sand flow tested 25 March, gas to surface
  - preliminary reservoir pressure of 4,516 psia
  - Choke constrained to approximately 7 mmscf/d
- Reservoir Horizons currently being tested:

Reservoir	Gross Thickness (m)	Average Porosity (%)	Net Pay (m)	Reservoir Pressure (psia)
A Sand	15	17.3	14	4,386
B Sand	69	14.5	10	Untested
C Sand	11	16.4	9	Untested
D Sand	22	13.9	18	4,516
<b>Total</b>	<b>116</b>	<b>15.4</b>	<b>51</b>	

- High reservoir pressure ~ 4400psi
- PGP pipeline pressure ~725psi
- CO2 content in gas less than 1%



Walyering-5 D Sand flow test

**Total net pay of 51m with average porosity of 15.4%**

# Walyering Project

Low CAPEX, quick to market

## Gas Field Development

- Gas production **12-18 months** from now
- Low CAPEX development could produce up to 25 TJ/d
  - early production test support this
- First new gas discovery to domestic market in the Perth Basin
- Tie back to Parmelia Gas Pipeline (PGP) or DBNGP

## Gas Markets

- Domestic Gas Supply is tightening, JV can expect gas sales from domestic industrial users between \$5 – 7 / GJ
- Potential opportunity for **LNG export** through JV marketing with Strike Energy (STX)
  - Potentially **\$60GJ** (LNG) vs \$6 GJ (Dom Gas)
  - This would substantially lift project economics



Proximity to APA PGP pipeline



Proximity to industrial customers

**Cash flows potentially starting mid year 2023**

# Near term growth catalysts

Perth Basin Exploration

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# Perth Basin – Ocean Hill – EP495

## Next Jurassic Gas Producer?

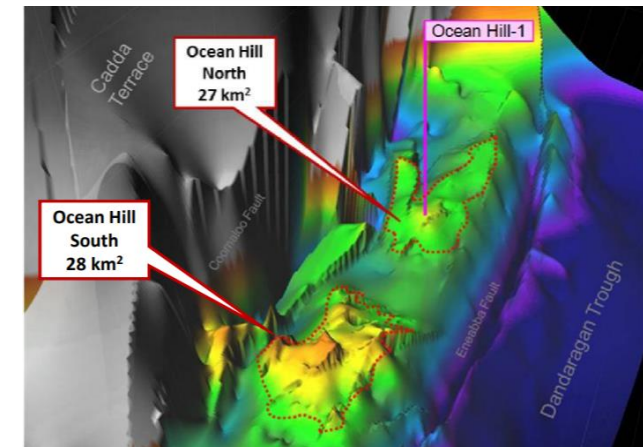
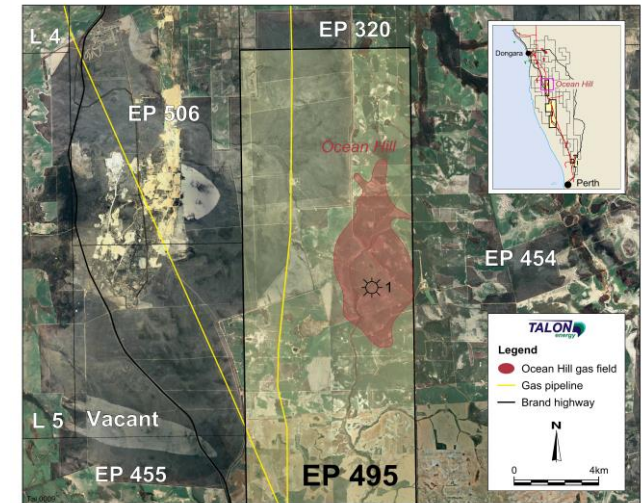


- Currently negotiating farm-in terms (with STX) via ROFR on permit
- Field analogous to Walyering (recent W-5 discovery and flow test)
- Adjacent to DBNGP, less than 4km
- Independent 2C Contingent Resource (Gross):

### 2C Resource (Degolyer & McNaughton)

- 360 Bcf Gas
- 1.2 mmbbls Condensate

- Similar amplitude responses are seen on 2D suggest better reservoir away from the crest
- Forward Plan:
  - 3D seismic (272km<sup>2</sup>) planned for 1H/CY 2023, appraisal well planned for 2H/CY 2024



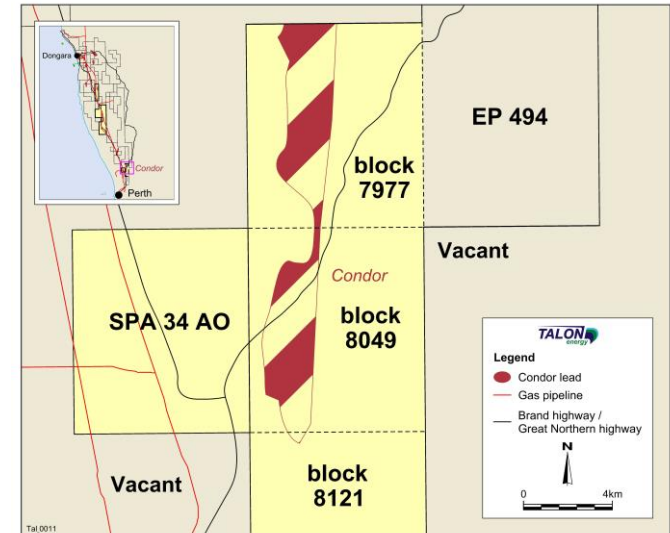
3D structure at ~ Top Cadda

Adjacent to pipeline, with a partner that has technical and commercial “runs on the board” in the Perth Basin

# Perth Basin – Condor – EP494

## Another Walyering field analogue...

- Talon has a binding agreement to acquire 100% of the Condor Structure located on EP494
- adjacent to pipeline infrastructure (<4 km) with potentially low drilling and processing costs
  - The conventional sandstone reservoir targets are much shallower at Condor than offset fields (up to 1,500m less)
- Higher expected condensate ratios than Walyering
- 2D seismic campaign in 2024, exploration well 2026

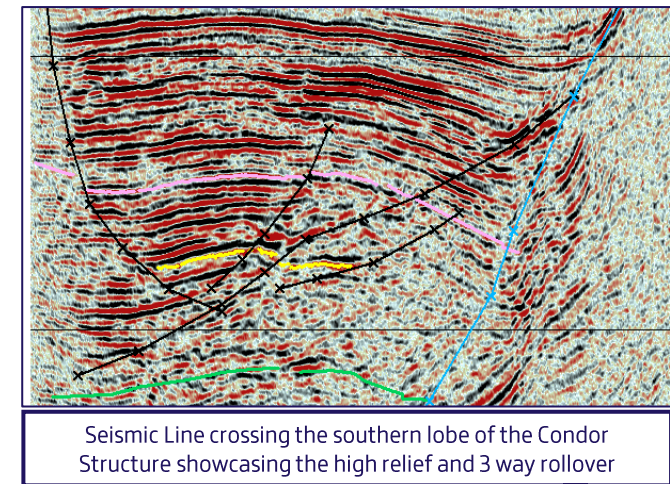


### Unrisked Prospective Gas Resource (Bcf)\*

Low (P90)	Best (P50)	High (P10)
202	408	710

### Unrisked Prospective Condensate Resource (MMbbls)\*

Low (P90)	Best (P50)	High (P10)
9.5	20.2	39



**100% TPD - resource potential of up to (P50) 408 Bcf of gas & 20 MMbbls of condensate (light oil)**

# Near term growth catalysts

Mongolia

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# Mongolia – Coal Seam Gas

Drilling Program has commenced at Gurvantes XXXV (farm-in up to 33%)



- Independently certified (NSAI) Prospective Resource of **5.96Tcf** (gross)
- High impact 4 core hole drill program commenced in **March 2022**
  - Strong preliminary gas content and saturation is shown
- The drilling program is the first step in the certification of a significant Contingent Resource
- Early commercialisation pathways for gas power generation in Mongolia and large-scale export opportunities to Chinese market.
  - Gurvantes XXXV is **20km** from Chinese border and is the closest project to China's West-East Gas Pipeline network

## Gross Risked Prospective Gas Resource (Tcf)

1U (Low)	2U (Best)	3U (High)
3.12	<b>5.96</b>	11.25

## Net Talon Risked Prospective Gas Resource (Tcf)

1U (Low)	2U (Best)	3U (High)
1.03	<b>1.97</b>	3.71

**Gurvantes gas has significant locational and cost advantages over current natural gas suppliers to China**

## In summary...

Talon has built a strong foundation that positions the business for exponential growth



### Strong Strategy

- flagship development project and tier-1 exploration targets with multi TCF potential
- all exploration targets are adjacent to gas pipeline infrastructure



### Near Term Cash Flow

- Walyering will deliver significant cashflows inside of 18 months



### Cash Flow Funded Focused Exploration Strategy

- Jurassic Wet Gas exploration targets (Ocean Hill / Condor) in the Perth Basin
- CSG focus in Mongolia – highly capital efficient



### Scale

- Best case Prospective Resource estimates of up to 1.97BCF (net) for Gurvantes project in Mongolia

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**We are delivering on our strategy**

## Perth Basin

Competent Persons Statement: Information in this report that relates to Prospective Resource information in relation to the Walyering Prospect and Contingent Resource information in relation to Ocean Hill is based on Prospective Resource and Contingent Resource information compiled by Strike Energy Limited, the operator both EP447 and EP495. Information in this report that relates to Prospective Resource that relates to the Condor Structure is based on information compiled by Mr. John Begg and Mr. John Lamberto, 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.

## Prospective Resources – Walyering Conventional Gas Project

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 Talon's ASX announcement dated 24 July 2020. 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.

## Prospective Resources – Condor Structure

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 Talon's ASX announcement dated 17 March 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.

## Gurvantes XXXV CSG Project Mongolia

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.

## Prospective Resources – Gurvantes XXXV CSG Project

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 Talon's 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.

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