

Walying Gasfield Independent Reserves Certification

- Talon books Maiden Hydrocarbon Reserve 7 months after its maiden well at the Walying Gasfield
- Gross 2P Reserve (proved plus probable) of 54.2 PJ of gas (Talon's 45% Interest: 24.4 PJ)
- Upside potential with additional Contingent and Prospective Resources.
- Independent Resource Certification of Walying Reserves by RISC Advisory underpins progression to a Final Investment Decision (FID) on the development of the Walying Gasfield

Talon Energy Ltd (Talon or the Company) is pleased to announce the details of the independent certification of Talon's Maiden Gas/Condensate Reserves for the Walying Gasfield located on Exploration Permit EP447, in the onshore Perth Basin, Western Australia.

The Walying Project is a Joint Venture between Talon (45%) and Strike Energy Ltd (55% and Operator).

Talon Energy Ltd Managing Director & CEO, Colby Hauser, said: "The independent Reserves certification by RISC is one of the final steps in the process to allow the Walying Joint Venture to make a Final Investment Decision in respect to the development of the Walying, and moving the Project into commercial production. Talon is looking forward to becoming the latest gas producer in the Perth Basin, providing a local and reliable source of energy to the domestic market."

The Walying Reserves and Resources Report issued by RISC Advisory (RISC) includes a **Gross 2P Reserves of 54.2 PJ (Talon's 45% interest: 24.4 PJ)**, and a potential **3P upside of 82.4 PJ (Talon's 45%: 37.1 PJ)**, which will support Talon's ability to make a fully informed Final Investment Decision (FID) on the Walying Gasfield. An additional **31.9 PJ of Gross 2C Contingent Resource (Talon's 45%: 14.4 PJ)** and **15.9 PJ of gross 2U Prospective Resource (Talon's 45%: 7.2 PJ)** were also assigned to Walying Gasfield, providing the JV with quantifiable upside potential for future development of this asset.

A summary of the RISC's Reserve and Resource estimations for the Walying Project can be found in the tables below.

Table 1: Walying (EP 447) Reserves and Resource Estimates:

Reserves	Gross Reserves (100%)			Talon Net Reserves (45% Share)		
	1P	2P	3P	1P	2P	3P
Sales Gas (Bcf)	28.8	48.3	73.4	13.0	21.7	33.0
Sales Gas (PJ)	32.4	54.2	82.4	14.6	24.4	37.1
Cond. (MMstb)	0.33	0.55	0.85	0.15	0.25	0.38

Table 2: Walying (EP 447) Unrisked Contingent Resource:

Resource	Gross Contingent Resources (100%)			Talon Net Contingent Resources (45% Share)		
	1C	2C	3C	1C	2C	3C
Sales Gas (Bcf)	16.0	28.5	45.4	7.2	12.8	20.4
Sales Gas (PJ)	17.9	31.9	50.9	8.1	14.4	22.9
Cond. (MMstb)	0.18	0.31	0.50	0.08	0.14	0.22

Table 3: Walying (EP 447) Unrisked Prospective Resource:

Resource	Gross Prospective Resources (100%)			Talon Net Prospective Resources (45% Share)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Sales Gas (Bcf)	5.2	14.2	27.5	2.3	6.4	12.4
Sales Gas (PJ)	5.8	15.9	30.8	2.6	7.2	13.9
Cond. (MMstb)	0.06	0.16	0.30	0.03	0.07	0.14

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.

Notes to tables above:

1. Talon's Net reserves & resources stated at its working interest of 45%
2. Sales Gas reserves & resources include low levels of inerts and have been adjusted for 2.1%(Reserves)/1%(Resources) condensate shrinkage
3. Probabilistic evaluation methods have been used
4. Sales Gas conversion (HHV) is 1.12PJ/Bcf
5. On Contingent and Prospective Resources RISC estimate a raw gas recovery factor of 65 to 85% with a mid-case of 75%
6. On Contingent and Prospective Resources RISC estimate between 40 to 80% chance of success across the four reservoir intervals
7. On Contingent and Prospective Resources RISC estimate a 60% chance of development, subject to productivity and economics
8. Refer to the "Addition ASX List Rule Disclosures" section below

The Walyering Project's Reserves and Resources have been independently evaluated and certified by RISC in accordance with the definitions of Reserves, Contingent Resources and Prospective Resources and guidelines set out in the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS, 2018). The Walyering Reserves and Resources Report are reported as at 1 July 2022.

This Announcement is authorised for lodgement by the Chairman.

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Basis of Preparation Summary

The Walyering Gasfield is an elongate N-S trending closed anticlinal structure with fault seal in parts, approximately 5.5 km long by 3.5 km wide with a structural relief in the order of 250 m in the eastern block containing Walyering-5. The main conventional reservoirs are the Jurassic aged Cattamarra Coal Measures and Cadda Formation. At the Cattamarra Coal Measures level the field is divided into western, central and eastern areas, which are in pressure isolation from each other. The Cadda Formation reservoir is only gas-charged in the central area, where Walyering-6 is located.

The Reserves and Resources information in this Announcement are derived from the "Walyering Reserves and Resources Report EP447 Perth Basin" produced for Talon Energy by RISC on 20 July 2022 (Reserves and Resources are as at 1 July 2022). The Reserves and Resources assessment was prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2018 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality as Reserves, Contingent Resources, or Prospective Resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk.

The Reserves, Contingent Resources and Prospective Resources reported have been derived using probabilistic methods. Production forecasts are based on well test analysis. Recoverable volumes per well are based on applying recovery factors to estimates of OGIP. Estimates of OGIP are based on geological mapping of gross volumes in-place or areas, and applying probabilistic analysis to other geological, petrophysical and engineering parameters. Ranges of expected net-to-gross or net thickness, porosity, water saturation and formation volume factor were defined based on well log, test and sample data. Estimates of recovery factors are based on performance data, planned abandonment conditions and analogy to fields and reservoirs with similar characteristics.

Competent Persons Statement. The information in this report that relates to Reserve, Contingent Resource and Prospective Resource information for the Walyering Gasfield is based on information compiled by Mr Peter Stephenson, an employee of RISC, and a Qualified Petroleum Reserves and Resources Evaluator (QPRRE) as defined by ASX listing rules. This information was subsequently reviewed by Dr Darren Ferdinando PhD, BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Dr Ferdinando is Talon's Exploration Manager, with approximately 30 years relevant experience in the petroleum industry and is a member of The American Association of Petroleum Geologists (AAPG) and a Fellow of the Petroleum Exploration Society of Australia (PESA). The Resources included in this Report have been prepared using definitions and guidelines consistent with the 2018 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 Dr Ferdinando. Dr Ferdinando 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.

Additional Listing Rule Disclosures

In respect to the Reserve estimates:

- LR 5.26.1 - Talon has a high degree of confidence in the commerciality of the Project and evidence of the economic producibility of the reservoir.
- LR 5.26.4 (Lease Fuel) - The Reserve estimate does not include fuel and flare gas consumption. Talon has relied on the Project Operator, Strike Energy Ltd's, estimates that negligible energy consumption will be required by the upstream facilities. Under proposed development plans, the deployment of solar panels and a battery storage system will be the primary form of electricity generation for the facility. Shrinkage of condensate is estimated at 2.1% by RISC with a high energy content of the gas at 1.12 PJ per BCF measured at a standard temperature and pressure after condensate drop-out;
- LR 5.26.5 (Reference Point) - The reference point at which these Reserves have been estimated is the inlet to the Parmelia Gas Pipeline;
- LR 5.26.7 and 5.26.8 (Aggregation) - The Reserves have been aggregated by arithmetic summation by category, that is 1P, 2P and 3P. As recommended by the PRMS, the 1P, 2P and 3P Reserves have been aggregated beyond the project level by arithmetic summation, hence the aggregate 1P may be a very conservative estimate and the aggregate, 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation;
- LR 5.31.1 (Material economic assumptions) - All economic assumptions that form the basis of the commerciality test were provided as actual or planned expenditures and revenues by Strike (Operator of the EP447 Joint Venture between Strike and Talon) to RISC. Any assumptions on capital or operating costs were based on authorisations for expenditure or actual costs, or near final agreed pricing. These assumptions are commercially sensitive. Economic consideration has been applied for all State based royalties and Federal taxes when assessing the resulting net project cashflows.
- LR 5.31.2 (non-operator interest) – Talon has a 45% non-operator participating interest in the EP447 Joint Venture over the Walyering gas field located on EP447, and a 45% ownership interest in Exploration Permit EP447. The operator of the EP447 Joint Venture is Strike South West Pty Ltd, a subsidiary of Strike Energy Limited.
- LR 5.31.3 (Permits) – Talon (AUST) Pty Ltd, a wholly owned subsidiary of Talon, holds a 45% interest in Exploration Permit EP447 in respect of the reported Reserves in joint venture with Strike South West Pty Ltd.
- LR 5.31.4 (Description of analysis of Reserves) – The Reserves were deemed commercial as screened against the economic assumptions for the Walyering conventional gas project to generate net project cashflows with conservative assumptions around capital, abandonment, and ongoing operating costs. These assumptions are commercially sensitive. The cash flows were generated from the known sales quantities of gas to Proposed offtakers of the Project at estimated screening level pricing based on the JV Operator's WA gas marketing processes for the field.
- LR 5.31.5 (Estimated quantities to be recovered) – All Reserves listed under the RISC Report are deemed as undeveloped and the resulting recoverable quantities of gas reflect the ultimate recoveries of the existing well inventory inclusive of compression at the point in time of pressure depletion of the field.
- LR 5.31.6:
 - o Status of the Project –The Walyering Gasfield is in the pre-development phase and remains contingent on the taking of a final investment decision by the EP447 Joint Venture. Talon will undertake a final review of the Project data before making a Final Investment Decision, however Talon is confident that there is now sufficient technical data available and sufficient Reserves certified to proceed to take the development decision given the 'not assess' outcome of the Walyering gas field by the WA Environmental Protection Authority under section 39 of the Environmental Protection Act 1986, and proximity to gas transmission infrastructure.
 - o Development timeline - Construction of the upstream facilities is expected to commence in 2H 2022 following a final investment decision on field development, and receipt of necessary permits and approvals, with first gas expected by end CY22 or shortly thereafter.

- o Marketing arrangements that justify development – Strike has completed several rounds of gas marketing and has received positive responses with plans to finalise gas contracting processes in Q3/4 CY22.
- o Access to transportation infrastructure - The 33 MMscfd and 1,400 bbl condensate storage and offloading upstream facility will directly tie into the Parmelia Gas Pipeline, with road transport infrastructure also in proximity to the facility.
- o Environmental approvals required - The Walyering gas field has completed its Part IV assessment with the West Australian EPA which considers that the likely environment effects of the proposed development are not so significant as to warrant formal assessment under the WA EPA Act 1986. Secondary environmental approvals will apply to the development of the field as part of additional licensing requirements to bring the field into production.

In respect to the Contingent Resource estimates:

- LR 5.27.3 and 5.27.4 (Aggregation) - The Contingent Resources have been aggregated by arithmetic summation by category, that is 1C, 2C and 3C. As recommended by the PRMS, the 1C, 2C and 3C Contingent Resources have been aggregated beyond the project level by arithmetic summation, hence the aggregate 1C may be a very conservative estimate and the aggregate 3C may be a very optimistic estimate due to the portfolio effects of arithmetic summation.
- LR 5.33.2 (Basis for confirmation of hydrocarbons and discovery) - The existence of potentially moveable hydrocarbons and the determination of a discovery in the Cattamarra Coal Measures was via petrophysical analysis and, in the case of the Cattamarra Coal Measures, flowing of gas to surface from Walyering-5, and in the case of the Cadda Formation, flowing of gas to surface from Walyering-6.
- LR 5.33.3 (Analytical procedures and key contingencies) - The estimates have been determined using probabilistic methods based on the data generated from the historical Walyering exploration and appraisal program, this includes interpretation of porosity, hydrocarbon saturation and net reservoir thickness from the logging program, the analysis of potential hydrocarbon columns from the pressure data and the fluid properties derived from the gas samples and applied to the structure map with recovery factors calculated using analogues and industry standards. The key contingencies that prevent the Contingent Resources from being classified as Reserves are (1) demonstration of producing rates and volumes sufficient to sustain economic viability; and (2) commitment to develop (drill) the Resources.

In respect to the Prospective Resource estimates:

- LR 5.35.2 (Basis of estimation and further exploration activities) - The Prospective Resource estimates have been determined using a combination of deterministic and probabilistic and methods based on the data generated from the Walyering exploration and appraisal program, this includes interpretation of porosity, hydrocarbon saturation and net reservoir thickness from the logging program, the analysis of potential hydrocarbon columns from the pressure data and the fluid properties derived from the gas samples and applied to the structure map with recovery factors calculated using analogues and industry standards. Activities that may be required to generate conversion of the prospective Resource to a degree of higher classification include, the drilling of a down dip well to test the lower horizons, reprocessing 3D seismic, production data and a pressure sample from all or individually the Cattamarra Coal Measures and Cadda Formation.
- LR 5.35.3 (Chance of discovery and development) – RISC Advisory have listed the Prospective Resources as unrisks. Talon estimates that these Prospective Resources have a high degree of confidence in being discovered or confirmed with each individual Prospective Resource from each horizon having a different degree of probability based on reservoir makeup, gas water contacts, reservoir productivity and gas consumption. The probability of success for each horizon has not been quantified at this time.