

Final Investment Decision - Walyering Gas Project

- **EP447 Joint Venture Partners agree to develop the Walyering Gas Project in the Perth Basin, with first gas sales targeted in Q1 2023.**
- **Gas marketing well advanced, with gas offtake contracts expected to be finalised in Q4 2022**
- **Full field development costs including well completion for the 33 TJ/d and 1,400 bbl storage facility are estimated to be \$14.4M (Talon 45%: \$6.5M).**
- **Walyering success adds material upside to Talon's 100% owned interest in the Jurassic wet-gas Condor Prospect in the Perth Basin.**

Talon Energy Ltd (Talon or the Company) wishes to advise that the EP447 Joint Venture partners, Talon (45%) and Strike Energy Ltd (55% and Operator), have agreed to proceed with the commercial development of the Walyering Conventional Gas Project located onshore in the Perth Basin, Western Australia.

The Final Investment Decision (**FID**) was made following the completion of the recent independent certification of a 54.2 PJ 2P Gas Reserve for the Walyering gas field, by RISC Advisory¹ and the review by the Joint Venture of the Project's economic feasibility.

The Joint Venture has been working towards FID since the initial gas discovery by the Walyering-5 appraisal well that was drilled in December 2021, and a secondary gas discovery that occurred with the Walyering-6 appraisal well in May 2022. Both wells were successfully flow tested, the results of which have been used to inform the design of the gas processing and condensate storage facility which will be located upstream at the Project's well site (within 1km of the Parmelia Gas Pipeline).

Talon's Chief Executive Officer & Managing Director Colby Hauser said:

"With this investment decision, Talon makes a rare transition from explorer to producer. The project showcases a quick, low-cost development which will see Talon generating significant cashflows from early 2023 in an environment where access to capital is increasingly difficult. Walyering proves the commerciality of Jurassic wet gas in the Perth Basin and has highlighted the significance of our Condor prospect which we hope can deliver another successful exploration outcome in the coming years".

Development Execution

In April 2022, Momentum Engineering was awarded the Front-End Engineering and Design (**FEED**) for the Walyering upstream processing facilities, and related infrastructure, with the upstream design limit being the entry into the Parmelia Gas Pipeline. FEED has been completed and detailed design is nearing completion.

The development will consist of the completion of the Walyering 5 and 6 wells, with production processed on-site through a facility designed to process 33 TJ/d of gas and separate between 150 – 300 bbls/d of condensate which will be diverted to onsite storage (1,400 bbls), making it available for delivery to point of sale via truck transport from the Brand Highway. Gas production will initially be tied into the nearby Parmelia Gas Pipeline, with an ongoing review into the feasibility of connecting into the DBNGP (Dampier to Bunbury Natural Gas Pipeline) at a later date.

The JV Operator, Strike Energy, has forecast development capital expenditure (**CapEx**) for Walyering at approximately \$14.4M (Talon 45% share: \$6.5M), excluding Operator's costs. CapEx includes completion costs for Walyering wells 5 & 6, the construction and commissioning of the onsite processing facility, and related infrastructure. Field operating costs (**OpEx**) are estimated to be as low as \$0.22 GJ with field operations to be controlled and monitored remotely via the JV Operator's new operations centre in West Perth.

Power to the Walyering upstream facility will be provided by a solar array of 108 panels and accompanying battery storage. The integration of this cost-effective renewable energy solution is designed to minimise the Scope 1 emissions profile of the development, eliminate consumption of sales gas/condensate and also demonstrate the Joint Venture's sustainability commitments.

¹ Refer ASX announcement dated 21 July 2022 entitled "Walyering Gasfield Independent Reserves Certification". Talon's equity interest is 45%. Talon Energy confirms it is not aware of any new information or data that materially affects the information included in that announcement and that all assumptions and parameters underpinning the estimate continues to apply



Image 1. Walyering-6 Drill Site, relative to Parmelia Gas Pipeline

To meet current milestones for commissioning gas, (advised by Strike to be end of CY22) Strike has been undertaking a strategy for the early procurement of long lead items, local fabrication and off-site testing of components of the process facility where possible.

Development of the Walyering Project is still subject to a number of regulatory approvals, which the JV Operator expects to be granted by late 2022.

Development Commercialisation

The Joint Venture's gas marketing for Walyering is well advanced and nearing completion. Strong responses have been observed, with Tier 1 counterparties pricing long term take or pay contracts between \$6-7 GJ. It is expected that contracts will be executed in Q4 2022. The field's condensate has been laboratory tested, demonstrating a profile between jet fuel (kerosene) and gasoline. The condensate is considered to be a premium product which can attract a premium relative to crude oil.

Development Finance

Talon has engaged BurnVoor Corporate Finance to assist in determining the most effective capital structure for the Company leading into development, and assist with securing the debt funding required to enable the Company to continue development activities across Walyering and our other exploration interests across our portfolio. Talon has commenced discussions with a number of potential debt financiers, with these discussions ongoing and progressing on schedule to align with development expenditure commitments.

Perth Basin Portfolio Upside - Condor Prospect

With the exploration and development success at the Walyering Gas Project, which culminated in the certification of a Gross 2P 54.2 PJ Gas Reserve (Talon 45%: 24.4 PJ), Talon is excited by the increased Resource potential and chance of commerciality of the Condor Prospect. Both Walyering and the Condor Prospect target Jurassic wet-gas accumulations and Talon has mapped Condor as the largest, untested wet gas structure in the Perth Basin.

Condor has a significant P50 unrisks Prospective Resource of 408Bcf of gas and 20MMbbl of condensate, which can be summarised below.

Condor Gross (100%) Prospective Resources (Bcf)

Condor Structure Un-risked Prospective Resource Talon Interest (option to acquire 100%)						
	Low (P90)		Best (P50)		High(P10)	
	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)
EP494	9.5	202	20.2	408	39	710

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 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.

Based on results from nearby commercial fields, our charge modelling shows that the Condor hydrocarbon structure, in a success case, could be a low impurity gas-condensate system, with the potential for a higher condensate-gas ratio and significantly shallower reservoirs identified relative to Walyering, it is expected that Condor could have improved reservoir quality and reduced drilling and completion costs.

The Condor Prospect is situated in proximity to both the Parmelia and Dampier to Bunbury natural gas pipelines, providing the opportunity for a similarly fast-tracked development in a success case. Talon is further refining of the interpretation of the Condor structure, with well advanced plans for a geochemical survey over the Condor area eventually leading to seismic and an exploration well.

Under the terms of Condor acquisition agreement, Talon has exercised its right to acquire a 100% interest in the tenure in which the Condor structure lies, including blocks 7977, 8049 and 8121 located within EP494, and SPA 34 AO, over block 8084, from Macallum Group (MGL), with the final transfer of title being the subject to a number of Conditions Precent. Talon is currently working alongside Macallum Group and the Department of Mines, Industry Regulation and Safety (DMIRS) to finalise the remaining conditions of the acquisition.

Perth Basin Exploration Strategy

With cash flows soon to be generated from Walyering production, it is Talon's intention to leverage our exploration success and deliver further production and revenues from prospects in our portfolio and beyond. The Company is undertaking a strategic review of the Perth Basin, identifying areas where exploration prospectivity correspond with access to tenure and a commercialisation pathway. This will guide Talon's exploration strategy in the Perth Basin through the short, medium and long term.

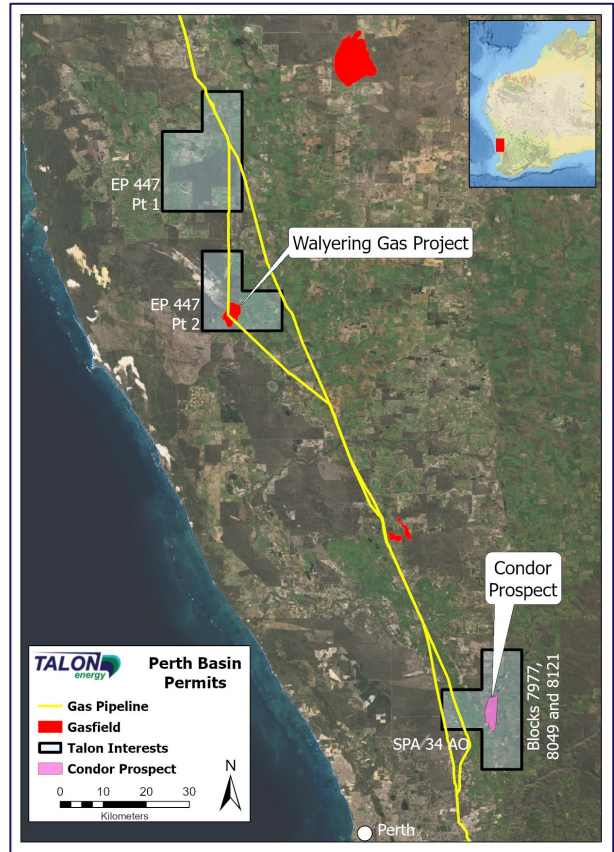


Image 2. Condor Prospect relative to Walyering

This Announcement has been authorised for release by the board of directors.

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Competent Persons Statement (Walayering). The information in this report that relates to Reserve, Contingent Resource and Prospective Resource information for the Walayering Gas field 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.

Competent Persons Statement (Condor) The information in this report that relates to Prospective Resources at the Condor Prospect as set out in this document related to the Condor Prospect 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 Resource information included in this Report is 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.

Forward Looking Statements: This Announcement may contain certain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this Announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of the Company. Such statements may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this presentation.

The information in this Announcement is current as at the date of upload to the ASX's Market Announcements Platform and remains subject to change. Where required by the Company's continuous disclosure obligations Talon will release any price sensitive updates through the ASX's Market Announcements Platform immediately it become available, in accordance with the ASX's Listing Rules.