

\$14 million capital raising to complete funding requirements at Walyering and accelerate Perth Basin exploration activities

- **\$12m committed through strongly supported share placement to institutional and sophisticated investors at \$0.145 per share**
- **Share Purchase Plan targeting up to \$2.0m to be offered to eligible shareholders on the same terms as the placement**
- **Despite Talon receiving credit approved debt terms from debt providers, the Board has formed the view that equity funding provides the greatest opportunity and flexibility to grow value for shareholders**
- **Proceeds from the capital raising will be used for:**
 - **Talon's share of the final development capital and operating costs for the Walyering Gas Project**
 - **Perth Basin exploration activities, including farm-in expenditure of the recently acquired L7/EP437 permit**
 - **General working capital and transaction costs**
- **Talon has commenced a strategic review to determine how to optimise the value of its 33% interest in the Gervantes XXXV project. These options could include a de-merger or other alternative transaction structures**

Talon Energy Ltd ("**Talon**" or the "**Company**") is pleased to advise that it has received firm commitments from institutional and sophisticated investors to raise \$12.0m (before associated costs) through a placement of new fully paid ordinary shares in Talon ("**Shares**") at an issue price of \$0.145 per Share ("**Placement**"). The Placement was well supported by existing and new institutional and sophisticated investors. In addition to the Placement, Talon will offer Eligible Shareholders (defined below) the opportunity to participate in a non-underwritten share purchase plan at the same issue price as the Placement to raise up to an additional \$2.0m, with the ability to accept oversubscriptions ("**SPP**"). The Placement and the SPP are together referred to as the Capital Raising in this announcement.

Commenting on the Capital Raising, Talon's Managing Director, Colby Hauser, said:

"Talon is pleased with the level of support received from new and existing shareholders for this Placement. This is an important Capital Raising which will fully fund Talon's share of Walyering's development capital and operating costs, and provide additional capital to further invest in our high-quality exploration portfolio over the next couple of years. Walyering is expected to be WA's next onshore gas producer, and will be a low cost, low carbon intensity project that is well placed to meet WA's growing industrial gas demand."

Although we undertook an extensive debt funding process and received credit approved terms from providers, the Board has decided to undertake an equity raise as it provides the greatest certainty to fund and accelerate upcoming exploration commitments and more importantly offers the flexibility to utilise cashflows and explore various ways to grow value for Talon shareholders."

The Board would like to thank our existing shareholders who have supported the Company, and we would like to welcome new investors who took part in the Placement. Talon has a number of near term value catalysts and we look forward to updating shareholders on these throughout the year."

Mongolia Strategic Review:

Talon has commenced a strategic review to determine how to optimise the value of Talon's 33% interest in the Gurvantes XXXV project. These options could include a de-merger or other alternative transaction structures. Talon has received approaches from numerous parties expressing interest in Gurvantes XXXV CSG. Talon has engaged Sternship Advisers to assist with the strategic review.

Placement:

Under the Placement, the Company will issue 82,758,621 new Shares at an issue price of \$0.145 per Share to raise \$12.0m (before associated costs).

The issue price represents a discount of 12.1% to the closing price of \$0.165 on 1 March 2023 and 14.9% to the 5-day VWAP of \$0.170 up to and including 1 March 2023.

The Company will utilise its placement capacities available under ASX Listing Rules 7.1 and 7.1A to complete the issue of the new Shares under the Placement.

The new Shares issued under the Placement will rank *pari passu* with the existing Shares on issue in the Company.

Canaccord Genuity (Australia) Limited and Bell Potter Securities Limited acted as Joint Lead Managers to the Placement. Wilsons Corporate Finance Limited acted as Co-Manager to the Placement.

Share Purchase Plan:

Following completion of the Placement, the Company will offer Talon shareholders with a registered address in Australia or New Zealand on the register as at 5.00pm (AWST) on 2nd March 2023 ("**Eligible Shareholders**") the opportunity to participate in the SPP at the same issue price under the Placement. Participation in the SPP is optional.

The Company intends to raise \$2.0m under the SPP, with the ability to accept oversubscriptions under the SPP at the Company's absolute discretion, subject to compliance with the ASX Listing Rules. The Board also reserves the right to scale-back applications at its absolute discretion.

As the SPP will be the second share purchase plan the Company has undertaken in the past 12 months, the Company proposes to utilise its available placement capacity under ASX Listing Rule 7.1 to complete the issue of the new Shares under the SPP or alternatively seek appropriate ASX waivers of ASX Listing Rule 7.1 to allow the SPP to proceed less than 12 months after the Company's previous share purchase plan announced in April 2022.

Under the SPP, Eligible Shareholders will be able to apply for new Shares at the issue price of \$0.145 per Share up to a maximum application size of \$30,000, less any participation in the Company's previous share purchase plan announced in April 2022.

The new Shares issued under the SPP will rank *pari passu* with the existing Shares on issue in the Company.

The SPP is expected to open on 14 March 2023 and close at 5.00pm (AWST) on 4 April 2023.

Further information regarding the SPP (including the terms and conditions of the SPP) will be provided to Eligible Shareholders in the SPP offer booklet which will be made available to Eligible Shareholders in due course. Eligible Shareholders are encouraged to submit their applications under the SPP as early as possible.

Use of funds:

Shareholders should refer to the investor presentation lodged with the ASX following this announcement for a detailed use of funds raised under the Capital Raising.

Indicative timetable:

An indicative timetable for the Capital Raising can be found at Annexure 1. The timetable remains subject to change at the Company's discretion, and subject to compliance with applicable laws and ASX Listing Rules.

This Announcement is authorised for release by the board.

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Annexure 1 – Indicative Placement and SPP Timetable

Event	Date
Record Date for eligibility to participate in SPP	2 March 2023
Announcement of Placement and SPP and lodgment of Appendix 3B	3 March 2023
Settlement of new Shares under the Placement	10 March 2023
Allotment of new Shares under Placement and lodgment of Appendix 2A and Cleansing Notice	13 March 2023
Dispatch of SPP Offer Booklet	14 March 2023
SPP Opening Date	14 March 2023
SPP Closing Date	4 April 2023
Announcement of SPP Results	13 April 2023 (before noon Sydney time)
Issue of new Shares under the SPP and lodgment of Appendix 2A	13 April 2023 (before noon Sydney time)

Note: The above dates are indicative only. The Company may vary the dates and times of the Capital Raising without notice.