



ANNUAL REPORT

2022

ABN 88 153 229 086

CORPORATE DIRECTORY

DIRECTORS

Douglas Jendry
Non-Executive Chairman

Colby Hauser
Managing Director/CEO

Matthew Worner
Non-Executive Director

David Casey
Non-Executive Director

COMPANY SECRETARY

Jo-Ann Long

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STOCK EXCHANGE LISTING

Australian Securities Exchange

ASX Code: TPD

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NON-EXECUTIVE CHAIRMAN'S LETTER



Dear Shareholder,

It is a pleasure to deliver the results reporting on the achievements of the Talon Energy team during 2022. As anticipated last year, the Company continues to evolve and is on the cusp of becoming the latest oil and gas producer on the ASX, a rare achievement and particularly remarkable considering the short time it has taken to reach this milestone.

In the Perth Basin, Talon, with JV partner and Operator Strike Energy, drilled and tested the Walyering No. 5 and 6 wells. Subsequent to testing, the JV took a Final Investment Decision to develop the Walyering field with first production expected in the first half of 2023. This is a significant achievement for Talon for which the team and shareholders should be very proud of. Considering the looming gas shortage in Western Australia's gas market, the Walyering Gas Project will provide a timely source of gas supply and provide significant revenue for Talon to allocate towards our portfolio of assets that we hope will drive significant returns for shareholders in the years ahead.

In Mongolia, the Gurvantes XXXV Coal Seam Gas Project (Operator TMK Energy) also reached a significant milestone during the year. Highly successful corehole drilling and testing at four planned locations and two further locations have been assessed and independently verified by Netherland, Sewell and Associates. The certification of a maiden gross unrisked 2C (best estimate) Contingent Gas Resource of ~1.2 Tcf for the Nariin Sukhait area of the exploration permit is a result that far exceeded early forecasts. As a result of this success, Talon formally exercised the option to acquire a 33% economic interest in the Gurvantes Project,

attributing ~400 Bcf of this Resource directly to Talon and setting the Joint Venture on the path to develop the first pilot wells and progress further exploration in 2023.

Beyond these development and production opportunities, the team continues to generate opportunities for the future. Within the Perth Basin, the Condor Project remains a highly prospective exploration target and Talon, subject to DMIRS transfer, will own 100% of this project which will be further developed in 2024 and potentially drilled in 2025. In December, Talon announced a binding Term Sheet to acquire a 25% interest in Triangle's L7 and EP437 northern Perth Basin permits. These permits feature numerous prospects that are in a coveted location, and with 3D seismic shot across both permits, Talon has a high degree of confidence in the three well exploration campaign scheduled for 2024. Both of these opportunities are consistent with our strategy of targeting high quality conventional gas resources that will provide the company with additional near-term exploration opportunities funded from production cashflow to further drive shareholder value.

March marks the first twelve months of tenure of our Managing Director and CEO, Colby



Hauser. Colby has been instrumental in the company's success during the past year, and I am grateful for the energy, drive and leadership that he brings to the role. With multiple market catalysts expected in coming months and busy forward program in the years to come, I am confident that the exceptional work that Colby and the team have done will continue to be recognised by the market.

I would like to thank shareholders for their support during 2022 and I look forward to sharing the continued progress of the company as we transition into an oil and gas producer in 2023.

Douglas Jendry
Non-Executive Chairman

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Beyond the development
and production
opportunities, the team
continues to generate
opportunities for
the future.

”

MANAGING DIRECTOR'S REPORT



Dear Shareholder,

I am pleased to present to you the annual report for Talon Energy. Despite facing challenging investment and market conditions over the past 12 months, I am proud to report that we have continued to make progress towards our strategic goals and achieved several significant milestones in the year.

2022 HIGHLIGHTS

Flow testing at Walyering 5 & 6 exceeded expectations, leading to a rapid development pathway that achieved FID and subsequently commenced development of the Walyering Gas Project. The Project continues to progress on target, targeting first gas in Q2 2023.

The Walyering JV executed a 5-year Gas Sales Agreement with Santos to supply a minimum of 36.5 PJ of gas from Walyering.

Successful completion of the Stage 1 drilling program at the Gurvantes XXXV Coal Seam Gas Project, resulting in certification of 1.2 Tcf 2C Contingent Resource Estimate (gross). Shortly thereafter, Talon exercised its right to take a 33% interest in the project and the joint venture was formed in Q4 2022.

A Binding Term Sheet was executed with ASX listed Triangle Energy (TEG) to farm into onshore Perth Basin permits L7 and EP437 in the north Perth Basin.



Exploration and Production:

Our exploration and production activities have been focused on developing and increasing the value of our existing asset base and maximizing potential returns from these assets. During the year, we have made significant progress towards this goal with outstanding results at both Walyering and Gurvantes.

At Walyering, after successful drilling programs at W-5 & W-6, Talon was able to establish our first Contingent Resource (2C of 12.8 Bcf, net to Talon) and Reserves estimates (2P of 21.7 Bcf, net to Talon). The Walyering Joint Venture took Final Investment Decision in July 2022, committing a further \$14.4m in gross development spend, to construct a gas processing facility to produce 33 TJ/d of gas and up to 300 bbls/d of condensate. The joint venture anticipates generating between \$50m and \$75m in gross free cashflows per year.

After 100% exploration success at Gurvantes in Mongolia, Talon exercised our option to acquire a 33% interest in the project. In doing so, Talon was able to secure a significant Contingent Resource (2C of 400.3 Bcf, net to Talon). The joint venture has committed to a three well pilot program, and we have tremendous confidence that the pilot wells will bring gas to surface in 2023.

The transition from explorer to producer has become uncommon in the oil and gas industry in recent years. Talon stands in rare company with not one, but two projects on the verge of first production in 2023.

We have also continued to expand our exploration activities, with the acquisition of a 25% interest in two new permits, L7 and EP437. With 3D seismic across both permits and being in immediate proximity to pipelines, we believe that our interest

MANAGING DIRECTOR'S REPORT (CONTINUED)

in these permits have the potential to deliver significant value to our shareholders in the long-term. The joint venture are planning a three well drilling campaign across these permits in 2024.

Corporate

Talon successfully consolidated the number of shares on issue (20:1) and raised \$25.5m (before associated costs) of funding during the year to meet our upcoming capital commitments across the portfolio. The capital was raised by way of a placement to institutional and sophisticated investors and a share purchase plan. This funding sets us on a path to our first cashflows from the Walyering Project and has also allowed us to formalise the farm-in to the Gurvantes Project.

Talon also added several key management personnel with the appointments of Darren Ferdinando as Exploration Manager and Chris Kohne as Chief Financial Officer. Both Darren and Chris bring a high level of expertise to Talon, and I look forward to working with them to progress our strategic plan.

Outlook

Looking ahead, we remain optimistic about the outlook for oil and gas within the energy industry and our place within it. While there will no doubt be further challenges ahead, we believe that our focus on cost control, business development, and portfolio optimisation will enable us to continue to deliver value to our shareholders and stakeholders. With the company coming into production in Q2 2023, we are in an enviable position to fund future developments with cashflow. Our sequenced exploration exposure over the next few years ensures that this capital will be conservatively deployed in a systematic way.

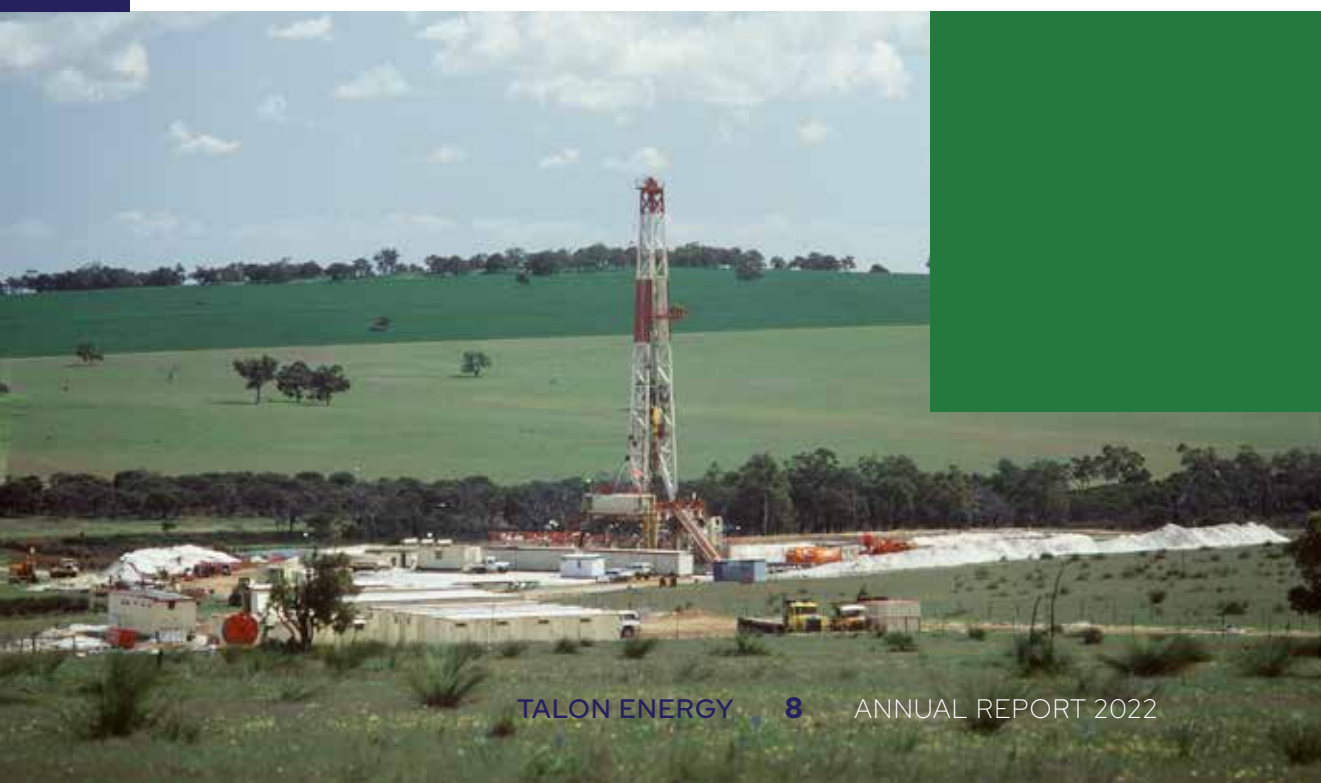
I would like to take this opportunity to thank our employees, Board, customers, other stakeholders and most of all, our shareholders, for their ongoing support of our business. We remain committed to reaching new milestones, delivering on our strategic goals and creating long-term value for our shareholders.

Yours sincerely,



Colby Hauser

Managing Director & Chief Executive Officer



REVIEW OF OPERATIONS

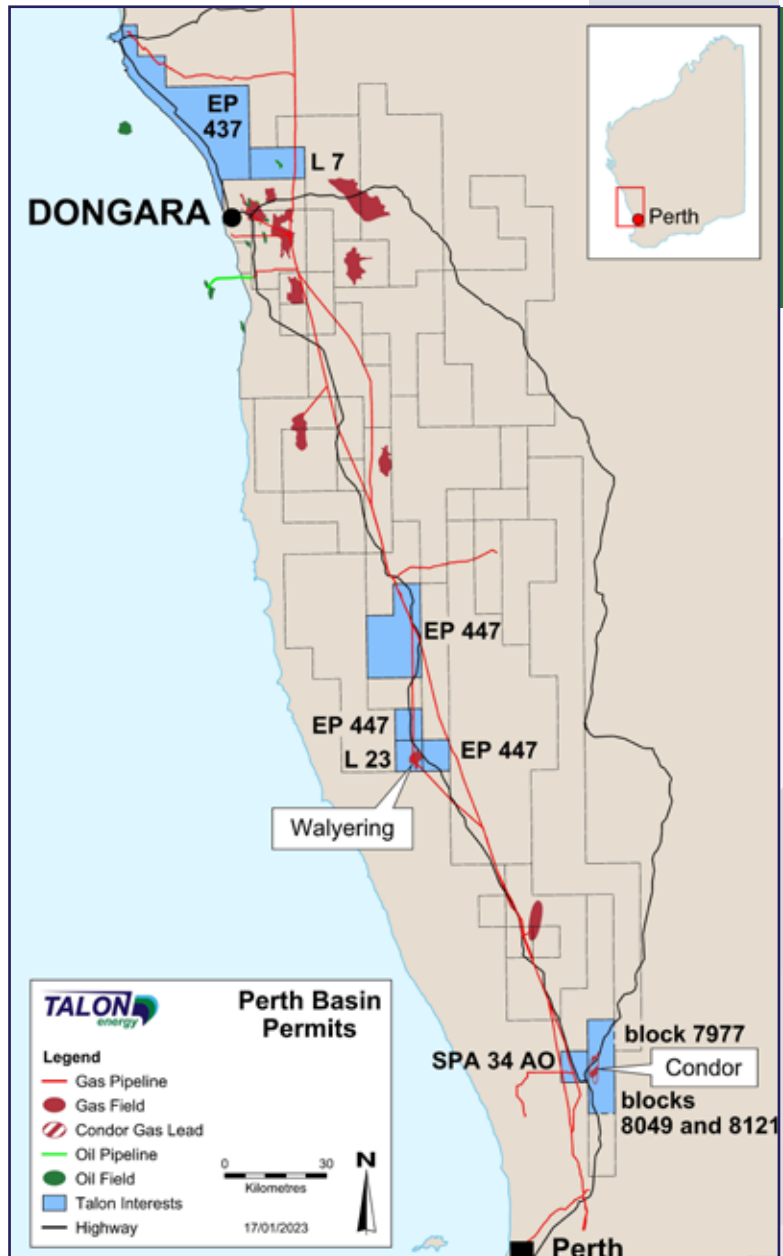
PERTH BASIN

EP447 & L23 – Walyering Conventional Gas Project (Talon interest – 45%)

The Walyering Project is a Joint Venture with project Operator, Strike Energy, who hold 55% ownership of the project. EP447 and L23 are in the Perth Basin of Western Australia, with Production License L23 containing the Walyering conventional gas discovery and EP447 containing additional exploration leads.

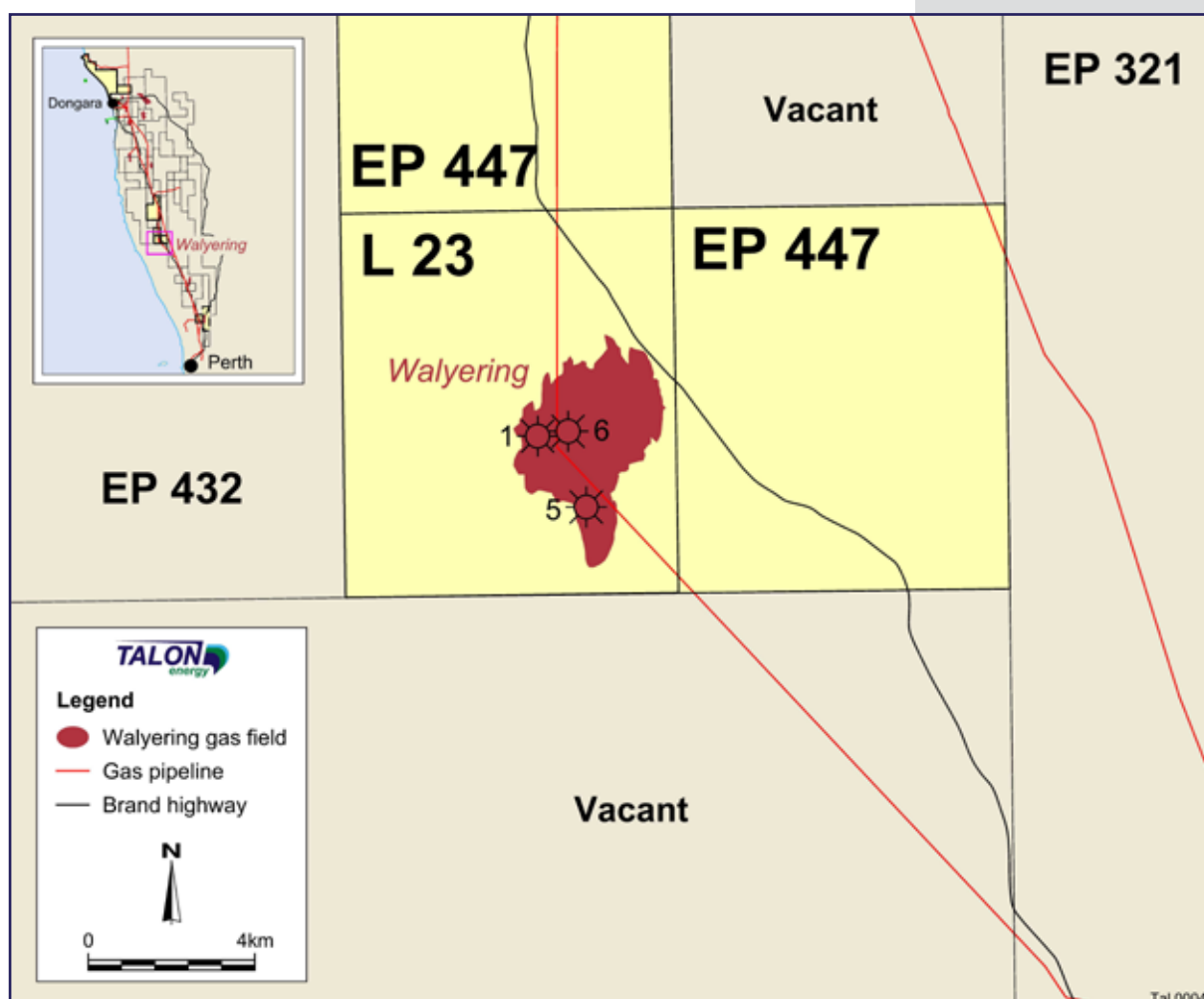
During 2022, flow testing of both Walyering-5 and Walyering-6 was undertaken with Walyering-5 flowing at a peak rate of 75MMscf/d on a comingled flow and Walyering-6 flowing at a peak rate of 35MMscf/d. Both of these maximum rates are greater than the name-plate capacity of the Walyering gas facility.

Walyering is ideally located with proximity to existing gas transmission pipelines (Parmelia Gas Pipeline and Dampier to Bunbury Natural Gas Pipeline) which connect the Perth Basin to all of Western Australia's gas customers, facilitating a path to market for commercial gas volumes. With levels of CO₂ less than 1%, and a condensate-gas ratio of ~8bbl/MMcf, minimal processing equipment is required to bring this gas to the market.



Map of Perth Basin showing Talon Energy interests across the basin.

REVIEW OF OPERATIONS (CONTINUED)



Flow testing data from Walyering-5 and Walyering-6 were incorporated into an Independent Resource Certification issued by RISC Advisory in July. The Maiden Walyering Gasfield Reserve was assessed as Gross 2P (Proved plus Probable) of 54.2 PJ of gas (Talon's 45% interest equates to 24.4 PJ).

Walyering Resources

The Walyering Reserves and Resources Report issued by RISC Advisory (RISC) includes a Gross 2P Reserves of 54.2 PJ (Talon net: 24.4 PJ), and a potential 3P upside of 82.4 PJ (Talon net: 37.1 PJ). An additional 31.9 PJ of Gross 2C Contingent Resource (Talon net: 14.4 PJ) and 15.9 PJ of gross 2U Prospective Resource (Talon net: 7.2 PJ) were also assigned to Walyering Gasfield, providing the JV with quantifiable upside potential for the development of this asset.

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 and are summarised in the tables on the following page.

REVIEW OF OPERATIONS (CONTINUED)

Table 1: Walyering (EP447) 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: Walyering (EP447) Unrisked Contingent Resource:

Resource	Gross Contingent Resources (100%)			Talon Net Contingent Resources (45% Share)		
	1P	2P	3P	1P	2P	3P
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: Walyering (EP447) Unrisked Prospective Resource:

Resource	Gross Prospective Resources (100%)			Talon Net Prospective Resource (45% Share)		
	1P	2P	3P	1P	2P	3P
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

Notes to Walyering (EP447) 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 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% with between 40 to 80% chance of success across the four reservoir intervals, and a 60% chance of development, subject to productivity and economics

⁶ Refer to the "Addition ASX List Rule Disclosures" section below

REVIEW OF OPERATIONS (CONTINUED)



The Independent Resource Certification underpinned the Final Investment Decision (FID) taken in mid-August 2022 with first gas sales targeted in Q2 2023. Since this decision, the Walyering field development has progressed rapidly with procurement, fabrication and construction largely proceeding on schedule.

In December 2022, the Walyering JV partners executed a 5-year Gas Sales Agreement with Santos-WA Limited to supply a minimum of 36.5 PJ of gas from Walyering. The contract was agreed under a “take or pay basis” and includes

“as available” gas volumes, which provides the JV with the flexibility to supply additional production into the contract as the field ramps up towards its maximum production capacity.

Subsequent to the year end, in January 2023, the WA Department of Mines, Industry Regulation and Safety (DMIRS), awarded the EP447 JV with Production License L23, covering the Walyering Gasfield and have issued relevant approvals required to commence the installation of the modular gas facility on site.

REVIEW OF OPERATIONS (CONTINUED)

CONDOR

In January 2021, Talon announced a staged entry into the Condor project, agreeing to acquire 100% of the area from Macallum Group Ltd. Progress in acquiring the equity in the project has been slower than anticipated, due to regulatory approvals taking significantly longer than expected. During 2022, the conversion of SPA 34 AO into an Exploration

Permit was commenced with DMIRS, along with the application to excise three blocks from EP494 to form the cornerstone of the Condor project area. These applications were still awaiting approval from DMIRS at the end of the year. Subsequent to the period, Talon was informed by Macallum Group that SPA 34 AO has been granted as EP511 by DMIRS.

Condor Resource

Permit EP494: Condor Structure Unrisked Prospective Resources (Talon 100%)				
Resources	Low (P90)	Best (P50)	High (P10)	Mean
Sales Gas (Bcf)	202.0	408.0	710.0	433.0
Sales Gas (PJ) ¹	217.2	438.7	763.4	465.6
Cond. (MMstb)	9.5	20.2	39.0	22.6

¹ Sales gas determined from 2% inerts and 2% condensate shrinkage with a conversion rate of 1.12 PJ/Bcf based intermediate case between Walyering, Gingin and Red Gully gasfield equivalent gas composition

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 appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

L7 AND EP437

To round out a busy year of activity, in December, Talon announced a binding Term Sheet to acquire a 25% interest in Triangle Energy's (Triangle) L7 and EP437 northern Perth Basin permits. The deal represents a low-upfront entry cost for Talon, with farm in obligations on three exploration wells to be drilled in 2024, all of which are subsequent to first gas production at Walyering.

As consideration for its 25% interest in L7 and EP437, Talon will contribute ~\$1.9 million towards past expenditure on the recently acquired Bookara 3D seismic data covering the highly prospective Early Permian Kingia Formation gas trend. In addition to the upfront costs, Talon has a series of obligations to fund exploration activities

in respect to the three exploration wells. These funding obligations will be met using cash flow from the 45% owned Walyering Gas Project.

The exploration wells will target the highly prospective Early Permian-aged reservoirs identified by the Bookara 3D seismic survey, which are analogous to recent Kinga gas discoveries in adjacent blocks, including Lockyer Deep, Waitsia, West Erregulla and South Erregulla. Talon has identified L7 and EP437 as high-potential areas for hosting large gas fields and looks forward to working closely with Triangle and New Zealand Oil and Gas to unlock the significant resource potential of these two permits.

REVIEW OF OPERATIONS (CONTINUED)

Permit L7 Gas Prospective Resource

Preliminary analysis and interpretation of the Bookara 3D seismic survey has identified three stand-out prospects in the Kingia Interval that are

provisionally named Booth, Huntswell Deep, and Mountain Bridge South. Additionally, a number of smaller leads have been mapped out so far.

Unrisked Prospective Resources for three key prospects in L7

Prospect (Kingia Interval)	Gross 100% Unrisked Prospective Resources			TPD 25% Net Equity Unrisked Prospective Resources		
	Low (Bcf)	Best (Bcf)	High (Bcf)	Low (Bcf)	Best (Bcf)	High (Bcf)
Booth	113	279	540	28.3	69.8	135.0
Huntswell Deep	30	61	115	7.5	15.3	28.8
Mountain Bridge South	24	53	98	6.0	13.3	24.5
Sales Gas (Bcf)	167	393	753	41.8	98.4	188.3
Sales Gas (PJ) ¹	174	410	786	43.6	102.7	196.5

¹ Sales gas determined from 5% inerts and 1% condensate shrinkage with a conversion rate of 1.11 PJ/Bcf based on gas composition being intermediate between Waitsia, Lockyer Deep and West Erregulla gasfields

Other notes:

- The Booth and Mountain Bridge South prospects have a Best prospective Resource located within L7, with further Resources located in adjacent acreage.
- The Kingia Interval includes the Kingia Formation and High Cliff Sandstone where they are within the structural closure of the prospect.
- The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk to development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The estimates shown in this document are unrisked, however Talon notes that the prospects are considered moderate risk.

OCEAN HILL

Under the terms of the Farm-In Agreement between Talon and Strike Energy, with respect to EP477 (Walysing), Talon held a first right of refusal should Strike wish to seek farm-in partners for its EP495 permit, which contains the Ocean Hill conventional Jurassic gas discovery.

Discussions were held in 2022 between Talon and Strike regarding the opportunity for Talon to farm-in

to an interest in EP495, however the parties were unable to agree on commercial terms.

As a result, Strike continues to retain its 100% interest in EP495, and Talon retains a first right of refusal should Strike seek to conclude a farm-in transaction with a third party on terms more favourable than those recently discussed with Talon.

REVIEW OF OPERATIONS (CONTINUED)

MONGOLIA

Gurvantes Coal Seam Gas Project

The Gurvantes XXXV Project has achieved multiple successful milestones in 2022. At the start of the year, Talon held the right to earn a 33% economic interest in the Project by funding the first US\$4.65 million in expenditure via a two-stage farm-in agreement.

The Environmental Impact Assessment was approved in February, allowing a maiden drilling campaign to start in March. This drilling program initially included four core holes, designed to target and test the previously identified coal seams for certification of a Contingent Gas Resource. The first corehole,

Snow Leopard-01 (SL-01), showed early success by intersecting gassy coal seams with indications of high gas content and high gas saturation. This was subsequently verified and followed with success at SL-02, SL-03, SL-03R, SL-04 and SL-05.

SL-03R was added to the program at the same location as SL-03 to re-drill the location and intersect the lower coal seam. SL-05 was added to the program after the efficient drilling of SL-04, providing the opportunity to gather additional information on the upper and lower coal seams at relatively low cost.



The data collected from this highly success program was compiled by Netherland, Sewell and Associates, Inc. (NSAI), allowing them to certify a maiden gross unrisks 2C (best estimate) Contingent Gas Resource of ~1.2 Tcf for the Nariin Sukhait area of the Gurvantes XXXV exploration permit.

REVIEW OF OPERATIONS (CONTINUED)

Gurvantes XXXV Project Resources

TMK (Operator with 67%) engaged NSAI to certify the Contingent Resource estimate for the Nariin Sukhait area of the Gurvantes XXXV exploration permit, incorporating data collected from the

recently completed Stage 1 core hole drilling program. Details of the Contingent Gas Resource certification as at 31 October 2022 are shown in Table 1 below.

Unrisked Gross (100%) Contingent Gas Resource (Bcf)¹ for the Gurvantes XXXV Project

Depth Range	Low Estimate ³ 1C	Best Estimate ³ 2C	High Estimate ³ 3C
150 – 750 metres	398	722	1,346
750 – 1,000 metres	0 ²	492	1,015
Total (Bcf)	398	1,214	2,361
Total Sales Gas (PJ) ⁴	416.6	1,270.7	2,471.3

¹ Gas volumes are expressed in billions of cubic feet (Bcf) at standard temperatures and pressure bases.

² The is no low estimate Contingent Gas Resource for this depth range as of 31 October 2022, due to lack of data.

³ The low estimate and best estimate for the Upper Coal Seam at these depths, as of 31 October 2022, are zero due to lack of pilot wells and conclusive permeability data.

⁴ Sales gas determined from 3% inerts and 1% condensate shrinkage with a conversion rate of 1.09 PJ/Bcf based on Snow Leopard well data.

Unrisked Gross (100%) Prospective Gas Resources (Bcf)¹ across Gurvantes XXXV Permit

Region	Low Estimate ³ 1C	Best Estimate ³ 2C	High Estimate ³ 3C
Prospect Area (Nariin Sukhait) ¹	416	774	1,011
Prospect Area (Other) ²	330	515	863
Total (Bcf)	746	1,289	1,874
Total Sales Gas (PJ) ³	781	1,349	1,962

¹ Updated Prospective Resources Estimates based on the 2022 exploration program after allowing for conversion of Prospective Resources now re-classified as Contingent Resources, as of 31 October 2022

² Prospective Resource Estimates (not updated) for prospect areas outside the Nariin Sukhait area and previously identified Lead Areas assessed by NSAI as of 16 August 2021. These estimates are totals of unrisked prospective resources beyond the prospect and lead levels and are not reflective of volumes that can be expected to be recovered and are shown for convenience only.

³ Sales gas determined from 3% inerts and 1% condensate shrinkage with a conversion rate of 1.09 PJ/Bcf based on Snow Leopard well data.

The Prospective Resources for the Nariin Sukhait area reflect the results of exploration in 2022 and the conversion of some of the Prospective Resources to Contingent Resources. The Prospective Resources for Nariin Sukhait presented in the table above are exclusively from the lower coal seam identified at Nariin Sukhait. Prospective Resources for other regions within the Gurvantes XXXV Project area are unchanged from those previously reported by the Operator, TMK (see TMK's ASX announcement dated 16 December 2021).

REVIEW OF OPERATIONS (CONTINUED)

This is currently the largest independently certified Contingent Gas Resource for any ASX listed company operating in Mongolia. The initial Contingent Resource certification is based on a very capital efficient exploration program (approximately US\$1.5m funded by Talon) that focused on exploring the Nariin Sukhait area. The Stage 2 exploration program planned for 2023 will focus on drilling other prospects and leads and converting the attributed Prospective Resource (refer Talon Announcement dated 18 August 2021) into additional Contingent Resources, further making a case for the Project's suitability in helping address the energy needs of the Mongolian and Chinese markets.

Talon elects to farm-in for 33% of the Gurvantes Project

The successful conclusion of the initial exploration program was the catalyst for Talon to elect to exercise its option to acquire a 33% economic interest in the Gurvantes Project, formalising the Joint Venture with operator TMK Energy.

The 33% interest attributes ~400 Bcf of the independently certified (NSAI) ~1.2 Tcf 2C Contingent Gas Resource for the Nariin Sukhait area of the Gurvantes XXXV exploration permit to Talon.

Importantly, the area that this resource has been defined over is ~24 square kilometers which represents <1% of the 8,500 square kilometers within the Gurvantes XXXV Project area. This enormous potential for CSG will be explored by the JV over the coming months and years, and has the potential to become a major source of energy for both people and businesses in Mongolia as well as over the nearby Chinese border.

The potential of the Gurvantes Project has already attracted interest from PetroChina Daqing Tamsag LLC, a subsidiary of the Chinese state-owned China National Petroleum Corporation who signed a Memorandum of Understanding with TMK Energy to work together on a non-exclusive basis to enhance and accelerate the exploration, evaluation and development of the Project which may proceed towards an investment in Gurvantes.

UK NORTH SEA

In February, following an internal review of operations, the Company decided to exit the portfolio of UK North Sea exploration assets to focus on its more advanced projects in the Perth Basin and Mongolia. This decision was made with a strategic view to focus on near-term opportunities where the Talon team can participate and add value.

Subsequently, after negotiations with Finder Energy Ltd, license P2527 containing the White Bear Prospect was sold for a right to 12.5% of gross income received by Finder in relation to P2527 (for example, any cash received for farmout or divestment). This converts to a royalty of 3% of Finder's retained net share of produced petroleum during production.



REVIEW OF OPERATIONS (CONTINUED)

CORPORATE

In January 2022, Talon Managing Director, David Casey announced his intention to transition to a Non-executive Director role with the Company. This led to the appointment in March 2022 of experienced energy sector executive, Colby Hauser, as Talon's new Managing Director and Chief Executive Officer. Mr Hauser most recently served as the General Manager, Commercial at Strike Energy Ltd and consequently has significant experience in the Perth Basin. Mr Hauser has extensive experience in corporate strategy, gas sales and marketing, joint venture representation, project development, as well as investor and government/stakeholder relations.

In May 2022, Talon successfully completed a \$11 million Share Placement to investors. At the same time, the Company offered all shareholders the opportunity to participate in a Share Purchase Plan (SPP) at the same share price for up to \$30,000. The SPP raised an additional \$2,529,000. Canaccord Genuity (Australia) Limited and Chieftain Securities WA Pty Ltd acted as Joint Lead Managers to this Placement.

On 18 July 2022, shareholders voted to proceed with a proposed 20:1 consolidation of Talon's issued securities. This process was completed on 29 July 2022.

In December 2022, Talon successfully completed an additional \$12 million Share

Placement to new and existing institutional and sophisticated investors. Canaccord Genuity (Australia) Limited and Chieftain Securities WA Pty Ltd acted as Joint Lead Managers to the Placement, with Bell Potter Securities Limited appointed a Co-Manager.

The Placement funds raised by the Company were largely allocated to fund Talon's farm in obligations for the Gurvantes XXXV Project in Mongolia as a result of exercising its right to earn 33% in the Project. The Placement funds have also been used for general working capital expenditure and to fund Talon's 45% share of immediate development costs at Walyering Project.

In October 2022, Talon appointed Dr Darren Ferdinando as Exploration Manager. Darren brings deep technical expertise to Talon with over 30 years of experience and plays an instrumental role in planning and executing Talon's strategy across its assets.

In November 2022, Talon announced that Mr Christopher Kohne had agreed to join the Company as Chief Financial Officer. As a Chartered Accountant with over 15 years of experience in a diverse range of roles covering finance, commercial, business development and strategy, Mr Kohne will add invaluable skills to the Talon team during the transition from an oil and gas explorer to producer.



REVIEW OF OPERATIONS (CONTINUED)

License Summary

Permit	Talon Beneficial Interest
EP447 (Perth Basin) ¹	45%
Gurvantes XXXV (Mongolia)	33%
L7 (Perth Basin)	25% ²
EP437 (Perth Basin)	25% ²
EP494 (Condor Project, Perth Basin)	100% ³
SPA 34 AO (Condor Project, Perth Basin)	100% ³
UKCS2527 (UK North Sea)	Over-Riding Royalty Agreement
EP495 (Perth Basin)	Right of First Refusal

¹ On 12 January 2023, Production Licence L23 for the Walyering Gas Project was granted by the WA Department of Mines, Industry, Regulation and Safety (DMIRS).

² Subject to DMRIS regulatory approval

³ Subject to completion of Farm-in with Macallum Group

Summary of Reserves and Resources¹

Net to Talon

Project	Talon Equity	1P	2P	3P	1C	2C	3C	1U	2U	3U
Sales Gas (Bcf)										
Walyering	45%	13.0	21.7	33.0	7.2	12.8	20.4	2.3	6.4	12.4
Gurvantes XXXV	33%	-	-	-	131.3	400.6	779.1	246.2	425.4	618.4
Condor	100%	-	-	-	-	-	-	202.0	408.0	710.0
L7	25%	-	-	-	-	-	-	41.8	98.4	188.3
Arithmetic Sum (Bcf)		13.0	21.7	33.0	138.5	413.4	799.5	492.3	938.2	1,529.1
Sales Gas (PJ)										
Walyering	45%	14.6	24.4	37.1	8.1	14.4	22.9	2.6	7.2	13.9
Gurvantes XXXV	33%	-	-	-	137.5	419.3	815.5	257.7	445.2	647.5
Condor	100%	-	-	-	-	-	-	217.2	438.7	763.4
L7	25%	-	-	-	-	-	-	43.6	102.7	196.5
Arithmetic Sum (PJ)		14.6	24.4	37.1	145.6	433.7	838.4	521.1	993.8	1,621.3
Condensate (MMstb)										
Walyering	45%	0.15	0.25	0.38	0.08	0.14	0.22	0.03	0.07	0.14
Gurvantes XXXV	33%	-	-	-	-	-	-	-	-	-
Condor	100%	-	-	-	-	-	-	9.50	20.20	39.00
L7	25%	-	-	-	-	-	-	-	-	-
Arithmetic Sum (MMstb)		0.15	0.25	0.38	0.08	0.14	0.22	9.53	20.27	39.14

¹ Refer to notes in the respective tables above.

DIRECTORS' REPORT



The directors of the Company present their report together with the consolidated financial statements of Talon Energy Limited ('the Company' or 'Talon') and of the Group, being the Company and the entities it controlled at the end of, or during, the year ended 31 December 2022 and the Auditor's Report thereon.

DIRECTORS

All directors have been in office for the entire period unless otherwise stated. The names of the Directors in office at any time during or since the end of the report period are:

Director	Title	Appointed	Resigned
Douglas Jendry	Non-Executive Chairman	13 October 2020	-
Colby Hauser	Managing Director/CEO	8 March 2022	-
David Casey	Non-Executive Director	1 January 2022	-
Matt Worner	Executive Director	4 December 2017	30 June 2022
	Non-Executive Director	1 July 2022	-
Stephen Jenkins	Non-Executive Director	7 June 2019	23 February 2022

COMPANY SECRETARY

Jo-Ann Long (appointed 23 February 2023)

Lauren Nelson (resigned 28 February 2023)

David Lim (resigned 28 February 2023)

PRINCIPAL ACTIVITIES

The principal activities of the Group are exploration and evaluation of oil and gas projects. The portfolio of assets focused on during the year were the Perth Basin assets and the South Gobi Basin, Mongolian assets.

FINANCIAL REVIEW

The Group's consolidated loss after tax for the year ended 31 December 2022 was \$12,943,214 (2021: \$4,279,597) with a net cash position at 31 December 2022 of \$11,996,947 (2021: \$6,714,830) and net operating cash outflows of \$12,408,694 (2021: \$1,998,757).



DIVIDENDS

No dividend has been declared or paid by the Company since the start of the financial period and the Directors do not at present recommend a dividend.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting was held on 26 May 2022 for the year ended 31 December 2021 and all resolutions were passed and decided by way of poll.

OUTLOOK

2022 was a pivotal year for Talon, with a maiden Gas/Condensate Reserve for the Walyering Gas Project followed by the final investment decision in August. With first gas from Walyering targeted in 2Q 2023, Talon will transition from an oil and gas explorer to producer. In addition, Talon exercised its option to acquire 33% in the Gervantes XXXV Coal Seam Gas Project after a maiden gross Contingent Resource of 1.2 Tcf, with the JV planning a pilot well program and additional exploration during 2023. Lastly, Talon complimented its portfolio by farming into two additional Perth Basin permits, L7 and EP437, with high impact exploration wells planned for 2024.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Talon support and have adhered to the principles of sound corporate governance. The Board recognizes the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is compliant with many of those guidelines which are of importance to the commercial operation of the Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost- effective corporate governance policy for the Company.

Details of Talon's current corporate governance practices is set out in Talon's Corporate Governance Plan which can be viewed on the Talon website at www.talonenergy.com.au.

DIRECTORS' REPORT (CONTINUED)

EVENTS SUBSEQUENT TO REPORTING DATE

On 12 January 2023, Production Licence L23 for the Walyering Gas Project was granted by the WA Department of Mines, Industry, Regulation and Safety (DMIRS).

On 31 January 2023, the Company held a general meeting and received approval for the following:

- Ratification of prior issue of shares under Listing Rule 7.1 and 7.1A, for 41,357,144 shares and 44,000,000 shares respectively
- Issue of shares to related parties in relation to the Share Placement completed in November 2022, for 357,143 ordinary shares issued to Colby Hauser
- Variation to the terms of the 2,500,000 Class Q performance rights, 2,500,000 Class R performance rights and 2,500,000 Class S performance rights issued to Colby Hauser

On 1 March 2023, Talon completed the formal farm in agreement to acquire a 25% interest in Triangle's L7 and EP437 northern onshore Perth Basin permits. As consideration for its 25% interest in L7 and EP437, Talon will pay Triangle ~\$1.9 million towards past expenditure on the recently acquired Bookara 3D seismic data, with \$1 million paid on 1 March 2023, and the balance of ~\$0.9 million to be paid prior to 1 September 2023. In addition to the upfront costs, Talon will fund the following exploration activities as part of its farm-in obligations:

- In respect to the 1st well on L7 (forecast to be drilled in 2024, at an estimated cost of \$7.50 million), Talon will fund 50% of well costs, up to \$3.75 million; and should well costs exceed \$7.50 million, Talon to fund 25% of the excess (being Talon's initial farm-in interest)
- In respect of the 2nd well drilled on L7 (forecast to be drilled in 2024, at an estimated cost of \$7.50 million), Talon will fund 37.5% of well costs, up to \$2.81 million; and should the well costs exceed \$7.50 million, Talon to fund 25% of the excess (being Talon's initial farm-in interest)
- In respect to the well to be drilled on EP437 (forecast to be drilled in 2024, at an estimated cost of \$3.0 million), 25% of actual well costs
- In accordance with the Joint Operating Agreement, Talon is committed to fund all other exploration and evaluation costs incurred in line with its' 25% interest in the permits.

On 3 March 2023, Talon announced it had received firm commitments from institutional and sophisticated investors to raise \$12.0 million (before associated costs) through a placement of new fully paid ordinary shares in Talon. In addition to the Placement, Talon has offered Eligible Shareholders 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 \$2.0 million, with the ability to accept oversubscriptions.

There were no other events subsequent to the reporting date.

LIKELY DEVELOPMENTS

Other than referred to in this report, further information as to the likely developments in the operations of the Company and likely results of those operations would, in the opinion of Directors, be speculative.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed elsewhere in this Directors' Report, there have been no significant changes in the state of affairs of the Group during or since the end of the year ended 31 December 2022.

DIRECTORS' REPORT (CONTINUED)

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulations under State and Territory laws in Australia where it holds exploration permits and tenements. Operations in relation to the Group's Mongolia asset are also subject to environmental regulations under Mongolian legislation. The Group is not aware of any breaches of these laws.

PERFORMANCE RIGHTS

At the date of this report, unissued shares of the Group pursuant to performance rights issued to incentivise its directors and employees:

Rights Class	Date Granted	Expiry Date	Number of Performance Rights
Class A	29 May 2020	30 June 2025	281,250
Class B	29 May 2020	30 June 2027	281,250
Class F	8 September 2020	30 June 2027	4,000,000
Class G	8 September 2020	30 June 2027	4,000,000
Class J	26 October 2021	31 December 2024	50,000
Class K	26 October 2021	31 December 2025	200,000
Class M	26 October 2021	31 March 2026	175,000
Class O	26 October 2021	30 June 2026	37,500
Class Q	26 May 2022	30 June 2028	2,500,000
Class R	26 May 2022	30 June 2028	2,500,000
Class S	26 May 2022	30 June 2028	2,500,000
Class T	1 October 2022	30 June 2027	250,000
Class U	1 October 2022	30 June 2028	500,000
Class V	1 October 2022	30 June 2028	250,000
Class W	1 October 2022	30 June 2028	1,000,000
Class X	28 November 2022	31 December 2027	500,000
Class Y	28 November 2022	31 December 2028	1,250,000
Class Z	28 November 2022	31 December 2028	250,000
Class AA	28 November 2022	31 December 2028	1,000,000

SHARE OPTIONS

At the date of this report, unissued shares of the Group under option are:

Number Of Options	Exercise Price	Expiry Date
10,950,000	\$0.12	28/02/2024
2,000,000	\$0.20	04/07/2024
5,000,000	\$0.20	05/05/2025

DIRECTORS' REPORT (CONTINUED)

INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company has agreements with each of the Directors and Officers of the Company in office at the date of this report and former Directors indemnifying them to the extent permitted by law against all liabilities incurred in their capacity as officers of the Company and its controlled entities and all reasonable legal costs incurred by any of them in the defence of an action for a liability incurred by that officer. The indemnity continues to have effect when the Directors and Officers cease to hold office.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability as such disclosures are prohibited under the terms of the contract.

DIRECTOR BIOGRAPHIES

Douglas Jendry (Non-Executive Chairman)

Mr Jendry has had a distinguished career in the resources sector having worked as a geologist and, over the last 25 years, in various consulting, advisor and director roles with ASX and AIM listed companies. He has broad experience in all aspects of the oil and gas industry and has had significant dealings over the years with brokers, investment bankers and various government authorities alike.

Significantly, Mr Jendry has strong experience in the Perth Basin, commencing in the early 1980's when he was involved in the exploration and development of the Mt Horner oil field in the Northern Perth Basin with private company Pacific Basin Exploration.

In 2001 he was involved in the drilling of the Walyering 4 well which, unfortunately, was a dry hole, the reason for which is now known following the interpretation of recently acquired 3D seismic data. Mr Jendry was a strong advocate for the potential of the Walyering field, in which Talon holds a 45% interest alongside operator Strike Energy Limited.

Interest in shares and options held as at date of this report:

Mr Douglas Jendry & Mrs Julie Jendry <D J Super Fund A/C>
2,312,500 Fully Paid Ordinary Shares

Colby Hauser (Managing Director and Chief Executive Officer), appointed 8 March 2022

Mr Hauser brings to Talon a broad range of experience in senior corporate, commercial, and business development roles in the energy sector, and most recently held the position of General Manager, Commercial at Strike Energy Limited (Strike). Strike is the operator of EP447 and L23, which contains the Walyering Gas Project.

In his roles in the energy sector, Mr Hauser has developed a specialised skill set including corporate strategy, gas sales and marketing, joint venture representation, project development, as well as investor and government/ stakeholder relations. Mr Hauser has significant long-term experience in the Perth Basin and is well known in the Perth energy community where he was formerly the President and is now a Life Member of the Energy Club of WA (formerly Petroleum Club of WA).

Interest in shares and options held as at date of this report:

Mr Colby Todd Hauser <Aurora Investment Trust>
3,533,742 Fully Paid Ordinary Shares
7,500,000 Performance Rights

DIRECTORS' REPORT (CONTINUED)

David Casey (Non-Executive Director)

Mr Casey graduated with an Honours degree in Geology from the University of Sydney in 1991 and has spent the past 30 years working in the oil and gas industry, in Australia and overseas.

Mr Casey has been actively involved overseeing the start-up, development and sale of successful exploration and production projects. He has managed and evaluated all aspects of conventional and unconventional oil and gas exploration and appraisal, from initial reservoir characterisation and fairway identification, through to drilling, testing and production operations. He has substantial experience managing ASX-listed entities and is well known to the Australian institutional investment community.

He was previously Managing Director of Eastern Star Gas Limited and was responsible for the sale of the company to Santos. Most recently, Mr Casey was Managing Director of Petrel Energy Limited and recently arranged a reverse takeover of Petrel by Warrego Energy Limited.

Interest in shares and options held as at date of this report:

Hayrow Pty Ltd <David Casey Superannuation Fund>

2,175,000 Fully Paid Ordinary Shares

D.A. Casey & Associates Pty Limited <David Casey Family A/C>

8,000,000 Performance Rights

2,000,000 options exercisable at \$0.20 on or before 4 July 2024

Matthew Worner (Non-Executive Director)

Mr Worner is an experienced oil and gas executive who has worked with ASX and London listed E&P companies in various legal, commercial and new ventures/business development roles. He has overseen the completion of multiple asset acquisitions and divestments the world over, including Asia, Africa, US and Australasia as well as significant experience dealing with joint venture partners, host governments and NOCs in these regions.

Interest in shares and options held as at date of this report:

Mr Matthew McNeill Worner <MM Worner Family A/C>

2,076,667 Fully Paid Ordinary Shares

Mr Matthew McNeill Worner

2,000,000 options exercisable at \$0.12 on or before 28 February 2024

Stephen Jenkins (Non-Executive Director), resigned 23 February 2022

A geologist by profession and with a career spanning 35 years, Mr Jenkins is widely recognised as one of the most capable oil and gas executives in the United Kingdom.

Mr Jenkins was founder and CEO of Nautical Petroleum plc, an AIM listed E&P company with a significant portfolio of exploration and appraisal assets in the UK North Sea, including the pre-development projects at the Mariner, Kraken and Catcher Field areas. Having listed on AIM with a single asset in 2005, Nautical Petroleum was acquired by Cairn Energy plc in 2012 for £414 million.

Mr Jenkins is currently Chairman of the UK Oil and Gas Independents Association, and Non-Executive Chairman of both Savannah Petroleum plc, an AIM listed E&P company focused on Africa and Terrain Energy a private company with oil and gas interests onshore UK and Germany. He was a founding shareholder and director of EnCounter Oil plc, which was acquired by Talon.

Interest in shares and options held as at date of resignation

Stephen Jenkins

750,000 Fully Paid Ordinary Shares

562,500 Performance Rights

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' MEETINGS

The number of board meetings held during the year that each Director was entitled to attend and the number of meetings attended by each director was as follows:

	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Colby Hauser ¹	12	12
Douglas Jendry	14	14
David Casey	14	14
Matthew Worner	14	14
Stephen Jenkins ²	1	1

¹ Appointed 8 March 2022.

² Resigned 23 February 2022.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management person of Talon Energy Ltd, and for the executives receiving the highest remuneration.

Remuneration Policy

The remuneration policy of Talon Energy Ltd has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The Board of Talon Energy Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- Review and approve the Group's recruitment, retention and termination policies and procedures for senior executives to enable the Company to attract and retain executives and Directors who can create value for shareholders.
- Review the on-going appropriateness and relevance of the executive remuneration policy and other executive benefit programs.
- Ensure that remuneration policies fairly and responsibly reward executives having regard to the performance of the Company, the performance of the executive and prevailing remuneration expectations in the market.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (continued)

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

Performance-based Remuneration

As part of each member of the key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel are involved in and have a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

Company Performance, Shareholder Wealth and Director and Executive Remuneration Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration for Non-Executive Directors at a level that gives the Company the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is reasonable, competitive and acceptable to shareholders.

Maximum aggregate amount

Aggregate remuneration to Non-Executive Directors approved by the shareholders at the Annual General Meeting on 30 May 2014 is not to exceed \$300,000 per annum unless further approval is obtained.

The Directors agree the amount of remuneration for Non-Executive Directors each year (which cannot exceed the maximum amount determined by shareholders) and the manner in which it is divided between Directors. The Board's current practice is to apportion a higher fee to the Non-Executive Chairman than to the Non-Executive Directors.

The Board encourages Non-Executive Directors to hold shares in the Company (purchased by Directors on market). The Board considers it good governance for a Director to have a stake in the company in which they serve as a Board member.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

NON-EXECUTIVE DIRECTOR REMUNERATION (continued)

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, held 26 May 2022, 99% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

The details of the remuneration of key management personnel are set out in the following tables:

The key management personnel of the Company consisted of the following directors:

- Douglas Jendry – Non-Executive Chairman
- Stephen Jenkins – Non-Executive Director
- Colby Hauser – Managing Director and Chief Executive Officer
- David Casey – Non-Executive Director
- Matthew Worner – Executive Director (until 30 June 2022) & Non-Executive Director (from 1 July 2022)

And the following personnel:

- Darren Ferdinando – Exploration Manager
- Chris Kohne – Chief Financial Officer

MATERIAL TERMS OF AGREEMENTS IN PLACE DURING THE YEAR

Name	Douglas Jendry
Title	Non-Executive Chairman
Agreement Dates	13 October to current
Details	<p>Mr Jendry is a non-executive director of the company and as such his engagement is governed by an appointment letter. In accordance with the engagement letter Mr Jendry is paid \$48,000 p.a. (inclusive of superannuation).</p> <p>Mr Jendry's engagement does not provide for any termination benefits.</p>
Name	Stephen Jenkins
Title	Non-Executive Director
Agreement Dates	7 June 2019 to 23 February 2022
Details	<p>Mr Jenkins was a non-executive director of the company and as such his engagement was governed by an appointment letter. In accordance with the engagement letter Mr Jenkins was paid \$40,000 p.a. (inclusive of superannuation).</p> <p>Mr Jenkins' engagement did not provide for any termination benefits.</p>
Name	Colby Hauser
Title	Managing Director and Chief Executive Officer
Agreement Dates	8 March 2022 to current
Details	<p>Mr Hauser is a managing director of the company and as such his engagement is governed by an executive service agreement. In accordance with the agreement Mr Hauser is paid \$300,000 p.a. plus statutory superannuation contributions, to be reviewed annually.</p> <p>Mr Hauser's agreement provides for 12 month redundancy payment and performance based bonuses.</p>

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

MATERIAL TERMS OF AGREEMENTS IN PLACE DURING THE YEAR (continued)

Name	David Casey
Title	Non-Executive Director
Agreement Dates	1 January 2022 to current
Details	On transition to Non-Executive Director on 1 January 2022, Mr Casey's engagement is governed by an appointment letter. In accordance with the engagement letter Mr Casey is paid \$40,000 p.a. (inclusive of superannuation).
Name	Matthew Worner
Title	Non-Executive Director
Agreement Dates	17 December 2018 (Executive Director) – Transitioned to Non-Executive director 1 July 2022 to current
Details	Base Salary for the period ending 30 June 2022 was \$100,000 p.a. plus superannuation. On transition to Non-Executive Director on 1 July 2022, Mr Worner's engagement is governed by an appointment letter. In accordance with the engagement letter Mr Worner is paid \$40,000 p.a. (inclusive of superannuation).
Name	Darren Ferdinando
Title	Exploration Manager
Agreement Dates	1 October 2022 to current
Details	Dr Ferdinando is Exploration Manager and his engagement is governed by an employment agreement. In accordance with the employment agreement Dr Ferdinando is paid \$185,000 p.a. plus statutory superannuation contributions, to be reviewed annually. Dr Ferdinando's agreement provides for 3 month termination payment and performance based bonuses.
Name	Chris Kohne
Title	Chief Financial Officer
Agreement Dates	28 November 2022 to current
Details	Mr Kohne is Chief Financial Officer and his engagement is governed by an employment agreement. In accordance with the employment agreement Mr Kohne is paid \$185,000 p.a. plus statutory superannuation contributions, to be reviewed annually. Mr Kohne's agreement provides for 6 month termination payment and performance based bonuses.

Remuneration may also be in the form of equity-based compensation. Any issue of equity instruments as remuneration is at the discretion of the board.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

REMUNERATION FOR 2022

Remuneration of key management personnel of the Company for the year ended 31 December 2022:

2022	Short-Term Benefits			Post Employment Benefits			Total
	Cash, Salary and Fees	Bonus	Others	Share Based Payments	Termination Benefits	Superannuation	
Douglas Jendry	48,000	-	-	-	-	-	48,000
David Casey	58,568	-	-	306,437	-	3,719	368,724
Matthew Worner ¹	77,074	-	-	-	50,000	6,900	133,974
Stephen Jenkins ²	10,000	-	-	-	-	-	10,000
Colby Hauser ³	244,565	-	-	664,396	-	25,207	934,168
Total Directors	438,207	-	-	970,833	50,000	35,826	1,494,866
Darren Ferdinando ⁴	46,250	-	-	42,294	-	4,856	93,400
Chris Kohne ⁵	17,519	-	-	22,453	-	1,839	41,811
Other Key Management Personnel	63,769	-	-	64,747	-	6,695	135,211
Total Directors and Other Key Management Personnel	501,976	-	-	1,035,580	50,000	42,521	1,630,077

¹ Transitioned to Non-Executive Director on 1 July 2022

² Resigned 23 February 2022.

³ Appointed 8 March 2022

⁴ Appointed 1 October 2022

⁵ Appointed 28 November 2022

REMUNERATION FOR 2021

Remuneration of key management personnel of the Company for the year ended 31 December 2021:

2021	Short-Term Benefits			Post Employment Benefits			Total
	Cash, Salary and Fees	Bonus	Others	Share Based Payments	Termination Benefits	Superannuation	
Douglas Jendry	48,000	-	-	97,505	-	-	145,505
David Casey	278,217	-	-	652,290 ¹	-	23,659	954,166
Matthew Worner	118,528	-	-	203,468	-	11,549	333,545
Stephen Jenkins ²	40,000	-	-	9,130	-	-	49,130
Total Directors	484,745	-	-	962,393	-	35,208	1,482,346

¹ On 31 December 2021, with the transition from Managing Director to Non-Executive Director, Mr David Casey and the Company mutually agreed to the cancellation of 167,678,954 Performance Rights. In accordance with AASB 2, an expense of \$424,492 was immediately recognised at 31 December relating to the cancellation of these Rights

² Resigned 23 February 2022.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

EQUITY HOLDINGS OF KEY MANAGEMENT PERSONNEL

As at the year end, the relevant beneficial interest of each Director in the ordinary share capital of the Company shown in the register of Directors' shareholdings is as follows:

	Shares Held at 1 Jan¹						Shares Held at 31 Dec
	Year	Pre Consolidation Basis	Post Consolidation Basis	Net Acquisitions and Disposals During the Year	Received on Exercise of Convertible Securities²	Other Changes During The Year	
Directors							
Douglas Jendry	2022	22,500,000	1,125,000	187,500	1,000,000	-	2,312,500
David Casey	2022	25,000,000	1,250,000	300,000	625,000	-	2,175,000
Matthew Worner	2022	1,533,333	76,667	-	2,000,000	-	2,076,667
Colby Hauser³	2022	-	-	1,901,599	-	25,000	1,926,599
Stephen Jenkins⁴	2022	15,000,000	750,000	-	-	(750,000)	-
Other Key Management Personnel							
Darren Ferdinando	2022	-	-	603,430	-	-	603,430
Chris Kohne	2022	-	-	637,572	-	-	637,572

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the current year movements are recognised on a post consolidation basis, with an adjustment made to the opening balances, as if the consolidation had taken place on 1 January 2022.

² Convertibles securities include Option and Performance Rights

³ Mr Hauser was appointed Managing Director/CEO during the current financial year on 8 March 2022. Mr Hauser held 25,000 shares (500,000 on a pre-consolidation basis) at the time of his appointment.

⁴ As part of the restructure of the board resulting from the Company's decision to exit its UK tenure, Mr Jenkins retired from his position as a non-executive director on 23 February 2022. As such, his final security holding on retirement are shown as "Other changes during the Year"

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

UNLISTED OPTIONS

As at year end, the relevant beneficial interest of each Director in unlisted options over ordinary share capital of the Company shown in the register of Directors' unlisted option holdings are as follows:

Options Held at 1 Jan ¹								
	Year	Pre Consolidation Basis	Post Consolidation Basis	Issued During the Year	Exercised Expired or Forfeited During the Year	Other Changes	Options Held at 31 Dec	% Vested and Exercisable at 31 Dec
Directors								
Douglas Jendry	2022	20,000,000	1,000,000	-	(1,000,000)	-	-	-
David Casey ²	2022	12,500,000	625,000	2,000,000	(625,000)	-	2,000,000	100%
Matthew Worner	2022	40,000,000	2,000,000	-	-	-	2,000,000	100%
Colby Hauser	2022	-	-	-	-	-	-	-
Stephen Jenkins	2022	-	-	-	-	-	-	-
Other Key Management Personnel								
Darren Ferdinando	2022	-	-	-	-	-	-	-
Chris Kohne	2022	-	-	-	-	-	-	-

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the current year movements are recognised on a post consolidation basis, with an adjustment made to the opening balances, as if the consolidation had taken place on 1 January 2022.

² Mr Casey transitioned from Managing Director/CEO to a non-executive director on 1 January 2022. On transition to the non-executive director role Mr Casey relinquished 8,383,948 Performance Rights (167,678,954 on a pre-consolidation basis), and in return was issued 2,000,000 options (40,000,000 options on pre-consolidation basis). Details of the 2,000,000 options granted to Mr Casey can be found below.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

PERFORMANCE SHARES

As at year end, the relevant beneficial interest of each Director in the performance share capital of the Company shown in the register of Directors' shareholdings is as follows:

	Year	Performance Shares Held at 1 Jan ¹		Net Acquisitions and Disposals During the Year	Exercised, Expired or Forfeited During the Year	Other Changes During the Year	Performance Shares Held at 31 Dec
		Pre Consolidation Basis	Post Consolidation Basis				
Directors							
Douglas Jendry	2022	-	-	-	-	-	-
David Casey	2022	-	-	-	-	-	-
Matt Worner	2022	-	-	-	-	-	-
Colby Hauser	2022	-	-	-	-	-	-
Stephen Jenkins ²	2022	22,500,000	1,125,000	-	-	(1,125,000)	-
Other Key Management Personnel							
Darren Ferdinando	2022	-	-	-	-	-	-
Chris Kohne	2022	-	-	-	-	-	-

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the current year movements are recognised on a post consolidation basis, with an adjustment made to the opening balances, as if the consolidation had taken place on 1 January 2022.

² As part of the restructure of the board resulting from the Company's decision to exit its UK tenure, Mr Jenkins retired from his position as a non-executive director on 23 February 2022. As such, his final security holding on retirement is shown as "Other changes during the Year"

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

PERFORMANCE RIGHTS

As at year end, the relevant beneficial interest of each Director in performance rights capital of the Company shown in the register of Directors' shareholdings is as follows:

	Year	Performance Rights Held at 1 Jan ¹		Net Acquisitions and Disposals During the Year	Exercised, Expired or Forfeited During the Year	Other Changes During the Year	Performance Rights Held at 31 Dec
		Pre Consolidation Basis	Post Consolidation Basis				
Directors							
Douglas Jendry	2022	-	-	-	-	-	-
David Casey	2022	160,000,000	8,000,000	-	-	-	8,000,000
Matthew Worner	2022	40,000,000	2,000,000	-	(2,000,000)	-	-
Colby Hauser ²	2022	-	-	8,750,000	-	-	8,750,000
Stephen Jenkins ³	2022	11,250,000	562,500	-	-	(562,500)	-
Other Key Management Personnel							
Darren Ferdinando	2022	-	-	2,000,000	-	-	2,000,000
Chris Kohne	2022	-	-	3,000,000	-	-	3,000,000

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the current year movements are recognised on a post consolidation basis, with an adjustment made to the opening balances, as if the consolidation had taken place on 1 January 2022.

² As part of Mr Hauser employment contract, Mr Hauser was entitled to be granted, subject to shareholder approval, 8,750,000 Performance Rights (175,000,000 Performance Rights on a pre-consolidation basis). Shareholders approved the grant of Mr Hauser's Performance Rights at the Company's AGM held on 26 May 2022.

³ As part of the restructure of the board resulting from the Company's decision to exit its UK tenure, Mr Jenkins retired from his position as a non-executive director on 23 February 2022. As such, his final security holding on retirement is shown as "Other changes during the Year"

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION

Terms and conditions of share-based payment arrangements

Options

During the year 40,000,000 incentive options (2,000,000 on a post-consolidation basis) were issued to David Casey as part of his transition to the role of Non-Executive Director and subsequent to shareholder approval received on 26 May 2022. The options vested immediately, with key inputs to the valuation (Black-Scholes) noted below:

Director Options	
Valuation date	26 May 2022
Expected volatility (%)	125%
Risk-free interest rate (%)	2.42%
Expected life of option (years)	2 years
Option exercise price (\$)¹	\$0.20
Share price at grant date (\$)¹	\$0.16
Expiry date	4 July 2024
Value per option¹	\$0.094
Total fair value (\$)	\$188,725

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the performance rights have been recognised on a post consolidation basis, with an adjustment made all balances, as if the consolidation had taken place on 1 January 2022.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Director Performance Rights

On 26 May 2022, the company held its annual general meeting and received shareholder approval to issue unlisted performance rights to Mr. Colby Hauser, pursuant to the company's Share Rights Plan (Incentive Plan) adopted on 29 May 2020. The performance rights were issued on 22 June 2022. Details of performance rights issued to Directors as part of compensation during the year ended 31 December 2022 are set out below allocated based on the following milestones (vesting conditions):

- Class P - Continued employment for a period of 12 months commencing on 8 March 2022 (commencement date)
- Class Q - Talon shares achieving a 20-day VWAP exceeding 175% of 20-day VWAP of Talon shares at the commencement date, after the shareholder meeting approving the grant of the Performance Rights and prior to 30 June 2024 (Class Q Vesting condition); and
 - Continued employment 2 years from the commencement date (Class Q Employment condition); or
 - Satisfaction of the Class Q vesting condition, but notwithstanding the non-satisfaction of the Class Q Employment condition or the terms of the Share Rights Plan, all the Class Q Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class R - The achievement of Final Investment Decision for the Walyering Gas Project prior to 30 June 2024 (Class R Vesting Condition); and
 - Continued employment 18 months from Commencement Date (Class R Employment Condition); or
 - Satisfaction of the Class R vesting condition, but notwithstanding the non-satisfaction of the Class R Employment condition or the terms of the Share Rights Plan, all the Class R Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class S - The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class S Vesting condition); and
 - Continued employment 2 years from Commencement date (Class S Employment Condition); or
 - Satisfaction of the Class S vesting condition, but notwithstanding the non-satisfaction of the Class S Employment condition or the terms of the Share Rights Plan, all the Class S Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.

Director	Class of Performance Rights				Total
	P	Q	R	S	
Colby Hauser	1,250,000	2,500,000	2,500,000	2,500,000	8,750,000
Total	1,250,000	2,500,000	2,500,000	2,500,000	8,750,000

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Director Performance Rights (continued)

The valuation of performance rights was derived using the following underlying inputs and assumptions:

Assumptions	Class of Performance Rights ¹				Total
	P ²	Q ³	R ²	S ²	
Grant Date ⁴	26-May-22	26-May-22	26-May-22	26-May-22	
Vesting Date	8-Mar-23	30-Jun-24	8-Sep-23	8-Mar-24	
Expiry Date	30-Jun-27	30-Jun-28	30-Jun-28	30-Jun-28	
Number of Securities ¹	1,250,000	2,500,000	2,500,000	2,500,000	8,750,000
Security entitlement	One Share	One Share	One Share	One Share	
Listed / Unlisted	Unlisted	Unlisted	Unlisted	Unlisted	
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	
Share Price Targets (20-day-VWAP) ¹	N/A	0.272	N/A	N/A	
Implied Barrier Price (approx.) ¹	N/A	0.418	N/A	N/A	
Expected volatility	N/A	125.0%	N/A	N/A	
Risk free rate	N/A	2.42%	N/A	N/A	
Dividend yield	N/A	Nil	N/A	N/A	
Value of each Security (\$) ¹	0.160	0.136	0.160	0.160	
Probability	100%	100%	100%	100%	
Total Value (\$)	200,000	340,000	400,000	400,000	1,340,000
Expensed during the year ended 31 December 2022⁵ (\$)	163,388	120,165	217,455	163,388	664,396

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the performance rights have been recognised on a post consolidation basis, with an adjustment made all balances, as if the consolidation had taken place on 1 January 2022.

² The value of each right has been calculated using the share price as at the grant date, with the value calculated based on the number of instruments expected to vest.

³ The value of each right has been calculated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian model ('Parisian Barrier1 Model').

⁴ Performance rights have been valued at the grant date, being the date that shareholder approval was received to issue securities to directors.

⁵ The expense recognised during the period is from the date the securities were offered to Mr. Hauser (8 March 2022).

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Key Management Personnel Performance Rights

On 1 October 2022, Darren Ferdinando was appointed Exploration Manager with a compensation package that includes unlisted performance rights, pursuant to the company's Share Rights Plan (Incentive Plan). Details of the performance rights issued to the executive as part of compensation during the year ended 31 December 2022 are set out below allocated based on the following milestones (vesting conditions):

- Class T - Continued employment for a period of 12 months commencing on 1 October 2022 (commencement date)
- Class U - Talon shares achieving a 20-day VWAP exceeding 175% of 20-day VWAP of Talon shares at the commencement date and prior to 30 June 2024 (Class U Vesting condition); and
 - Continued employment 2 years from the commencement date (Class U Employment condition); or
 - Satisfaction of the Class U vesting condition, but notwithstanding the non-satisfaction of the Class U Employment condition or the terms of the Share Rights Plan, all the Class U Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class V - The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class V Vesting condition); and
 - Continued employment 2 years from Commencement date (Class V Employment Condition); or
 - Satisfaction of the Class V vesting condition, but notwithstanding the non-satisfaction of the Class V Employment condition or the terms of the Share Rights Plan, all the Class V Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class W - The achievement of finalising an unconditional farmin on a new permit prior to 31 December 2024 (Class W Vesting Condition) or acquisition of a new corporate entity; and
 - Continued employment 2 years from Commencement date (Class W Employment Condition); or
 - Satisfaction of the Class W vesting condition, but notwithstanding the non-satisfaction of the Class W Employment condition or the terms of the Share Rights Plan, all the Class W Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.

KMP	Class of Performance Rights				Total
	T	U	V	W	
Darren Ferdinando	250,000	500,000	250,000	1,000,000	2,000,000
Total	250,000	500,000	250,000	1,000,000	2,000,000

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Key Management Personnel Performance Rights (continued)

The valuation of performance rights was derived using the following underlying inputs and assumptions:

Assumptions	Class of Performance Rights				Total
	T ¹	U ²	V ¹	W ¹	
Grant Date ³	01-Oct-22	01-Oct-22	01-Oct-22	01-Oct-22	
Vesting Date	30-Sep-23	30-Jun-24	30-Sep-24	30-Sep-24	
Expiry Date	30-Jun-27	30-Jun-28	30-Jun-28	30-Jun-28	
Number of Securities	250,000	500,000	250,000	1,000,000	2,000,000
Security entitlement	One Share	One Share	One Share	One Share	
Listed / Unlisted	Unlisted	Unlisted	Unlisted	Unlisted	
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	
Share Price Targets (20-day-VWAP)	N/A	0.2766	N/A	N/A	
Implied Barrier Price (approx.)	N/A	0.3942	N/A	N/A	
Expected volatility	N/A	103%	N/A	N/A	
Risk free rate	N/A	3.39%	N/A	N/A	
Dividend yield	N/A	Nil	N/A	N/A	
Value of each Security (\$)	0.155	0.113	0.155	0.155	
Probability	100%	100%	100%	100%	
Total Value (\$)	38,750	56,558	38,750	155,000	289,058
Expensed during the year ended 31 December 2022⁴ (\$)	9,767	8,143	4,877	19,507	42,294

¹ The value of each right has been calculated using the share price as at the grant date, with the value calculated based on the number of instruments expected to vest.

² The value of each right has been calculated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian model ('Parisian Barrier1 Model').

³ Performance rights have been valued at the grant date.

⁴ The expense recognised during the period is from the date the securities were offered to the executive.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Key Management Personnel Performance Rights (continued)

On 28 November 2022, Chris Kohne was appointed Chief Financial Officer with a compensation package that includes unlisted performance rights, pursuant to the company's Share Rights Plan (Incentive Plan). Details of the performance rights issued to the executive as part of compensation during the year ended 31 December 2022 are set out below allocated based on the following milestones (vesting conditions):

- Class X - Continued employment for a period of 12 months commencing on 28 November 2022 (commencement date)
- Class Y - Talon shares achieving a 20-day VWAP exceeding 175% of 20-day VWAP of Talon shares at the commencement date and prior to 31 December 2024 (Class Y Vesting condition); and
 - Continued employment 2 years from the commencement date (Class Y Employment condition); or
 - Satisfaction of the Class Y vesting condition, but notwithstanding the non-satisfaction of the Class Y Employment condition or the terms of the Share Rights Plan, all the Class Y Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class Z - The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class Z Vesting condition); and
 - Continued employment 2 years from Commencement date (Class Z Employment Condition); or
 - Satisfaction of the Class Z vesting condition, but notwithstanding the non-satisfaction of the Class Z Employment condition or the terms of the Share Rights Plan, all the Class Z Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class AA - The achievement of finalising an unconditional farmin on a new permit prior to 31 December 2024 (Class AA Vesting Condition) or acquisition of a new corporate entity; and
 - Continued employment 2 years from Commencement date (Class AA Employment Condition); or
 - Satisfaction of the Class AA vesting condition, but notwithstanding the non-satisfaction of the Class AA Employment condition or the terms of the Share Rights Plan, all the Class AA Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.

KMP	Class of Performance Rights				Total
	X	Y	Z	AA	
Chris Kohne	500,000	1,250,000	250,000	1,000,000	3,000,000
Total	500,000	1,250,000	250,000	1,000,000	3,000,000

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Key Management Personnel Performance Rights (continued)

The valuation of performance rights was derived using the following underlying inputs and assumptions:

Assumptions	Class of Performance Rights				Total
	X ¹	Y ²	Z ¹	AA ¹	
Grant Date ³	28-Nov-22	28-Nov-22	28-Nov-22	28-Nov-22	
Vesting Date	27-Nov-23	31-Dec-24	27-Nov-24	27-Nov-24	
Expiry Date	31-Dec-27	31-Dec-28	31-Dec-28	31-Dec-28	
Number of Securities	500,000	1,250,000	250,000	1,000,000	3,000,000
Security entitlement	One Share	One Share	One Share	One Share	
Listed / Unlisted	Unlisted	Unlisted	Unlisted	Unlisted	
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	
Share Price Targets (20-day-VWAP)	N/A	0.3028	N/A	N/A	
Implied Barrier Price (approx.)	N/A	0.4229	N/A	N/A	
Expected volatility	N/A	97%	N/A	N/A	
Risk free rate	N/A	3.08%	N/A	N/A	
Dividend yield	N/A	Nil	N/A	N/A	
Value of each Security (\$)	0.155	0.112	0.155	0.155	
Probability	100%	100%	100%	100%	
Total Value (\$)	77,500	140,000	38,750	155,000	411,250
Expensed during the year ended 31 December 2022⁴ (\$)	7,219	6,222	1,802	7,209	22,453

¹ The value of each right has been calculated using the share price as at the grant date, with the value calculated based on the number of instruments expected to vest.

² The value of each right has been calculated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian model ('Parisian Barrier1 Model').

³ Performance rights have been valued at the grant date.

⁴ The expense recognised during the period is from the date the securities were offered to the executive.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Director and key management personnel's Performance Rights and holdings by class as at 31 December

Performance Condition	Vesting Date	Expiry Date	Fair Value Per Right
CLASS F 20-day VWAP above \$0.08 prior to 30 June 2022	19 Jul 2022	30 Jun 2027	\$0.054
CLASS G 20-day VWAP above \$0.16 prior to 30 June 2022	19 Jul 2022	30 Jun 2027	\$0.052
CLASS P Continued employment for a period of 12 months	8 Mar 2023	30 Jun 2027	\$0.160
CLASS Q 175% of the 20-day VWAP at the Commencement	30 Jun 2024	30 Jun 2028	\$0.136
CLASS R Final Investment Decision for the Walyering Gas Project prior to 30 June 2024	8 Sep 2023	30 Jun 2028	\$0.160
CLASS S Commercial Production from the Walyering Gas Project prior to 31 December 2024	8 Mar 2024	30 Jun 2028	\$0.160
CLASS T Continued employment for a period of 12 months	30 Sep 2023	30 Jun 2027	\$0.155
CLASS U 175% of the 20-day VWAP at the Commencement	30 Jun 2024	30 Jun 2028	\$0.113
CLASS V Commercial Production from the Walyering Gas Project prior to 31 December 2024	30 Sep 2024	30 Jun 2028	\$0.155
CLASS W Unconditional farm-in on a new permit prior to 31 December 2024	30 Sep 2024	30 Jun 2028	\$0.155
CLASS X Continued employment for a period of 12 months	27 Nov 2023	31 Dec 2027	\$0.155
CLASS Y 175% of the 20-day VWAP at the Commencement	31 Dec 2024	31 Dec 2028	\$0.112
CLASS Z Commercial Production from the Walyering Gas Project prior to 31 December 2024	27 Nov 2024	31 Dec 2028	\$0.155
CLASS AA Unconditional farm-in on a new permit prior to 31 December 2024	27 Nov 2024	31 Dec 2028	\$0.155

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

	David Casey	Colby Hauser	Darren Ferdinando	Chris Kohne	Total
CLASS F	4,000,000	-	-	-	4,000,000
CLASS G	4,000,000	-	-	-	4,000,000
CLASS P	-	1,250,000	-	-	1,250,000
CLASS Q	-	2,500,000	-	-	2,500,000
CLASS R	-	2,500,000	-	-	2,500,000
CLASS S	-	2,500,000	-	-	2,500,000
CLASS T	-	-	250,000	-	250,000
CLASS U	-	-	500,000	-	500,000
CLASS V	-	-	250,000	-	250,000
CLASS W	-	-	1,000,000	-	1,000,000
CLASS X	-	-	-	500,000	500,000
CLASS Y	-	-	-	1,250,000	1,250,000
CLASS Z	-	-	-	250,000	250,000
CLASS AA	-	-	-	1,000,000	1,000,000
VESTED AND EXERCISABLE	8,000,000	-	-	-	8,000,000
UNVESTED	-	8,750,000	2,000,000	3,000,000	13,750,000
MAXIMUM VALUE YET					
TO VEST	-	\$675,604	\$246,764	\$388,797	\$1,311,165

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)(continued)

OTHER STATUTORY INFORMATION (continued)

Transactions with Director related entities

Directors and officers, or their personally related entities, hold positions in other entities that result in them having controls or significant influence over the financial or operating policies of those entities.

Entity	Relationship	Nature of Transactions	Transactions		Balances	
			2022 \$	2021 \$	2022 \$	2021 \$
David Casey	(i)	Reimbursement for corporate travel costs	11,773	691	-	-
Matthew Worner	(ii)	Corporate consulting fees	12,000	-	-	-

(i) David Casey is a Non-Executive Director of the Company.

(ii) Matthew Worner is a Non-Executive Director of the Company.

This is the end of the Remuneration Report.

DIRECTORS' REPORT (CONTINUED)

AUDITOR

BDO Audit (WA) Pty Ltd has been appointed auditor of the Company in accordance with section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

During the current financial year BDO, the Company's auditor did not perform any other services in addition to their statutory duties.

AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration as required under section 307C of the Corporations Act is set out on page 48 of this Annual Report and forms part of the Directors' Report for the year ended 31 December 2022.

Made and signed in accordance with a resolution of Directors.



Colby Hauser

Managing Director and CEO

Dated 30 March 2023



FINACIAL REPORT

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AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF TALON ENERGY LIMITED

As lead auditor of Talon Energy Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Talon Energy Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a light blue horizontal line.

Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth
30 March 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$	2021 \$
Revenue	4	-	8,659
Cost of oil and gas sold	5a	-	(7,634)
Net margin on sale of oil and gas		-	1,025
Other income	5b	46,086	43,236
Employee benefits		(375,049)	(103,697)
Professional and consultancy fees		(1,161,630)	(1,152,497)
Marketing and travel expenses		(132,207)	(177,329)
Corporate and administrative expenses		(398,936)	(522,513)
Directors' fees	5c	(526,912)	(519,951)
Share based payment expense	22	(1,120,167)	(1,114,293)
Exploration expenditure	9a	(9,274,399)	(385,840)
Impairment expense		-	(341,137)
Adjustment of restoration provision		-	-
Finance costs		-	(6,601)
Loss before income tax		(12,943,214)	(4,279,597)
Income tax expense	6	-	-
Loss after income tax		(12,943,214)	(4,279,597)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation differences, net of tax		174,199	834
Other comprehensive income/(loss) (net of tax) for the year		174,199	834
Total comprehensive loss attributable to owners of the company		(12,769,015)	(4,278,763)
Basic loss per share (cents)	17	(3.15)	(1.45)
Diluted loss per share (cents)	17	(3.15)	(1.45)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	7	11,996,947	6,714,830
Trade and other receivables	8	317,635	88,110
Prepayments	8	736,010	30,421
Security deposit	8	5,740	27,300
Total Current Assets		13,056,332	6,860,661
Non-Current Assets			
Exploration and evaluation asset	9b	5,796,986	8,948,069
Oil and gas properties	10	10,984,402	-
Property, plant & equipment		43,447	-
Total Non-Current Assets		16,824,835	8,948,069
Total Assets		29,881,167	15,808,730
Liabilities			
Current Liabilities			
Trade and other payables	12	1,927,020	1,526,503
Provisions	13	7,276	5,128
Deferred consideration	24	-	688,375
Total Current Liabilities		1,934,296	2,220,006
Non-Current Liabilities			
Provisions	13	973,050	-
Total Non-Current Liabilities		973,050	-
Total Liabilities		2,907,346	2,220,006
Net Assets		26,973,821	13,588,724
Contributed Equity			
Issued share capital	14	77,360,647	51,889,202
Reserves	15	6,866,163	6,009,297
Accumulated losses		(57,252,989)	(44,309,775)
Total Equity		26,973,821	13,588,724

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Issued share capital	Share based payment reserve	Foreign currency translation reserves	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance as at 1 January 2022	51,889,202	3,367,810	2,641,487	(44,309,775)	13,588,724
Total comprehensive loss for the period					
Loss after income tax expense for the year	-	-	-	(12,943,214)	(12,943,214)
Foreign exchange translation differences	-	-	174,199	-	174,199
Total comprehensive loss for the year	-	-	174,199	(12,943,214)	(12,769,015)
Transaction with owners, recorded directly in equity					
Issue of share placement & share purchase plan, net of transaction costs	23,833,545	-	-	-	23,833,545
Transfer from conversion of performance rights	437,500	(437,500)	-	-	-
Exercise of options	1,200,400	-	-	-	1,200,400
Share based payment	-	1,120,167	-	-	1,120,167
Balance as at 31 December 2022	77,360,647	4,050,477	2,815,686	(57,252,989)	26,973,821
Balance as at 1 January 2021	42,804,237	522,279	2,640,653	(40,030,178)	5,936,991
Total comprehensive loss for the period					
Loss after income tax expense for the year	-	-	-	(4,279,597)	(4,279,597)
Foreign exchange translation differences	-	-	834	-	834
Total comprehensive loss for the year	-	-	834	(4,279,597)	(4,278,763)
Transaction with owners, recorded directly in equity					
Issue of share placement & share purchase plan, net of transaction costs	4,065,640	530,520	-	-	4,596,160
Transfer from conversion of performance rights	76,725	(76,725)	-	-	-
Exercise of options	4,390,600	-	-	-	4,390,600
Share based payment	552,000	2,391,736	-	-	2,943,736
Balance as at 31 December 2021	51,889,202	3,367,810	2,641,487	(44,309,775)	13,588,724

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Cash receipts from customers		10,174	8,659
Payments to suppliers and employees		(2,724,074)	(1,635,907)
Payments for exploration and evaluation expenditure		(9,711,438)	(385,840)
Interest received		16,644	14,331
Government grants received		-	-
Net cash used in operating activities	18	(12,408,694)	(1,998,757)
Cash flows from investing activities			
Payment of exploration and evaluation expenditure		(3,390,322)	(4,976,339)
Payments for asset in development		(4,018,362)	-
Net cash used in investing activities		(7,408,684)	(4,976,339)
Cash flows from financing activities			
Proceeds from the issuance of shares		25,474,000	5,050,025
Proceeds from exercise of options		1,200,400	4,390,600
Share issue costs		(1,603,623)	(403,839)
Net cash from financing activities		25,070,777	9,036,786
Net increase in cash and cash equivalents		5,253,399	2,061,690
Cash and cash equivalents at the beginning of year		6,714,830	4,657,871
Effects of exchange rate changes on the balances held in foreign currencies		28,718	(4,731)
Cash and cash equivalents at the end of the financial year	7	11,996,947	6,714,830

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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1. CORPORATE INFORMATION

Talon Energy Limited (the “Company” or “Talon”) is a company incorporated and domiciled in Australia whose shares are publicly listed on the ASX (ASX code: TPD). The Company’s registered office is at 1202 Hay Street, West Perth, WA 6005. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is a for-profit entity whose principal activity during the financial year was to identify and capture new oil and gas assets for the purpose of exploration.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial statements of the Group comply with International Financial Reporting Standards (“IFRS”) and interpretations adopted by the International Accounting Standards Board.

The consolidated financial statements were authorised for issue by the Board of Directors on 30 March 2023.

b) New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

c) Basis of preparation

The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

d) Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the ordinary course of business.

The Group incurred a loss of \$12,943,214 (2021: \$4,279,597) for the year ended 31 December 2022 and had cash and cash equivalents of \$11,996,947 (2021: \$6,714,830) as at that date, with net cash outflows from operations of \$12,408,694 (2021: \$1,998,757) for the year.

The Group’s cashflow forecasts for the 12 months ending 31 March 2024 indicate that the Group will be funded through its expenditure requirements and will be able to carry out its planned activities, with a \$12.0 million share placement (before associated costs) to institutional and sophisticated investors complete in March 2023, a Share Purchase Plan targeting up to \$2 million offered to eligible shareholders, and Walyering first gas and revenues forecast to commence in the coming months.

Based on the matters detailed above, the Directors are satisfied that the going concern basis of preparation is appropriate and that the Group will be able to realise its assets and settle its obligations in the ordinary course of business over the next 12 months.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

f) Functional and presentation currency

Items included in the financial statements of each subsidiary within the Group are measured using the currency of the primary economic environment in which the entity operated (the "functional currency"). The consolidated financial statements are presented in Australian dollars, the functional currency of Talon Energy Limited.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group's subsidiaries at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the date the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations are translated to Australian Dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Australian Dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign currency differences are recognised directly in equity in the translation reserve. When a foreign operation is disposed of, the relevant amount in the translation reserve is transferred to profit or loss.

Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve. They are released into the statement of comprehensive income upon disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are either classified as a joint operation or a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control. Classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to net assets of the arrangement.

The Company applies judgement when assessing whether a joint arrangement is a joint operation or a joint venture. These judgements take into consideration the rights and obligations provided for by the structure and legal form of the arrangement, the terms agreed to by the parties in the contractual agreement, and, when relevant, other facts and circumstances. These judgements are reassessed and re-evaluated as facts and circumstances change regarding the joint arrangement.

For joint arrangements classified as joint operations, the Company recognises in its financial statements, its proportionate interest in:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

For joint arrangements classified as joint ventures, the Company recognises its interest in the joint venture as an investment and accounts for that investment using equity method accounting as prescribed in AASB 11 Joint Arrangements unless the Company is exempted by a specific exemption according to that Standard.

h) Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less the provision for impairment. The Group will apply the simplified impairment methodology permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivable trade receivables are generally due for settlement within 60 days from the date of sale. Other receivables are generally settled within 30 days.

i) Exploration and evaluation expenditure

Exploration and evaluation costs are expensed in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Oil and gas properties

Assets in development

Expenditure is transferred from 'Exploration and evaluation assets' to 'Assets in development' which is a subcategory of 'Oil and gas properties' once the work completed to date supports the future development of the asset and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure related to the development asset is capitalised within 'Assets in development'.

When a development project moves into the production stage, all assets included in 'Assets in development' are then transferred to 'Producing assets' which is also a sub-category of 'Oil and gas properties'. The capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to 'Oil and gas properties' asset additions, improvements, or new developments.

Oil and gas properties

'Oil and gas properties' are stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost (if the asset was previously classified as assets in development), any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case, the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area. The unit-of-production rate calculation for the depreciation/amortisation of field development costs considers expenditures incurred to date, together with sanctioned future development expenditure.

k) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. AASB 9's new forward looking impairment model applies to investments at amortised cost.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Impairment (Continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss and are allocated to reduce the carrying amount of the assets in the unit on a pro rata basis.

An impairment loss may be reversed in a future period if there has been a change in the estimates used to determine the recoverable amount. The amount of impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Rehabilitation provision

The Group recognises a provision where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

When the provision is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Additional disturbances which arise due to further development/construction at the oil and gas property are recognised as additions or charges to the corresponding assets and decommissioning liability when they occur. Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas properties.

Over time, the discounted provision is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as a finance cost.

m) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

n) Employee benefits

Short term obligations

Liabilities for employee benefits for wages and salaries, including non-monetary benefits, annual and personal leave that are expected to be settled within 12 months of the reporting date represent short term obligations resulting from employees' services provided to balance sheet date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at balance sheet date, including related on-costs. Obligations for annual and personal leave are represented as provisions in current liabilities. All other short-term employee benefit obligations are presented with current payables.

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of comprehensive income as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) Employee benefits (Continued)

Long term incentives

The fair value of options granted is recognised as an expense with a corresponding increase in equity (share-based payment reserve). The fair value is measured at grant date and spread over the period during which the employees and vendors become unconditionally entitled to the options. The fair value of the options granted is measured using a valuation technique, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market-related conditions.

o) Ordinary shares

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

p) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the profit / (loss) attributable to equity holders of the Company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the amounts used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that may arise from the exercise of options outstanding during the financial year. As the Group incurred a net loss in the current and prior year, no options or performance rights have been included in the calculation of diluted earnings per share.

q) Revenue recognition

Sale of oil and gas

All revenue is generated from oil sales. Revenue from the sale of produced hydrocarbons is recognised when or as the Group transfers control of goods or services to a customer and can be measured reliably at the amount to which the Group expects to be entitled. Delivery of gas is by pipeline and sales contracts define the point of transfer in ownership.

r) Other income

Other income

Other income includes the net gain from the disposal of non-current assets. Proceeds from the disposal of non-current assets are recognised at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit/loss, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

u) Share-based payments

The Group provides benefits to Directors, employees, consultants and other advisors of the Group in the form of share-based payments, whereby the Directors, employees, consultants and other advisors render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model or fair value of services.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the market price of the shares of the Company if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant recipient becomes fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the recipient, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Judgements and estimates which are material to the financial report are noted below:

Exploration and evaluation costs

Exploration and evaluation costs related to the acquisition (and or) farm-in of licences have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Refer to note 9 for further information.

Impairment for exploration and development assets

In each reporting period, the Group assesses whether any indications of impairment exist. Additionally, when a capitalised exploration asset is transferred to development, the asset is tested for impairment at that point in time and assessed for indicators of impairment thereafter. The assessments require the use of estimates and assumptions, including production, reserves, prices, operating costs, future capital costs, restoration costs, and discount rates. The estimates and assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will impact these estimates, which may impact the recoverable amount of assets.

Restoration obligation and other provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefit will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial Parison Barrier Model or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 22 for further information.

Deferred tax

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Refer to note 6 for further information.

Fair value measurement

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective. The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. Refer to note 24 for further information.

4. REVENUE

	2022	2021
Revenue	\$	\$
Oil sales	-	9,009
Gas sales	-	(350)
Total revenue	-	8,659

5. EXPENSES AND OTHER INCOME

	2022	2021
a) Cost of oil and gas sold	\$	\$
Production taxes	-	418
Lease operating expenses, processing and transportation	-	7,216
	-	7,634
b) Other income		
Interest income	16,659	14,331
Other income	29,427	28,905
	46,086	43,236
c) Directors' fees		
Directors' fees	491,087	484,744
Superannuation contribution	35,825	35,207
	526,912	519,951

6. INCOME TAX BENEFIT

	2022	2021
	\$	\$
The prima facie tax on profit/(loss) from continuing operations and discontinued operations before income tax is reconciled to the income tax as follows:		
(Loss) before tax	(12,943,214)	(4,279,597)
Prima facie tax payable on (loss) from continuing operations and discontinued operations before income tax at 25% (2021: 25%)	(3,235,804)	(1,069,899)
Add:		
<i>Tax effect of:</i>		
Other non-allowable items	370,123	786,878
Difference in tax rates	(2,093)	(31,813)
Impact of reduction in future corporate tax rate	-	429,809
Less:		
<i>Tax effect of:</i>		
Non-assessable items	-	(7,226)
DTA not recognised (losses)	2,845,507	350,677
DTA not recognised (temporary)	22,267	(458,426)
Income tax expense/(benefit)	-	-

No deferred tax assets have been recognised as yet, other than to offset deferred tax liabilities, as it is currently not probable that future taxable profit will be available to realise the asset. Potential deferred tax assets on carry forward losses amount to \$13,874,401 (2021: \$8,999,733).

The benefit for tax losses will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- (ii) the Company continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the losses.

Change in future corporate tax rate:

There has been a legislated change in the Australian corporate tax rate that will apply to future income years. The impact of this reduction in the corporate tax rate has been reflected in the unrecognised deferred tax positions and the prima face income tax reconciliation above.

Tax consolidation

Talon Energy and its wholly owned Australian subsidiaries are part of an income tax consolidated group and have entered into tax sharing and tax funding agreements. Under the terms of these agreements, the subsidiaries will reimburse Talon Energy for any current income tax payable by Talon Energy arising in respect of their activities. The reimbursements are payable at the same time as the associated income tax liability falls due and will therefore be recognised as a current tax-related receivable by Talon Energy when they arise. In the opinion of the Directors, the tax sharing agreement is also a valid agreement under the tax consolidation legislation and limits the joint and several liability of the subsidiaries in the event of a default by Talon Energy.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits on call with financial institutions, and other short term, highly liquid investments.

	2022	2021
	\$	\$
Cash at bank	11,986,600	6,704,531
Term deposit	10,347	10,299
Total cash and equivalents	11,996,947	6,714,830

Refer to note 23a) for details on management of financial risk.

8. TRADE AND OTHER RECEIVABLES

	2022	2021
Current Assets	\$	\$
Other receivables	317,635	88,110
Prepayments	736,010	30,421
Other deposits	5,740	27,300
Total trade and other receivables	1,059,385	145,831

9. EXPLORATION AND EVALUATION

a) Exploration expenditure

	2022	2021
	\$	\$
EP447 – Walyering ¹	9,184,462	-
Other exploration expenditure	89,937	385,840
Total exploration expenditure	9,274,399	385,840

¹ Reflects exploration expenditure incurred in excess of the acquisition costs and prior to final investment decision for the Walyering Project, in accordance with accounting policies. Refer to note 9b) and note 10 for details on the exploration and evaluation assets and the transfer of the Walyering Project into assets in development.

b) Exploration and evaluation assets

	2022	2021
	\$	\$
Gurvantes XXXV Project		
Acquisition costs	5,167,264	2,318,347
Subtotal	5,167,264	2,318,347
Condor Project		
Acquisition costs	629,722	629,722
Subtotal	629,722	629,722
Walyering Project¹		
Farm-in deposit with Strike Energy	-	1,000,000
Acquisition costs	-	5,000,000
Subtotal	-	6,000,000
Total exploration and evaluation assets	5,796,986	8,948,069

¹ Refer to note 10 for details on the transfer of the Walyering Project into assets in development.

10. OIL AND GAS PROPERTIES

Assets in development

	\$
Costs as at 1 January 2021	-
Transferred from exploration and evaluation assets	-
Additions	-
Change in restoration provision	-
Impairment	-
Costs as at 31 December 2021	-
Transferred from exploration and evaluation assets ¹	6,000,000
Additions ²	4,018,362
Change in restoration provision ³	966,040
Impairment	-
Costs as at 31 December 2022	10,984,402

¹ In August 2022, the EP447 Joint Venture made a final investment decision (FID) with respect to the Walyering Project and sanctioned the Walyering gas field for development. In accordance with AASB 6, upon making FID, the exploration assets associated with the Walyering Project were assessed for impairment immediately prior to reclassification to oil and gas properties. There were no indicators of impairment and the accumulated exploration and evaluation expenditure at that point in time of \$6 million was transferred to assets in development within oil and gas properties.

² Reflects development costs incurred for the Walyering Gas Project between August and December 2022.

³ Initial recognition of provision.

11. INTEREST IN JOINT ARRANGEMENTS

In accordance with normal industry practice the Group has entered into joint operations arrangements with other parties for the purpose of exploring for and developing petroleum interests. If a party to a joint operation defaults and does not contribute its share of joint operation obligations, then the other joint operation participants may be liable to meet those obligations. In this event the interest in the prospect held by the defaulting party may be redistributed to the remaining joint participants.

As at the date of this report Company has a 45% interest in the Walyering Project with Strike Energy Limited, and a 33% interest in the Gervantes XXXV Project with Telmen Resources LLC.

In December 2022, the Company executed binding Term Sheet with Triangle Energy to acquire a 25% interest in Triangle's L7 and EP437 northern Perth Basin permits. As at December 2022, the conditions precedents had not been met, and as such, no balances have been recognised in 2022 financial statements. Refer to subsequent events in note 28.

12. TRADE AND OTHER PAYABLES

	2022	2021
Current	\$	\$
Trade payable	256,076	63,063
Accruals	1,630,844	1,448,076
Other payables	40,100	15,364
Total trade and other payables	1,927,020	1,526,503

Refer to note 23a) for details on management of financial risk.

13. PROVISIONS

	2022	2021
	\$	\$
Current		
Annual leave provision	7,276	5,128
	7,276	5,128
Non-Current		
Restoration provision ¹	973,050	-
	973,050	-

¹ The provision represents the present value of restoration costs relating to oil and gas properties, including the best estimate for costs of removing facilities, abandoning wells, and restoring the affected areas, which are required to settle the restoration obligations at the reporting date, based on current legal requirements. Includes the initial recognition of provision and unwinding of the discount rate to 31 December 2022.

14. SHARE CAPITAL

	2022	2021	2021	2022	2021
	\$	Post Consolidation Number	Pre Consolidation Number	\$	\$
Ordinary shares on issue, fully paid	525,709,792	339,359,476	6,787,189,525	77,360,647	51,889,202

Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	\$
1 Jan 2021	Opening Balance	4,351,789,525		42,804,237
9 Feb 2021	Placement to professional and sophisticated investors – Tranche 1	1,000,000,000	0.004	4,000,000
31 Mar 2021	Placement to professional and sophisticated investors – Tranche 2	250,000,000	0.004	1,000,000
31 Mar 2021	Issued for option to acquire Condor Project	54,000,000	0.008	432,000
31 Mar 2021	Share based payments ³	15,000,000	0.008	120,000
9 Sep 2021	Conversion of \$0.010 Performance Rights (H)	3,000,000	0.010	30,000
Various	Conversion of \$0.004 Options	1,087,150,000	0.004	4,390,600
Various	Conversion of Performance Rights (A&B)	26,250,000	0.002	46,725
	Less: Costs of issue			(934,360)
31 Dec 2021	Closing Balance (Pre-consolidation)	6,787,189,525		51,889,202
5 May 2022	Conversion of \$0.006 Options	20,000,000	0.006	120,000
5 May 2022	Placement to professional and sophisticated investors – T1 ¹	110,750,000	0.008	886,000
6 May 2022	Placement to professional and sophisticated investors – T2 ¹	1,227,500,000	0.008	9,820,000
16 May 2022	Placement to professional and sophisticated investors – T3 ¹	12,000,000	0.008	96,000
27 May 2022	Share purchase plan ²	315,500,000	0.008	2,524,000
Various	Conversion of \$0.010 Performance Rights	7,500,000	0.010	75,000
Various	Conversion of \$0.004 Options	232,600,000	0.004	930,400
	Less: Cost of issue			(859,855)
19 Jul 2022	Balance – pre-consolidation	8,713,039,525		65,480,747
19 Jul 2022	Balance – post-consolidation³	435,652,648		65,480,747
16 Aug 2022	Conversion of \$0.16 Performance Rights	2,000,000	0.16	320,000
16 Aug 2022	Conversion of \$0.20 Performance Rights	212,500	0.20	42,500
16 -17 Aug 2022	Placement to professional and sophisticated investors – T4 ¹	1,237,500	0.16	198,000
25 Aug 2022	Conversion of \$0.12 Options	1,250,000	0.12	150,000
2 Dec 2022	Placement to professional and sophisticated investors ⁴	85,357,144	0.14	11,950,000
	Less: Cost of issue			(780,600)
		525,709,792		77,360,647

¹ On 29 April 2022, the Company announced to the ASX that commitments had been received to raise \$11,000,000 at \$0.008 per share. The transaction was completed in four tranches, with T1-3 completed on the 5th, 6th, and 16th of May 2022 respectively. The balance pertaining to Director participation in the placement was approved via shareholder meeting on 18th July 2022 with shares issued to David Casey and Colby Hauser on the 16th and 17th of August 2022 respectively.

² On 25 May 2022, the Company announced to the ASX the completion of the share offer under the Company's Share Purchase Plan announced on 5 May 2022. The Company received a total \$2,524,000 in valid applications which were issued 27 May 2022.

³ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022.

⁴ On 9 December 2022, the Company announced to the ASX the completion of \$12,000,000 million Share Placement. The balance pertains to Director participation in the placement with shares issued to Colby Hauser on the 8th of February 2023.

15. RESERVES

a) Share based payment reserve

The share based payments reserve is made up of convertible securities, namely options and performance rights, granted to directors and key management personnel at the discretion of the Board to align the interest of executives, employees, and consultants with those of shareholders

	2022	2021
	\$	\$
Opening balance at the beginning of the year	3,367,810	522,279
Share based payments reserve movement during the year	682,667	2,845,531
Total share based payment reserve	4,050,477	3,367,810

b) Foreign currency translation reserve

The foreign currency translation reserve comprised all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity. Talon has four US based subsidiaries and two UK based subsidiaries (note 23) for which the functional currency is the US dollar and British pounds respectively. Translation into the presentation currency of Australian dollars creates a translation difference that is adjusted to the foreign currency reserve.

	2022	2021
	\$	\$
Opening balance at the beginning of the year	2,641,487	2,640,653
Currency translation differences arising during the year	174,199	834
Total foreign currency translation reserve	2,815,686	2,641,487

	2022	2021
	\$	\$
Total reserves	6,866,163	6,009,297

16. DIVIDENDS

No dividends have been declared, provided for or paid in 2022 (2021: nil). In respect to the payment of dividends by the Company in subsequent reporting periods (if any), no franking credits are currently available.

17. LOSS PER SHARE

	2022	2021
	\$	\$
Basic loss per share (cents)	(3.15)	(1.45)
Diluted loss per share (cents)	(3.15)	(1.45)
Reconciliations of earnings to profit or loss		
Loss used in the calculation of basic and diluted earnings per share	(12,943,214)	(4,279,597)
	Number	Number
Weighted average number of ordinary shares and potential ordinary shares		
Weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted loss per share	411,504,185	295,260,725

The weighted average number of ordinary shares for 2021 has been restated for the effect of the 20:1 share consolidation that was complete on 19 July 2022.

The reconciliation of weighted average number of shares due to share consolidation completed is provided as follows:

	2021	2021
	\$	Restated 20:1 \$
Basic loss per share (cents)	(0.07)	(1.45)
Diluted loss per share (cents)	(0.07)	(1.45)
Weighted average number of ordinary shares and potential ordinary shares used in calculating basic and diluted loss per share	5,905,214,491	295,260,725

18. CASH FLOW INFORMATION

Reconciliation of cashflows from operations with loss after income tax	2022	2021
	\$	\$
(Loss) after income tax	(12,943,214)	(4,279,597)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss:		
Impairment expense (O&G)	-	341,137
Share based payments expense	1,120,168	1,114,293
Share based payments expense (Consultants)	-	862,728
Other Non-cash items	6,600	(6,600)
Net exchange differences	18,256	5,564
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(920,154)	(13,332)
Increase/(decrease) in trade and other payables	309,650	(22,950)
Net cash used in operating activities	(12,408,694)	(1,998,757)

19. AUDITOR'S REMUNERATION

	2022	2021
	\$	\$
Audit fees and review of financial reports – BDO Audit (WA) Pty Ltd	67,147	44,642
	67,147	44,642

20. PARENT COMPANY DISCLOSURES

As at, and throughout, the financial year ended 31 December 2022 the parent entity of the Group was Talon Energy Limited.

a) Summary of financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2022	2021
	\$	\$
Current assets	11,777,109	6,635,182
Non-current assets	14,948,144	7,733,214
Total assets	26,725,253	14,368,396
Current liabilities	367,462	779,672
Non-current liabilities	-	-
Total liabilities	367,462	779,672
Share capital	77,360,647	51,889,202
Reserves	4,050,478	3,367,810
Accumulated losses	(55,053,334)	(41,668,291)
Total Equity	26,357,791	13,588,721
Loss for the year	(14,056,792)	(4,278,765)
Total comprehensive loss for the year	(14,056,792)	(4,278,765)

b) Commitments and contingent liabilities of the parent

The parent entity did not have any contingent liabilities or commitments, as at 31 December 2022 (2021: nil) other than as disclosed at note 27.

c) Guarantees entered into the parent entity

There were no guarantees entered into by the parent entity, other than disclosed elsewhere within the report.

d) Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

21. RELATED PARTIES

a) Key Management Personnel Remuneration

Key management personnel compensation, including amounts paid and share-based payments in respect of services provided to the Group, comprised:

	2022	2021
	\$	\$
Short-term benefits	501,976	484,745
Post-employment benefits	42,521	35,208
Termination benefits	50,000	-
Share based payments	1,035,580	962,393
	1,630,077	1,482,346

b) Transactions with Director related entities

Directors and officers, or their personally related entities, hold positions in other entities that result in them having controls or significant influence over the financial or operating policies of those entities.

Details of the transactions including amounts accrued but unpaid at the end of the year are as follows:

Entity	Relationship	Nature of Transactions	2022	2021	2022	2021
			\$	\$	\$	\$
David Casey	(i)	Reimbursement for corporate travel costs	11,773	691	-	-
Matthew Worner	(ii)	Corporate consulting fees	12,000	-	-	-

(i) David Casey is a Non-Executive Director of the Company.

(ii) Matthew Worner is a Non-Executive Director of the Company.

c) Other related party transactions

During the year 40,000,000 incentive options (2,000,000 on a post-consolidation basis) were issued to David Casey as part of his transition to the role of Non-Executive Director and subsequent to shareholder approval received on 26 May 2022. Refer to Note 22 for details of the terms, conditions and valuation of these options.

22. SHARE BASED PAYMENTS

Share-based payments, including options and performance rights are granted at the discretion of the Board to align the interest of executives, employees and consultants with those of shareholders.

	2022	2021
	\$	\$
Reconciliation of share-based payment reserve		
Opening balance	3,367,810	522,279
Options issued to brokers	-	530,520
Options issued to advisors/consultants	-	742,728
Incentive options issued to Directors	188,725	292,516
Options issued to vendors	-	534,715
Vesting of performance rights	976,443	845,781
Reversal of expense for performance rights lapsing/forfeited ¹	(45,000)	(24,004)
Transfer to issued capital on conversion of performance rights	(437,500)	(76,725)
Closing balance	4,050,478	3,367,810

¹ During the year 3,500,000 Class K and 1,000,000 Class M performance rights were forfeited upon termination of employment.

22. SHARE BASED PAYMENTS (CONTINUED)

2022

On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the performance rights have been recognised on a post consolidation basis, with an adjustment made all balances, as if the consolidation had taken place on 1 January 2022.

A summary of convertible securities on hand at 31 December 2022 are as follows:

Performance Rights

	Performance Condition	Vesting Date	Expiry Date	Number of Rights	Vested and Exercisable
Class A	20-day VWAP above \$0.06 prior to 30 June 2022	30 Jun 2021	30 Jun 2025	281,250	281,250
Class B	20-day VWAP above \$0.097 prior to 30 June 2024	30 Jun 2021	30 Jun 2027	281,250	281,250
Class F	20-day VWAP above \$0.08 prior to 30 June 2022	19 Jul 2022	30 Jun 2027	4,000,000	4,000,000
Class G	20-day VWAP above \$0.016 prior to 30 June 2022	19 Jul 2022	30 Jun 2027	4,000,000	4,000,000
Class J	Engaged at 31 Dec 2021	31 Dec 2021	31 Dec 2024	50,000	50,000
Class K	Engaged at 31 Dec 2022	31 Dec 2022	31 Dec 2025	200,000	200,000
Class M	Engaged at 31 Mar 2023	31 Mar 2023	31 Mar 2026	175,000	-
Class O	Engaged at 30 Jun 2023	30 Jun 2023	30 Jun 2026	37,500	-
Class P¹	Continued employment for a period of 12 months	8 Mar 2023	30 Jun 2027	1,250,000	-
Class Q¹	175% of the 20-day VWAP at the Commencement	30 Jun 2024	30 Jun 2028	2,500,000	-
Class R¹	Final Investment Decision for the Walyering Gas Project prior to 30 June 2024	8 Sep 2023	30 Jun 2028	2,500,000	-
Class S¹	Commercial Production from the Walyering Gas Project prior to 31 December 2024	8 Mar 2024	30 Jun 2028	2,500,000	-
Class T¹	Continued employment for a period of 12 months	30 Sep 2023	30 Jun 2027	250,000	-
Class U¹	175% of the 20-day VWAP at the Commencement	30 Jun 2024	30 Jun 2028	500,000	-
Class V¹	Commercial Production from the Walyering Gas Project prior to 31 December 2024	30 Sep 2024	30 Jun 2028	250,000	-
Class W¹	Unconditional farm-in on a new permit prior to 31 December 2024	30 Sep 2024	30 Jun 2028	1,000,000	-
Class X¹	Continued employment for a period of 12 months	27 Nov 2023	31 Dec 2027	500,000	-
Class Y¹	175% of the 20-day VWAP at the Commencement	31 Dec 2024	31 Dec 2028	1,250,000	-
Class Z¹	Commercial Production from the Walyering Gas Project prior to 31 December 2024	27 Nov 2024	31 Dec 2028	250,000	-
Class AA¹	Unconditional farm-in on a new permit prior to 31 December 2024	27 Nov 2024	31 Dec 2028	1,000,000	-
				22,775,000	

¹ During the year, 13,750,000 performance rights were issued to key management personnel of the Company, to assist with incentivisation and retention of key staff. These were valued using the share price on grant date and Parisian Barrier¹ Model for market-based performance conditions. The expensed recognized on these performance rights during the year amounted to \$729,143.

22. SHARE BASED PAYMENTS (CONTINUED)

	Balance at the Start of the Year	Balance at the Start of the Year	Issued During the Year	Exercised	Expired / Forfeited / Cancelled	Balance at End of The Year
	Pre- Consolidation	Post- Consolidation				
Performance Rights	404,428,954	20,221,448	13,750,000	(2,587,500)	(8,608,948)	22,775,000

Options

	Opening Balance	Opening Balance	Issued during the year	(Lapsed) / (Converted)	Outstanding and exercisable at 31 December 2022
	Pre- consolidation	Post- consolidation			
\$0.08 expiring 28/02/2022	233,850,000	11,692,500	-	(11,692,500)	-
\$0.12 expiring 28/02/2024	279,000,000	13,950,000	-	(2,250,000)	11,700,000
\$0.20 expiring 05/05/2025			5,000,000 ^a	-	5,000,000
\$0.20 expiring 04/07/2024			2,000,000 ^b	-	2,000,000

1. Includes the following;

- 5,000,000 options issued to TMK Energy Ltd as consideration for extending the exclusivity period relating to execution of the farm-in agreement. These options were granted in 2021 for accounting purposes and accordingly have been accounted for in prior year. They were issued on 5 May 2022.
- 2,000,000 incentive options issued to Non-Executive Director David Casey.

During the year 40,000,000 incentive options (2,000,000 on a post-consolidation basis) were issued to David Casey as part of his transition to the role of Non-Executive Director and subsequent to shareholder approval received on 26 May 2022. The options vested immediately, with key inputs to the valuation (Black-Scholes) noted below:

	Director Options
Valuation date	26 May 2022
Expected volatility (%)	125%
Risk-free interest rate (%)	2.42%
Expected life of option (years)	2 years
Option exercise price (\$) ¹	\$0.20
Share price at grant date (\$) ¹	\$0.16
Expiry date	4 July 2024
Value per option ¹	\$0.094
Total fair value (\$)	\$188,725

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the performance rights have been recognised on a post consolidation basis, with an adjustment made all balances, as if the consolidation had taken place on 1 January 2022.

22. SHARE BASED PAYMENTS (CONTINUED)

Director Performance Rights

On 26 May 2022, the company held its annual general meeting and received shareholder approval to issue unlisted performance rights to Mr. Colby Hauser, pursuant to the company's Share Rights Plan (Incentive Plan) adopted on 29 May 2020. The performance rights were issued on 22 June 2022. Details of performance rights issued to Directors as part of compensation during the year ended 31 December 2022 are set out below allocated based on the following milestones (vesting conditions):

- Class P - Continued employment for a period of 12 months commencing on 8 March 2022 (commencement date)
- Class Q - Talon shares achieving a 20-day VWAP exceeding 175% of 20-day VWAP of Talon shares at the commencement date, after the shareholder meeting approving the grant of the Performance Rights and prior to 30 June 2024 (Class Q Vesting condition); and
 - Continued employment 2 years from the commencement date (Class Q Employment condition); or
 - Satisfaction of the Class Q vesting condition, but notwithstanding the non-satisfaction of the Class Q Employment condition or the terms of the Share Rights Plan, all the Class Q Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class R - The achievement of Final Investment Decision for the Walyering Gas Project prior to 30 June 2024 (Class R Vesting Condition); and
 - Continued employment 18 months from Commencement Date (Class R Employment Condition); or
 - Satisfaction of the Class R vesting condition, but notwithstanding the non-satisfaction of the Class R Employment condition or the terms of the Share Rights Plan, all the Class R Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class S - The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class S Vesting condition); and
 - Continued employment 2 years from Commencement date (Class S Employment Condition); or
 - Satisfaction of the Class S vesting condition, but notwithstanding the non-satisfaction of the Class S Employment condition or the terms of the Share Rights Plan, all the Class S Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.

Director	Class of Performance Rights ¹				Total
	P	Q	R	S	
Colby Hauser	1,250,000	2,500,000	2,500,000	2,500,000	8,750,000
Total	1,250,000	2,500,000	2,500,000	2,500,000	8,750,000

22. SHARE BASED PAYMENTS (CONTINUED)

The valuation of performance rights was derived using the following underlying inputs and assumptions:

Assumptions	Class of Performance Rights ¹				Total
	P ²	Q ³	R ²	S ²	
Grant Date ⁴	26-May-22	26-May-22	26-May-22	26-May-22	
Vesting Date	8-Mar-23	30-Jun-24	8-Sep-23	8-Mar-24	
Expiry Date	30-Jun-27	30-Jun-28	30-Jun-28	30-Jun-28	
Number of Securities ¹	1,250,000	2,500,000	2,500,000	2,500,000	8,750,000
Security entitlement	One Share	One Share	One Share	One Share	
Listed / Unlisted	Unlisted	Unlisted	Unlisted	Unlisted	
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	
Share Price Targets (20-day-VWAP) ¹	N/A	0.272	N/A	N/A	
Implied Barrier Price (approx.) ¹	N/A	0.418	N/A	N/A	
Expected volatility	N/A	125.0%	N/A	N/A	
Risk free rate	N/A	2.42%	N/A	N/A	
Dividend yield	N/A	Nil	N/A	N/A	
Value of each Security (\$) ¹	0.160	0.136	0.160	0.160	
Probability	100%	100%	100%	100%	
Total Value (\$)	200,000	340,000	400,000	400,000	1,340,000
Expensed during the year ended 31 December 2022⁵ (\$)	163,388	120,165	217,455	163,388	664,396

¹ On 18 July 2022, the Company held a general meeting of shareholders and received approval to consolidate the Company's listed securities, on a ratio of 20:1, that is, each 20 securities on issue prior to the consolidation, were consolidated to one security post consolidation. The effective date for the conversion of securities under the shareholder approved Securities Consolidation was 19 July 2022. As such the performance rights have been recognised on a post consolidation basis, with an adjustment made all balances, as if the consolidation had taken place on 1 January 2022.

² The value of each right has been calculated using the share price as at the grant date, with the value calculated based on the number of instruments expected to vest.

³ The value of each right has been calculated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian model ('Parisian Barrier1 Model').

⁴ Performance rights have been valued at the grant date, being the date that shareholder approval was received to issue securities to directors.

⁵ The expense recognised during the period is from the date the securities were offered to Mr. Hauser (8 March 2022).

22. SHARE BASED PAYMENTS (CONTINUED)

Key Management Personnel Performance Rights

On 1 October 2022, Darren Ferdinando was appointed Exploration Manager with a compensation package that includes unlisted performance rights, pursuant to the company's Share Rights Plan (Incentive Plan). Details of the performance rights issued to the executive as part of compensation during the year ended 31 December 2022 are set out below allocated based on the following milestones (vesting conditions):

- Class T - Continued employment for a period of 12 months commencing on 1 October 2022 (commencement date)
- Class U - Talon shares achieving a 20-day VWAP exceeding 175% of 20-day VWAP of Talon shares at the commencement date and prior to 30 June 2024 (Class U Vesting condition); and
 - Continued employment 2 years from the commencement date (Class U Employment condition); or
 - Satisfaction of the Class U vesting condition, but notwithstanding the non-satisfaction of the Class U Employment condition or the terms of the Share Rights Plan, all the Class U Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class V - The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class V Vesting condition); and
 - Continued employment 2 years from Commencement date (Class V Employment Condition); or
 - Satisfaction of the Class V vesting condition, but notwithstanding the non-satisfaction of the Class V Employment condition or the terms of the Share Rights Plan, all the Class V Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class W - The achievement of finalising an unconditional farmin on a new permit prior to 31 December 2024 (Class W Vesting Condition) or acquisition of a new corporate entity; and
 - Continued employment 2 years from Commencement date (Class W Employment Condition); or
 - Satisfaction of the Class W vesting condition, but notwithstanding the non-satisfaction of the Class W Employment condition or the terms of the Share Rights Plan, all the Class W Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.

KMP	Class of Performance Rights ¹				Total
	T	U	V	W	
Darren Ferdinando	250,000	500,000	250,000	1,000,000	2,000,000
Total	250,000	500,000	250,000	1,000,000	2,000,000

22. SHARE BASED PAYMENTS (CONTINUED)

The valuation of performance rights was derived using the following underlying inputs and assumptions:

Assumptions	Class of Performance Rights				Total
	T ¹	U ²	V ¹	W ¹	
Grant Date ³	01-Oct-22	01-Oct-22	01-Oct-22	01-Oct-22	
Vesting Date	30-Sep-23	30-Jun-24	30-Sep-24	30-Sep-24	
Expiry Date	30-Jun-27	30-Jun-28	30-Jun-28	30-Jun-28	
Number of Securities	250,000	500,000	250,000	1,000,000	2,000,000
Security entitlement	One Share	One Share	One Share	One Share	
Listed / Unlisted	Unlisted	Unlisted	Unlisted	Unlisted	
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	
Share Price Targets (20-day-VWAP)	N/A	0.2766	N/A	N/A	
Implied Barrier Price (approx.)	N/A	0.3942	N/A	N/A	
Expected volatility	N/A	103%	N/A	N/A	
Risk free rate	N/A	3.39%	N/A	N/A	
Dividend yield	N/A	Nil	N/A	N/A	
Value of each Security (\$)	0.155	0.113	0.155	0.155	
Probability	100%	100%	100%	100%	
Total Value (\$)	38,750	56,558	38,750	155,000	289,058
Expensed during the year ended 31 December 2022⁴ (\$)	9,767	8,143	4,877	19,507	42,294

¹ The value of each right has been calculated using the share price as at the grant date, with the value calculated based on the number of instruments expected to vest.

² The value of each right has been calculated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian model ('Parisian Barrier1 Model').

³ Performance rights have been valued at the grant date.

⁴ The expense recognised during the period is from the date the securities were offered to the executive.

22. SHARE BASED PAYMENTS (CONTINUED)

On 28 November 2022, Chris Kohne was appointed Chief Financial Officer with a compensation package that includes unlisted performance rights, pursuant to the company's Share Rights Plan (Incentive Plan). Details of the performance rights issued to the executive as part of compensation during the year ended 31 December 2022 are set out below allocated based on the following milestones (vesting conditions):

- Class X - Continued employment for a period of 12 months commencing on 28 November 2022 (commencement date)
- Class Y - Talon shares achieving a 20-day VWAP exceeding 175% of 20-day VWAP of Talon shares at the commencement date and prior to 31 December 2024 (Class Y Vesting condition); and
 - Continued employment 2 years from the commencement date (Class Y Employment condition); or
 - Satisfaction of the Class Y vesting condition, but notwithstanding the non-satisfaction of the Class Y Employment condition or the terms of the Share Rights Plan, all the Class Y Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class Z - The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class Z Vesting condition); and
 - Continued employment 2 years from Commencement date (Class Z Employment Condition); or
 - Satisfaction of the Class Z vesting condition, but notwithstanding the non-satisfaction of the Class Z Employment condition or the terms of the Share Rights Plan, all the Class Z Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.
- Class AA - The achievement of finalising an unconditional farmin on a new permit prior to 31 December 2024 (Class AA Vesting Condition) or acquisition of a new corporate entity; and
 - Continued employment 2 years from Commencement date (Class AA Employment Condition); or
 - Satisfaction of the Class AA vesting condition, but notwithstanding the non-satisfaction of the Class AA Employment condition or the terms of the Share Rights Plan, all the Class AA Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control event.

KMP	Class of Performance Rights ¹				Total
	X	Y	Z	AA	
Chris Kohne	500,000	1,250,000	250,000	1,000,000	3,000,000
Total	500,000	1,250,000	250,000	1,000,000	3,000,000

22. SHARE BASED PAYMENTS (CONTINUED)

The valuation of performance rights was derived using the following underlying inputs and assumptions:

Assumptions	Class of Performance Rights				Total
	X ¹	Y ²	Z ¹	AA ¹	
Grant Date ³	28-Nov-22	28-Nov-22	28-Nov-22	28-Nov-22	
Vesting Date	27-Nov-23	31-Dec-24	27-Nov-24	27-Nov-24	
Expiry Date	31-Dec-27	31-Dec-28	31-Dec-28	31-Dec-28	
Number of Securities	500,000	1,250,000	250,000	1,000,000	3,000,000
Security entitlement	One Share	One Share	One Share	One Share	
Listed / Unlisted	Unlisted	Unlisted	Unlisted	Unlisted	
Exercise price	\$Nil	\$Nil	\$Nil	\$Nil	
Share Price Targets (20-day-VWAP)	N/A	0.3028	N/A	N/A	
Implied Barrier Price (approx.)	N/A	0.4229	N/A	N/A	
Expected volatility	N/A	97%	N/A	N/A	
Risk free rate	N/A	3.08%	N/A	N/A	
Dividend yield	N/A	Nil	N/A	N/A	
Value of each Security (\$)	0.155	0.112	0.155	0.155	
Probability	100%	100%	100%	100%	
Total Value (\$)	77,500	140,000	38,750	155,000	411,250
Expensed during the year ended 31 December 2022 4 (\$)	7,219	6,222	1,802	7,209	22,453

¹ The value of each right has been calculated using the share price as at the grant date, with the value calculated based on the number of instruments expected to vest.

² The value of each right has been calculated using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian model ('Parisian Barrier1 Model').

³ Performance rights have been valued at the grant date.

⁴ The expense recognised during the period is from the date the securities were offered to the executive.

22. SHARE BASED PAYMENTS

2021

During the prior year, the Company granted 28,500,000 Performance Rights in classes H-O to employees and contractors of the Company, to assist with incentivisation and retention of key staff. These were valued using the share price on grant date, being \$0.01 per share and expensed over the relevant service condition. The expense recognized on these performance rights during the year 2021 amounted to \$142,770.

During the prior year, the Company issued 300,000,000 options to brokers, professional consultants and directors. In addition, the Company agreed to issue Telmen Resources JSC, the operator of the Gurvantes XXXV Project, with 100,000,000 as consideration for extending the exclusivity period relating to execution of the farm-in agreement. These Options were not issued at 31 December 2021, however have been granted for accounting purposes and accordingly have been accounted for as disclosed below.

Options granted during the year were valued using a Black-Scholes valuation model, with the following inputs and assumptions:

	Broker options – Share issue costs (a)	Professional and consultancy fees (b-c)	Director options (d)	Vendor options – Exploration & evaluation assets
Expected volatility (%)	26 March 2021	26 March 2021	1 April 2021	11 July 2021
Risk-free interest rate (%)	0.10%	0.10%	0.11%	0.20%
Expected life of option (years)	2.93 years	2.93 years	2.91 years	3 years
Option exercise price (\$)	\$0.006	\$0.006	\$0.006	\$0.010
Share price at grant date (\$)	\$0.008	\$0.008	\$0.0075	\$0.009
Expiry date	28 Feb 24	28 Feb 24	28 Feb 24	3-yrs from issue
Value per option	\$0.0053	\$0.0053	\$0.0049	\$0.0053
Number of options	100,000,000	140,000,000	60,000,000	100,000,000
Total valuation	530,520	742,728	292,516	534,715

23. FINANCIAL INSTRUMENTS

a) Financial Risk Management

The group's financial instruments consist mainly of cash at bank, payables and receivables. As a result, the group has not formulated any specific management objectives and policies in respect to these types of financial instruments. Should the group change its position in the future, a considered summary of these policies will be disclosed at that time.

The Group's current exposure to the risk of changes in the market is managed by the Board of Directors.

Market risks

The Group is exposed to a variety of financial risks through its financial instruments for example, interest rate risk, liquidity risk and credit risk, as well as foreign currency risk.

23. FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial Risk Management (Continued)

Interest rate risk

At reporting date, the Group does not have long term borrowings and its exposure to interest rate risk is assessed as low. The risk monitors its interest rate risk through sensitivity analysis, as outlined below.

The consolidated group's exposure to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets of the group are summarised in the following tables:

	Floating interest rate	1 Year or less	Over 1 to 5 years	Non-interest bearing	Remaining contractual maturities	Weighted average interest rate
31 December 2022	\$	\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	11,996,947	11,996,947	-	-	11,996,947	2.1%
Other receivables	-	-	-	317,635	317,635	
	11,996,947	11,996,947	-	317,635	12,314,582	
Financial liabilities						
Other payables and sundry accruals	-	-	-	1,927,020	1,927,020	
Deferred consideration	-	-	-	-	-	
		-	-	1,927,020	1,927,020	

	Floating interest rate	1 Year or less	Over 1 to 5 years	Non-interest bearing	Remaining contractual maturities	Weighted average interest rate
31 December 2021	\$	\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	6,714,830	6,714,830	-	-	6,714,830	0.2%
Other receivables	-	-	-	88,110	88,110	
	6,714,830	6,714,830		88,110	6,802,940	
Financial liabilities						
Other payables and sundry accruals	-	-	-	1,526,503	1,526,503	
Deferred consideration	-	688,375	-	-	688,375	
		688,375	-	1,526,503	2,214,878	

At 31 December 2022, if interest rates had changed by -/+50 (2021: -/+ 50) basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$59,985 lower/higher (2021: \$33,574).

23. FINANCIAL INSTRUMENTS (CONTINUED)

a) Financial Risk Management (Continued)

Foreign currency risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD (\$), GBP (£).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting.

The consolidated entity has not entered into any derivative financial instruments to hedge such transactions and anticipated future receipts or payments that are denominated in a foreign currency. The board manages the purchase of foreign currency to meet operational requirements.

The consolidated entity's exposure to foreign currency risk at the reporting date was as follows:

	2022	2021
	\$	\$
Trade payables in denomination currency		
Trade payables – (USD\$)	448,515	(10)
Trade payables – (GBP£)	-	22,345
Deferred Consideration in denomination currency		
Deferred consideration – (USD\$)	-	688,375
Cash and cash equivalents held in denomination currency		
Cash and cash equivalents – (USD\$)	158,374	148,929
Cash and cash equivalents – (GBP£)	-	8,527
Trade receivables in denomination currency		
Trade receivables – (USD\$)	6,298	-
Consolidated entity sensitivity		
Exchange rates per AUD as at 31 December		
GBP (£)	0.5636	0.5378
USD (\$)	0.6818	0.7256

A 10% increase or decrease in value of Australian dollar against the above currencies at 31 December would have an immaterial effect.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group monitors forecast cash flows on regular basis to manage its liquidity risk.

Credit risk

Management has assessed the credit risk exposure as minimal at reporting date. Credit risk arises from exposure to customers and deposits with banks. Management monitors its exposure to ensure recovery and repayment of outstanding amounts. Cash deposits are only made with reputable banking institutions.

24. FAIR VALUE MEASUREMENT

Some of the Group's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or liability, the Group uses market observable data to the extent possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Balance at 1 Jan 2022			688,375	688,375
Deferred consideration	-	-	(688,375)	(688,375)
Balance at 31 Dec 2022	-	-	-	-

As per clause 3.8 in the Farm-In Agreement with Telmen for Gurvantes XXXV project, the Company paid USD 809,333 bonus payment for 2C Contingent Resource of 1.2 Tcf on 23 December 2022.

a) Valuation techniques used to derive Level 3 fair values

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

b) Fair value measurement of financial instruments

Due to their short-term nature, the carrying amounts of the current trade and other receivables and current trade and other payables is assumed to equal their fair value.

25. CONSOLIDATED ENTITIES

	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST %	OWNERSHIP INTEREST %
Parent entity		2022	2021
Talon Energy Limited	Australia		
Subsidiaries			
Texon I Pty Ltd	Australia	100	100
Rubox Pty Ltd	Australia	100	100
Talon (Aust) Pty Ltd	Australia	100	100
Talon (Aust) Holding Pty Ltd ¹	Australia	100	-
Talon (SG) Holding Pty Ltd ¹	Australia	100	-
Talon Energy Pte Ltd	Singapore	100	100
Talon Energy Mongolia LLC	Mongolia	100	100
Texoz E&P Holdings I, Inc.	USA	100	100
Texoz E&P Holdings III, Inc.	USA	100	100
Texoz E&P I, Inc.	USA	100	100
Texoz E&P III, Inc.	USA	100	100
Talon Petroleum (UK) Ltd	UK	100	100
EnCounter Oil Ltd	UK	100	100

¹Entity incorporated during the year

In the financial statements of the parent entity, investments in controlled entities are measured at cost.

26. SEGMENT REPORTING

The Group is organised into two operating segments based on the geographical dispersion of the Group's exploration and evaluation assets situated in Perth Basin, Western Australia and South Gobi Basin, Mongolia. A summary of the Group's operating segments can be found in the below table.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The Group's administrative and corporate activities in Australia do not constitute an operating segment.

The Board reviews financial information on the same basis as presented in the consolidated financial statements and the accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the consolidated financial statements.

26. SEGMENT REPORTING (CONTINUED)

	Perth Basin, Australia	South Gobi Basin, Mongolia	Total
Consolidated – 31 December 2022	\$	\$	\$
Revenue	-	32,155	32,155
Expenditure	(9,332,473)	(5,375)	(9,337,848)
Loss before income tax expense	(9,332,473)	26,780	(9,305,693)
<i>Unallocated other income</i>	-	-	13,932
<i>Unallocated expenditure</i>	-	-	(3,651,453)
Income tax expense	-	-	-
Loss after income tax expense			(12,943,214)
Assets			
Segment Assets	12,356,540	5,167,264	17,523,804
Segment Cash and cash equivalents	-	158,374	158,374
<i>Unallocated assets</i>	-	-	-
Cash and cash equivalents	-	-	11,838,573
Trade and other receivables	-	-	360,416
Total Assets			29,881,167
Liabilities			
Segment Liabilities	2,084,035	448,526	2,532,561
<i>Unallocated liabilities</i>	-	-	-
Trade and other payables	-	-	374,785
Total Liabilities			2,907,346
Consolidated – 31 December 2021			
Revenue	-	374	374
Expenditure	(53,196)	-	(53,196)
Loss before income tax expense	(53,196)	374	(52,822)
<i>Unallocated other income</i>	-	-	44,920
<i>Unallocated expenditure</i>	-	-	(4,271,695)
Income tax expense	-	-	-
Loss after income tax expense			(4,279,597)
Assets			
Segment Assets	6,642,012	2,456,337	9,098,349
<i>Unallocated assets</i>	-	-	-
Cash and cash equivalents	-	-	6,576,840
Trade and other receivables	-	-	133,541
Total Assets			15,808,730
Liabilities			
Segment Liabilities	1,366,665	688,375	2,055,040
<i>Unallocated liabilities</i>	-	-	-
Trade and other payables	-	-	164,966
Total Liabilities			2,220,006

27. COMMITMENTS AND CONTINGENCIES

The company had the following commitments at 31 December 2022:

An agreement was executed with Macallum Group Limited during the period, which allows for the acquisition of the Condor Project, being EP494 and SPA-0081 (Muchea Blocks). Talon had until 31 March 2023 (subsequently extended) to exercise its option in acquiring a 100% interest in the project, for an additional consideration of \$350,000 worth of Talon Shares and an overriding royalty of 1.95% on all hydrocarbon product sales.

In relation to the Gurvantes XXXV Project, with Talon exercising its option to acquire a 33% interest in the Project after satisfying its Stage 1 farm in commitment, Talon now has an obligation to fund 100% of the next stage of the exploration program, being the pilot well program, up to US\$3.15 million. Any additional expenditure will be incurred at Talon's 33% interest.

In accordance with the Joint Operating Agreement between Talon and Strike Energy (Strike), Talon Energy, through its wholly owned subsidiary, Talon (Aust) Pty Ltd are committed to exploration and evaluation costs incurred in line with its' 45% interest in the Walyering Project. Following final investment decision for the Walyering Gas Project, Talon has an obligation to fund 45% of the development expenditures for the project. The remaining spend on the Walyering Gas Project, including the upstream facility, well completions and APA connection, after December 2022 was estimated to be around \$7 million, net to Talon.

Litigation

The Group has no outstanding litigation as at 31 December 2022 (2021: \$nil).

28. SUBSEQUENT EVENTS

On 12 January 2023, Production Licence L23 for the Walyering Gas Project was granted by the WA Department of Mines, Industry, Regulation and Safety (DMIRS).

On 31 January 2023, the Company held a general meeting and received approval for the following:

- Ratification of prior issue of shares under Listing Rule 7.1 and 7.1A, for 41,357,144 shares and 44,000,000 shares respectively
- Issue of shares to related parties in relation to the Share Placement completed in November 2022, for 357,143 ordinary shares issued to Colby Hauser
- Variation to the terms of the 2,500,000 Class Q performance rights, 2,500,000 Class R performance rights and 2,500,000 Class S performance rights issued to Colby Hauser

On 1 March 2023, Talon completed the formal farm in agreement to acquire a 25% interest in Triangle's L7 and EP437 northern onshore Perth Basin permits. As consideration for its 25% interest in L7 and EP437, Talon will pay Triangle ~\$1.9 million towards past expenditure on the recently acquired Bookara 3D seismic data, with \$1 million paid on 1 March 2023, and the balance of ~\$0.9 million to be paid prior to 1 September 2023. In addition to the upfront costs, Talon will fund the following exploration activities as part of its farm-in obligations:

- In respect to the 1st well on L7 (forecast to be drilled in 2024, at an estimated cost of \$7.50 million), Talon will fund 50% of well costs, up to \$3.75 million; and should well costs exceed \$7.50 million, Talon to fund 25% of the excess (being Talon's initial farm-in interest)
- In respect of the 2nd well drilled on L7 (forecast to be drilled in 2024, at an estimated cost of \$7.50 million), Talon will fund 37.5% of well costs, up to \$2.81 million; and should the well costs exceed \$7.50 million, Talon to fund 25% of the excess (being Talon's initial farm-in interest)
- In respect to the well to be drilled on EP437 (forecast to be drilled in 2024, at an estimated cost of \$3.0 million), 25% of actual well costs
- In accordance with the Joint Operating Agreement, Talon is committed to fund all other exploration and evaluation costs incurred in line with its' 25% interest in the permits.

On 3 March 2023, Talon announced it had received firm commitments from institutional and sophisticated investors to raise \$12.0 million (before associated costs) through a placement of new fully paid ordinary shares in Talon. In addition to the Placement, Talon has offered Eligible Shareholders 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 \$2.0 million, with the ability to accept oversubscriptions.

There were no other events subsequent to the reporting date.

DIRECTORS' DECLARATION

In the opinion of the Directors of Talon Energy Limited ("the Company"):

- (a) the consolidated financial statements and notes set out on pages 49 to 89 and the remuneration report on pages 26 to 44 of the director's report as set out on pages 20 to 45, are in accordance with the Corporations Act 2001 (Cth), including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a);
- (c) Subject to matters set out in note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 31 December 2022.

Signed in accordance with a resolution of the Directors.



Colby Hauser

Managing Director and CEO

Dated 30 March 2023

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the members of Talon Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Talon Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Oil and Gas Properties

Key audit matter	How the matter was addressed in our audit
<p>During the year the Group transitioned its Walyering Project from the exploration to development phase.</p> <p>As outlined in Note 10, following the decision to enter development the Group transferred exploration and evaluation asset to Oil and Gas Properties. On transition the Group was required to test the carrying value of the asset transferred for impairment.</p> <p>Further to this the Group is required to assess for indicators of impairment of Oil and Gas Properties at 31 December 2022.</p> <p>The accounting for Oil and Gas Properties was determined to be a key audit matter due to the carrying value representing a significant asset of the Group, the key estimates and judgements involved in undertaking the impairment test on transition and assessing for indicators of impairment at 31 December 2022.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Reviewing management's basis of allocation of exploration and evaluation assets to oil and gas properties; • Reviewing Board minutes and ASX announcements to confirm the date of transfer to oil and gas properties; • Reviewing oil and gas properties expenditure capitalised during the year for compliance with the measurement and recognition criteria of accounting standards; • Evaluating the reasonableness of management's impairment assessment of the asset transferred to development in accordance with Australian Accounting Standards by: <ul style="list-style-type: none"> • Comparing commodity prices assumptions to independent consensus forecast and historic gas pricing; • Obtaining and reviewing latest available reserve information from management's external expert for reserve estimates and recoverable values included within the valuation; • Assessing the qualifications, competency and objectivity of the Group's external experts; and • Assessing the appropriateness of the discount rate applied in conjunction with our internal expert. • Evaluating the reasonableness of management's assessment of indicators of impairment as at 31 December 2022 under Australian Accounting Standards; and • Assessing the adequacy of the related disclosures in Notes 2(j), 3 and 10 to the Financial Report.



Accounting for Exploration and Evaluation Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>At 31 December 2022, the Group held a significant carrying value of exploration and evaluation assets as disclosed in Notes 2 i), 3 and 9b.</p> <p>As the carrying value of the exploration and evaluation represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular:</p> <ul style="list-style-type: none"> • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; • Recognition and valuation of purchase consideration for tenement acquisitions; and <p>Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • We also assessed the adequacy of the related disclosures in Notes 2 i), 3 and 9b to the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 44 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Talon Energy Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo.

Dean Just

Director

Perth

30 March 2023

SHAREHOLDER INFORMATION

Talon Energy Ltd shares are listed on the Australian Securities Exchange. The Company's ASX code is TPD for Ordinary Shares.

SUBSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

As at 13 March 2023, there were no shareholders holding greater than a 5% interest in the Company.

CLASS OF SHARES AND VOTING RIGHTS

At 13 March 2023 there were 4,150 holders of 609,575,556 ordinary fully paid shares of the Company. The voting rights attaching to the ordinary shares are in accordance with the Company's Constitution being that:

- a. each Shareholder entitled to vote may vote in person or by proxy, attorney or Representative;
- b. on a show of hands, every person present who is a Shareholder or a proxy, attorney or Representative of a shareholder has one vote; and
- c. on a poll, every person present who is a shareholder or a proxy, attorney or Representative of a shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or Representative, have one vote for the Share, but in respect of partly paid Shares, shall have such number of votes as bears the proportion which the paid amount (not credited) is of the total amounts paid and payable (excluding amounts credited).

The number of shareholders holding less than a marketable parcel is 560.

UNLISTED SECURITIES AS AT 13 MARCH 2023

SECURITIES	NUMBER OF SECURITIES ON ISSUE	NUMBER OF HOLDERS	NAME OF HOLDERS HOLDING MORE THAN 20%	NUMBER HELD
Options exercisable at \$0.12 on or before 28 Feb 2024	10,950,000]	10	N/A	N/A
Options exercisable at \$0.20 on or before 5 May 2025	5,000,000	1	TMK Energy Ltd	5,000,000
Options exercisable at \$0.20 on or before 4 Jul 2024	2,000,000	1	D A CASEY & ASSOCIATES PTY LIMITED <DAVID CASEY FAMILY A/C>	2,000,000
Performance Rights	22,775,000	9	MR COLBY TODD HAUSER <AURORA INVESTMENT A/C>	8,750,000
			D A CASEY & ASSOCIATES PTY LIMITED <DAVID CASEY FAMILY A/C>	8,000,000

CASH USAGE

Since the time of listing on ASX, the entity has used its cash and assets in a form readily converted to cash that it had at the time of admission to the official list of ASX in a manner which is consistent with its business objectives.

SHAREHOLDER INFORMATION (CONTINUED)

TOP 20 SHAREHOLDERS AS AT 13 MARCH 2023

RANK	NAME	SHARES	% OF UNITS
1.	TREASURY SERVICES GROUP PTY LTD <NERO RESOURCE FUND A/C>	26,387,931	4.33
2.	MCCUSKER HOLDINGS PTY LTD	17,000,000	2.79
3.	NATIONAL NOMINEES LIMITED	16,653,263	2.73
4.	PRECISION OPPORTUNITIES FUND LIMITED <INVESTMENT A/C>	14,401,977	2.36
5.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	11,733,217	1.92
6.	HOLDREY PTY LTD <DON MATHIESON FAMILY A/C>	7,250,000	1.19
7.	WYLLIE GROUP PTY LTD	7,000,000	1.15
8.	SUTTON NOMINEES PTY LTD <W M GATACRE FAMILY FUND A/C>	6,383,095	1.05
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,333,183	1.04
10.	VIMINALE PTY LTD <DA PAGANIN FAMILY NO 2 A/C>	6,145,834	1.01
11.	WORKPOWER PTY LTD	6,145,834	1.01
12.	CEDARFIELD HOLDINGS PTY LTD <CEDARFIELD A/C>	6,000,000	0.98
13.	GREMAR HOLDINGS PTY LTD	6,000,000	0.98
14.	CITICORP NOMINEES PTY LIMITED	5,868,099	0.96
15.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,345,050	0.88
16.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	5,105,165	0.84
17.	HEDGEHOG MANAGEMENT PTY LTD <THE RICHARDSON LOW S/F A/C>	4,838,692	0.79
18.	SMC CAPITAL PTY LTD <SMC CAPITAL A/C>	4,793,750	0.79
19.	ENDLESS SUMMER (WA) PTY LTD <PETER NELSON SUPER FUND A/C>	4,750,000	0.78
20.	ASTUTE CONCEPTS PTY LTD	4,300,000	0.71
TOTAL		172,435,090	28.29

RANGE OF ORDINARY SHARES AS AT 13 MARCH 2023

RANGE	TOTAL HOLDERS	UNITS	%
1 - 1,000	160	31,009	0.01
1,001 - 5,000	861	3,141,979	0.52
5,001 - 10,000	633	4,851,643	0.80
10,001 - 100,000	1,740	69,847,232	11.45
>100,001	756	531,703,693	87.22
Total	4,150	609,575,556	100.00

GLOSSARY

1C	low estimate of Contingent Resource in accordance with the SPE-PRMS
2C	best estimate of Contingent Resource in accordance with the SPE-PRMS
3C	high estimate of Contingent Resource in accordance with the SPE-PRMS
1P	proved (developed plus undeveloped) reserves in accordance with SPE-PRMS
2P	proved plus probable reserves in accordance with the SPE-PRMS
3P	proved, probable and possible reserves in accordance with SPE-PRMS
1U	unrisked low estimate qualifying as Prospective Resources in accordance with SPE-PRMS
2U	unrisked best estimate qualifying as Prospective Resources in accordance with SPE-PRMS
3U	unrisked high estimate qualifying as Prospective Resources in accordance with SPE-PRMS
A\$	Australian dollars, unless otherwise stated
AASB	Australian Accounting Standards Board or, if the context requires, an Australian Accounting Standard adopted by it
AGM	Annual General Meeting
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ACN 008 624 691) or, if the context requires, the securities market operated by it
bbl	barrels
bcf	billion cubic feet
bcfe	billion cubic feet equivalent
boe	barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 barrel of oil equivalent)
bopd	barrels of oil per day
bwpd	barrels of water per day
CEO	Chief Executive Officer
Company or Talon	Talon Energy Limited (ABN 88 153 229 086)
Constitution	constitution of the Company
Continent Resource	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies in accordance with SPE-PRMS
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	director of the Company
ft	feet
Group	Talon and its subsidiaries
IFRS	International Financial Reporting Standards
KMP	any or all (as the context requires) of the key management personnel, as defined in paragraph 9 of AASB 124 Related Party Disclosures dated December 2009
LTI	long term incentive
m	metres
mbbl	thousand barrels
mboe	thousand barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
mcf	thousand cubic feet

GLOSSARY(CONTINUED)

mcf	thousand cubic feet per day
mcfgpd	thousand cubic feet of gas per day
mmbo	million barrels of oil
mmboe	million barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
mmcf	million cubic feet
NGL	natural gas liquids
NRI	net revenue interest or share of production after all burdens such as royalties have been deducted from the WI
ORRI	overriding royalty interest, which is a percentage share of production free from all costs of drilling and producing
Prospective Resource	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects in accordance with SPE-PRMS
Q	year quarter
Share	fully paid ordinary share in the capital of the Company
SPE-PRMS	Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers
STI	short term incentive
Texon	Texon Petroleum Ltd (ABN 24 119 737 772)
Texoz	Texoz E&P II, Inc.
TVD	True Vertical Depth
US\$	U.S. dollars
VWAP	volume weighted average price
WI	working interest, a cost bearing interest of an oil and gas project

