



ASX ANNOUNCEMENT

RELEASE DATE: 27 APRIL 2023

Lucky Fox-1 intersects 60 metres of gassy coal

- **Lucky Fox-1, the first of 3 planned production wells at Gurvantes XXXV, has been safely drilled on time and on budget reaching total depth at 375m**
- **Strong coal thickness observed with 60m intersected over the production interval**
- **Drilling Rig mobilising to Lucky Fox-2**

Talon Energy Ltd (ASX: **TPD**) ("**Talon**" or the "**Company**") is pleased to provide an update on the drilling operations from the Gurvantes XXXV CSG Project's pilot production well drilling program (Talon 33%, TMK Energy Ltd 67% & Operator) in the South Gobi Basin of Mongolia.

Lucky Fox-1 (LF-01) spudded on 12th April and the well reached total depth on 26th April, having drilled to 375m as planned. The well intersected 60m of gassy coal in the production interval from 151m to 375m as prognosed by the Operator and drilled safely, on time, and on budget by Major Drilling. The drill rig is currently being mobilised to the site of the of Lucky Fox-2 (LF-02) well located approximately 200 metres from LF-01, in preparation for spudding of the second pilot production well in the Pilot Well Program.

The Pilot Well Program comprises drilling and completing of three individual production wells spaced approximately 200 metres apart centred around the Snow Leopard-2 well drilled last year. The drilling of the remaining two production wells is expected to take approximately five weeks. Once drilling is completed, downhole pumps will be installed, and the surface facilities will be connected, which is expected to take approximately four weeks. The dewatering pumps will then be commissioned. The dewatering process will then commence in a controlled manner with first gas breakthrough expected within one to two months from being placed on production.

The Pilot Well Program is being primarily funded by Talon as part of our staged farm-in process to the Gurvantes XXXV CSG Project. Talon elected to enter Stage 2 of the Farm-in Agreement in early December 2022 and are paying the first US\$3.15 million towards what is budgeted to be approximately US\$3.5 million for the production drilling and testing program, with TMK paying their proportionate share of further costs over and above US\$3.15 million.

Mr Colby Hauser, Talon Energy's Managing Director and Chief Executive Officer commented:

"We are very pleased to report that the first of our three pilot production wells has been drilled safely, on time and on budget. Having penetrated 60m of gassy net coal is an outstanding result for the first well and bodes well for the remaining two wells and the subsequent production test to see if the project can deliver gas at commercial rates."

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PAGE 1 OF 2



Figure 1 – Aerial View of Drilling Operations for the Lucky Fox - 1 Pilot Production Well (image provided by TMK Energy)

This Announcement was authorised for release by the Managing Director.

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