



ASX ANNOUNCEMENT

9 OCTOBER 2023

Walyering Production Update

- **Firm gas sales commenced on 1 October 2023 where the Walyering gas field has operated with a high reliability delivering a stabilised 20 TJ/d.**
- **A total of ~52 TJs of gross commissioning gas was sold prior to commencement of firm gas sales which has been invoiced.**
- **Condensate production has averaged ~200 barrels per day during the firm supply period with first load out occurring on 3 October 2023.**
- **Ramp up towards name plate capacity is targeted to occur over the coming quarter.**

Talon Energy Ltd (ASX: **TPD**) (**Talon** or **Company**) is pleased to provide the following update in relation to the Walyering gas field development (L23 / EP447 Joint Venture, Talon 45%, and Strike Energy Limited (**Strike**) 55% and Operator) (**Joint Venture**).

The Operator has advised that a gross total of ~52 TJs of commissioning gas was sold at varying rates during the startup of the Walyering gas field, where these sales have now been invoiced. On 1 October 2023 at 8:00am, the Walyering gas field commenced stabilised export of sales gas into the Parmelia Gas Pipeline under its long-term gas supply agreement (**Supply Agreement**) with Santos WA Energy Limited (**Santos**) where a high reliability in the performance of the facility has been observed measuring at an uptime of more than 97%. The Supply Agreement is for the supply of 36.5 PJ over a period of 5 years on a firm, take-or-pay basis at 20 TJ per day with arrangements for supply of additional gas on an 'as available basis'. At this time, it is important to recognise that both sales of gas into the Santos contract and condensate sales are denominated in US-dollars

On 5 October 2023, the first offloading of condensate to its point of sale at Port Bonython occurred. Condensate production has been within forecast rates of ~200 barrels per day since firm gas supply commenced.

The Joint Venture will commence safely ramping up the field towards its nameplate capacity of 33 TJ/d over the coming quarter now that stabilised rates have been achieved for the firm contracted production. Achieving this rate is subject to various conditions including market dynamics and facility/upstream performance.

Due to the extended construction time, higher labour rates and additional manpower required against forecasts, the final cost of the development, including the well completions, facility construction and commissioning costs was \$30 million (gross). Strike expects to 'payback' the construction cost from gas and condensate sales in approximately two quarters, highlighting the high returning nature of the Walyering development¹

¹ Assumes production and sales from the Walyering Field at 33 TJ/day and 250bbl/day with as available gas sold to Santos at the 'as available' price under the Gas Supply Agreement with Santos, and condensate at A\$104bbl (US\$70bbl FX 0.67).

For the purposes of the Scheme Implementation Deed and Facility Agreement with Strike announced on 14 August 2023, the Company has received a letter of comfort from Strike to increase Strike's commitment under the Facility Agreement to cover the increased Walyering completion costs, if Talon requires additional funds to meet its commitments.

The Walyering field is independently certified as having proved and probable (2P) Reserves of 56 petajoules equivalent (PJe) (Talon share 25 PJe) and a further 33 PJe (Talon share 15 PJe) of 2C Contingent Resources in the western compartment of the field where Talon has recently agreed to the Operator's request to drill the Walyering-7 well in Q1/24 with the aim of maturing these Resources to Reserves. The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

This Announcement has been authorised for release by the Board.

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Competent Persons Statement

The information in this report that relates to Reserve and Contingent Resource information for the Walyering Gasfield is based on information compiled by Mr Peter Stephenson, an employee of RISC, and a Qualified Petroleum Reserves and Resources Evaluator (QPRRE) as defined by ASX listing rules. This information was subsequently reviewed by Dr Darren Ferdinando PhD, BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Dr Ferdinando is Talon's Exploration Manager, with approximately 30 years relevant experience in the petroleum industry and is a member of The American Association of Petroleum Geologists (AAPG) and a Fellow of the Petroleum Exploration Society of Australia (PESA). The Resources included in this Report have been prepared using definitions and guidelines consistent with the 2018 Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers Petroleum Resources Management System (PRMS). The Resources information included in this Report are based on, and fairly represents, information and supporting documentation reviewed by Dr Ferdinando. Dr Ferdinando is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.