

TALON PETROLEUM LIMITED

Building a Diversified Energy Company

Investor Update

Imminent near term catalysts...

March 2021



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Competent Persons Statement. The information in this report that relates to Prospective Resource information in relation to the Skymoos and Rocket, Vantage, Thelma, Louise and Buffalo Prospects are based on information compiled by Mr Graham Dore and Mr Paul Young. Mr Dore and Mr Young are each consultant to the Company. Information in this report that relates to Prospective Resource information in relation to the Walyering Prospect and Contingent Resource information in relation to Ocean Hill is based on Prospective Resource and Contingent Resource information compiled by Strike Energy Limited, the operator both EP447 and EP495. This information was subsequently reviewed by Mr David Casey BSc (Hons) (MiningEngineering), MAppSc(ExplorationGeophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers(SPE)/World Petroleum Council(WPC)/American Association of Petroleum Geologists(AAPG)/Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS).The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Strategy

Focus on the basics

- Target assets that Board & Management have direct knowledge of and experience with
- Apply latest technology and processes
- Assets must be close to available infrastructure
- There must be ready access to markets
- Management and JV partners with a proven track record of success



Talon actively manages risk through commodity and portfolio diversification

Corporate Overview

Drill ready diversified portfolio

Key Assets



EP447 (Walyering) 45% interest with STX Operator - targeting conventional Jurassic wet gas play in Perth Basin W.A.

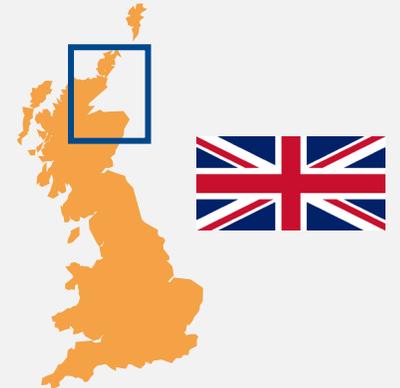
EP494 (Muchea) 100% - targeting conventional Jurassic wet gas play in Perth Basin W.A.

EP495 (Ocean Hill) ROFR with STX - targeting conventional Jurassic wet gas play in Perth Basin W.A.



Gurvantes XXXV 33% - targeting coal seam gas in southern Mongolia

UK North Sea 100% – significant prospect portfolio on the UK Continental Shelf (UKCS)



The Walyering transaction has been transformative for Talon...but there also is real upside in rest of portfolio

Corporate Overview



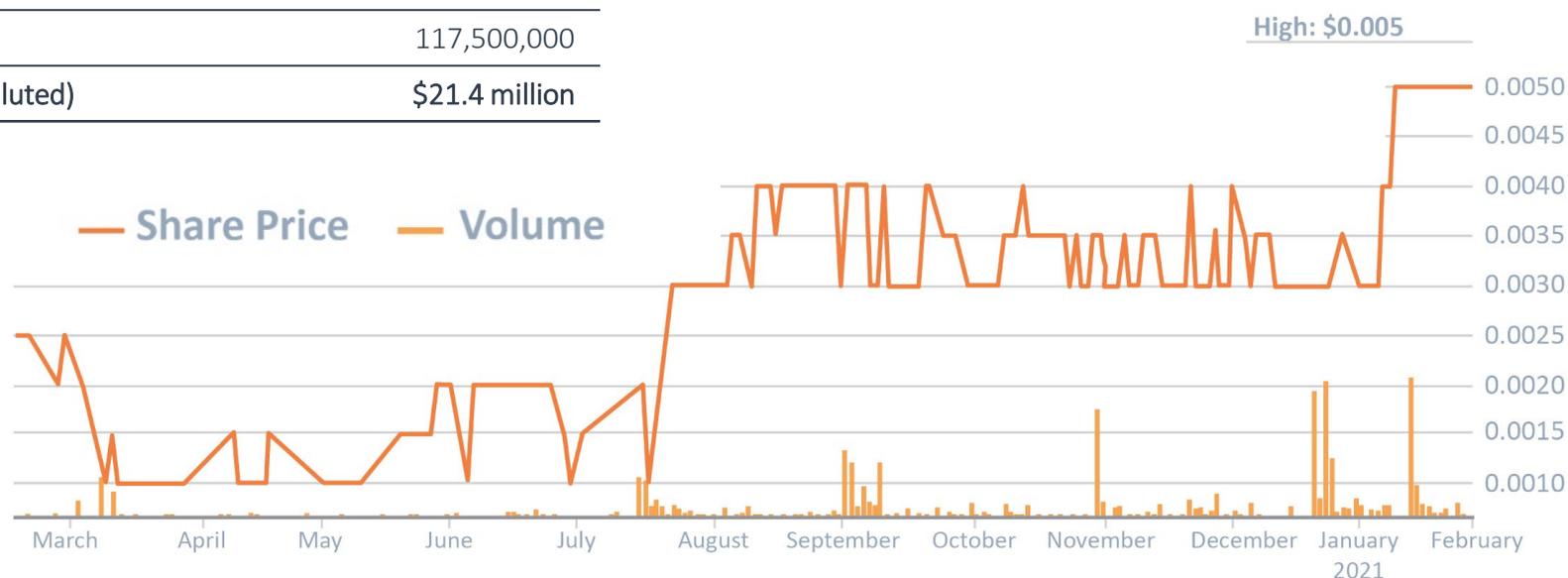
Fully funded 2021 work program

Capital Structure

| | |
|---|----------------|
| Ordinary shares on issue (ASX:TPD) | 5,351,789,525 |
| Cash Balance | ~\$9.6m |
| Unlisted Options (exercisable at \$0.004 expiring 28/02/2022) | 1,300,000,000 |
| Performance Shares | 327,678,954 |
| Unquoted Performance Shares | 300,000,000 |
| Unquoted Performance Rights | 117,500,000 |
| Market Capitalisation @ \$0.004c (undiluted) | \$21.4 million |

Board & Management

| | |
|--------------------|-------------------------|
| Doug Jendry | Non-Executive Chairman |
| David Casey | Managing Director & CEO |
| Matt Worner | Executive Director |
| Steve Jenkins (UK) | Non-Executive Director |



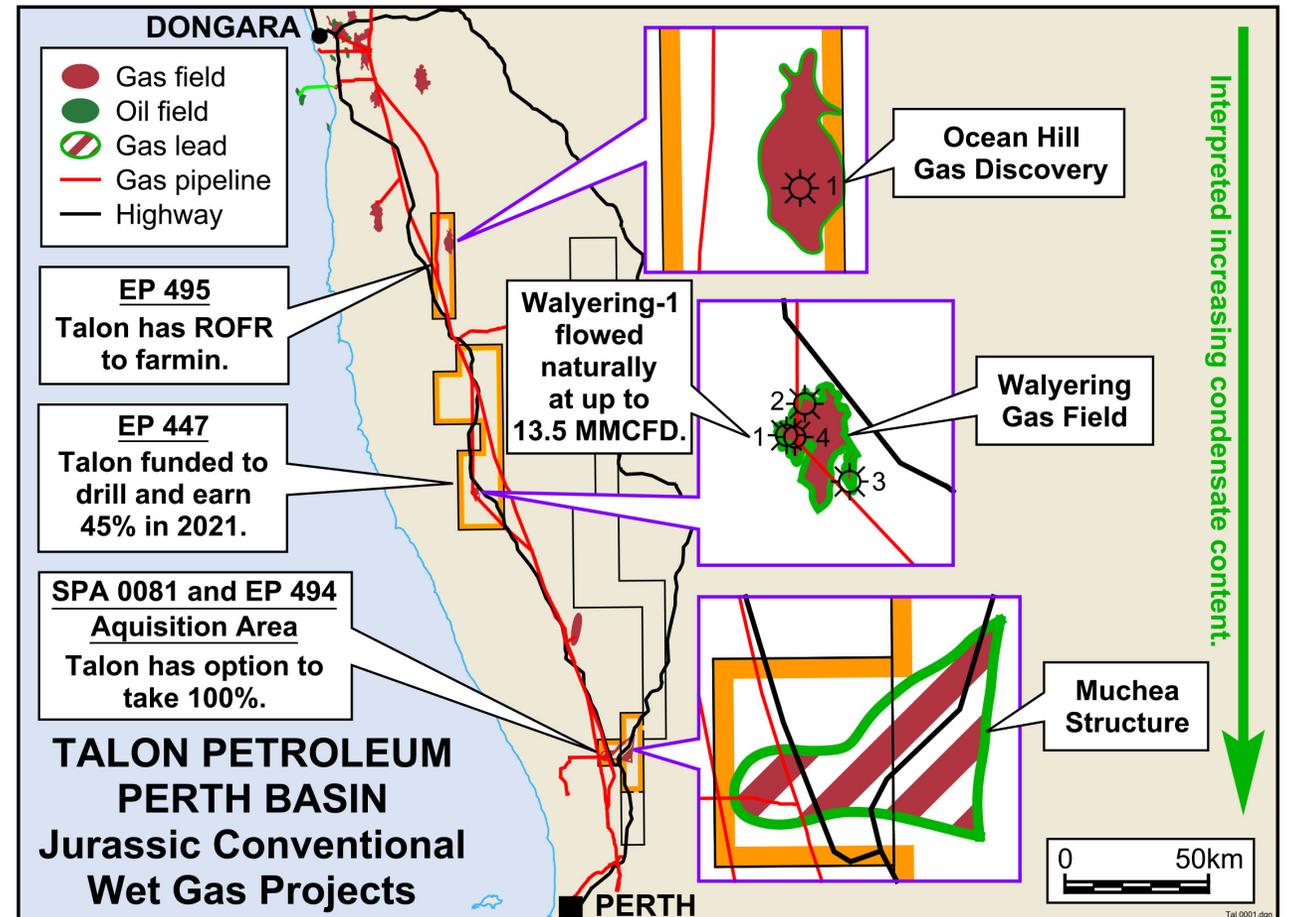
Talon has an experienced Board and Management that has done it before

Perth Basin

Perth Basin – Jurassic Wet Gas Plays

Using modern technology to unlock existing discoveries and further exploration potential

- Maiden project Walyering fully funded and to be drilled in 2021 after mapping was refined using 3D seismic
- ROFR over less mature Ocean Hill gas discovery on trend to the north
- Locked in opportunity to acquire 100% of the Muchea exploration structure at the south end of the trend - **potentially the biggest play of all**
- Staged, optional investment profile with limited cost exposure until the results of Walyering are known
- All on or adjacent to infrastructure



Talon exploiting its Basin position, knowledge and favourable deal structuring.

Perth Basin - EP447 (Walyering)

Viewing an old discovery from a different perspective...

- Walyering is an **existing discovery** - flow tested at 13.5mmscfd
- New 3D seismic data and interpretation has been a **game changer** putting original technical challenges and results into perspective
- Operator Strike Energy (STX) has **proven successful track record** in Perth Basin
- Ideally located with proven path to market and with CO₂ of less than 1% possibly cheapest gas to produce in entire basin
- **Joint gas marketing agreement with STX will see Walyering supplying gas into quality contracts very quickly**



Net Talon Prospective Gas Resource (bcf)*

| Low (P90) | Best (P50) | High (P10) |
|-----------|------------|------------|
| 21.6 | 38.7 | 63.9 |

Net Talon Prospective Condensate Resource (mmbbls)*

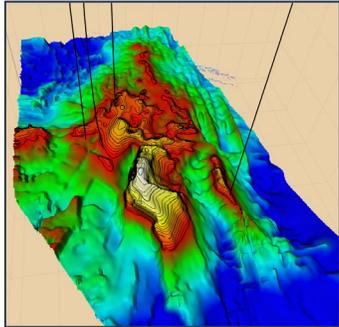
| Low (P90) | Best (P50) | High (P10) |
|-----------|------------|------------|
| 0.55 | 0.98 | 1.62 |

* As at 9 June 2020 and calculated using the probabilistic estimation method. Net to Talon and subject to completion of farmin and assignment of 45% in EP447 to Talon.

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 moveable hydrocarbons.

Ideally located and a partner with technical and commercial “runs on the board” in the Perth Basin

Reconciling amplitudes greatly increases confidence

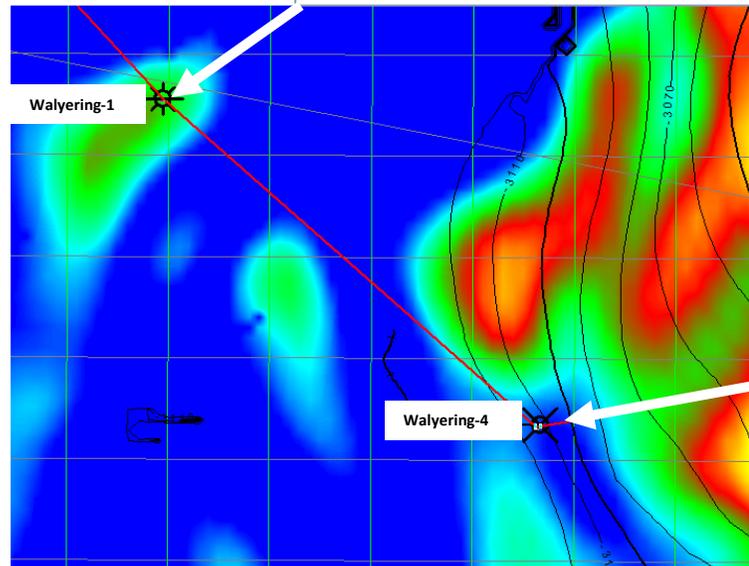


Walyering-1

- Conventional gas discovery that flowed from multiple zones up to 13.5mmscf/d
- Watered out after 0.25 BCF

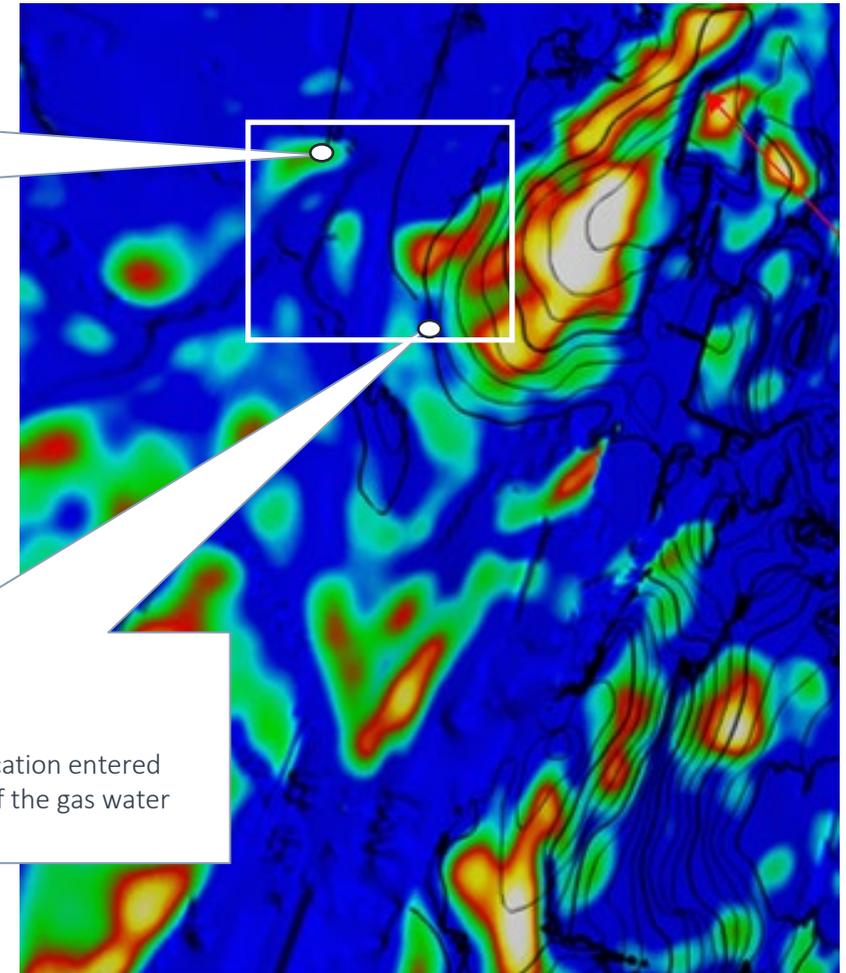
Evidence on new 3D Data:

- Small faulted compartment (hence low recovery)
- Amplitude response evident over well bottom hole location indicating conventional quality coarse channel sands.



Walyering-4

- Water wet sands
- ### Evidence on new 3D Data:
- Structural map shows bottom hole location entered into the water leg and was downdip of the gas water contact

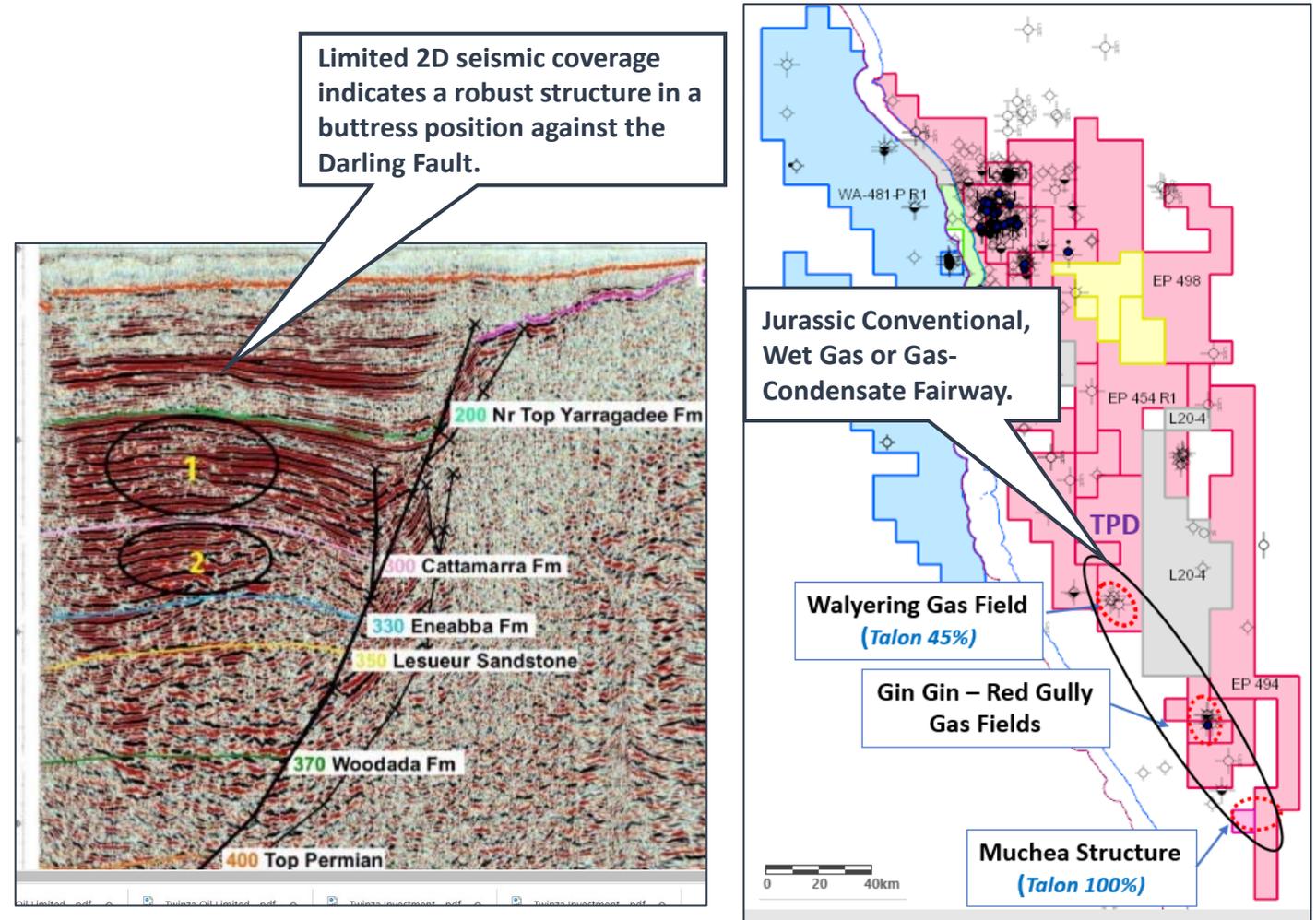


Amplitude analysis clearly shows why Walyering-1 watered out and Walyering-4 was a dry hole

Perth Basin – EP494 (Muchea)

A Walyering Field analogue...

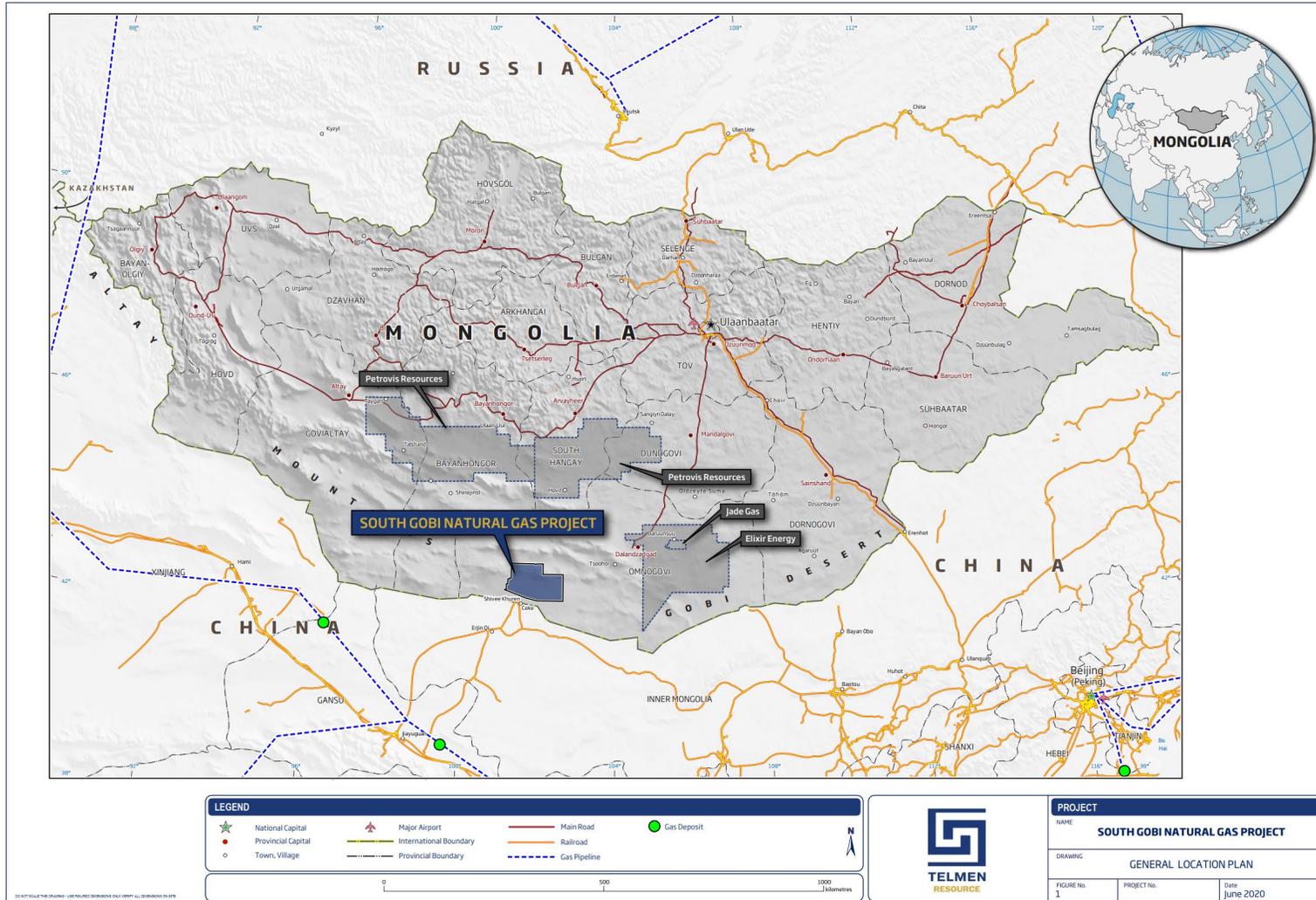
- 100% ownership secured over Walyering field analogue located at the southern end of the Basin's proven, Jurassic "Wet Gas" Fairway
- Current mapping with **up to 80 km² of closure** indicated, means the Muchea structure may be significantly larger than Walyering
- The conventional sandstone reservoir targets are much shallower at Muchea, so should have good reservoir quality and will be cheaper to drill
- Once again, a selected project that is ideally located relative to gas pipelines with a proven path to market and likely to contain high volumes of value adding condensate
- Minimal additional survey coverage is required to mature for drilling



Adds scale to the portfolio and represents significant upside on Walyering success

Gurvantes XXXV - Mongolia

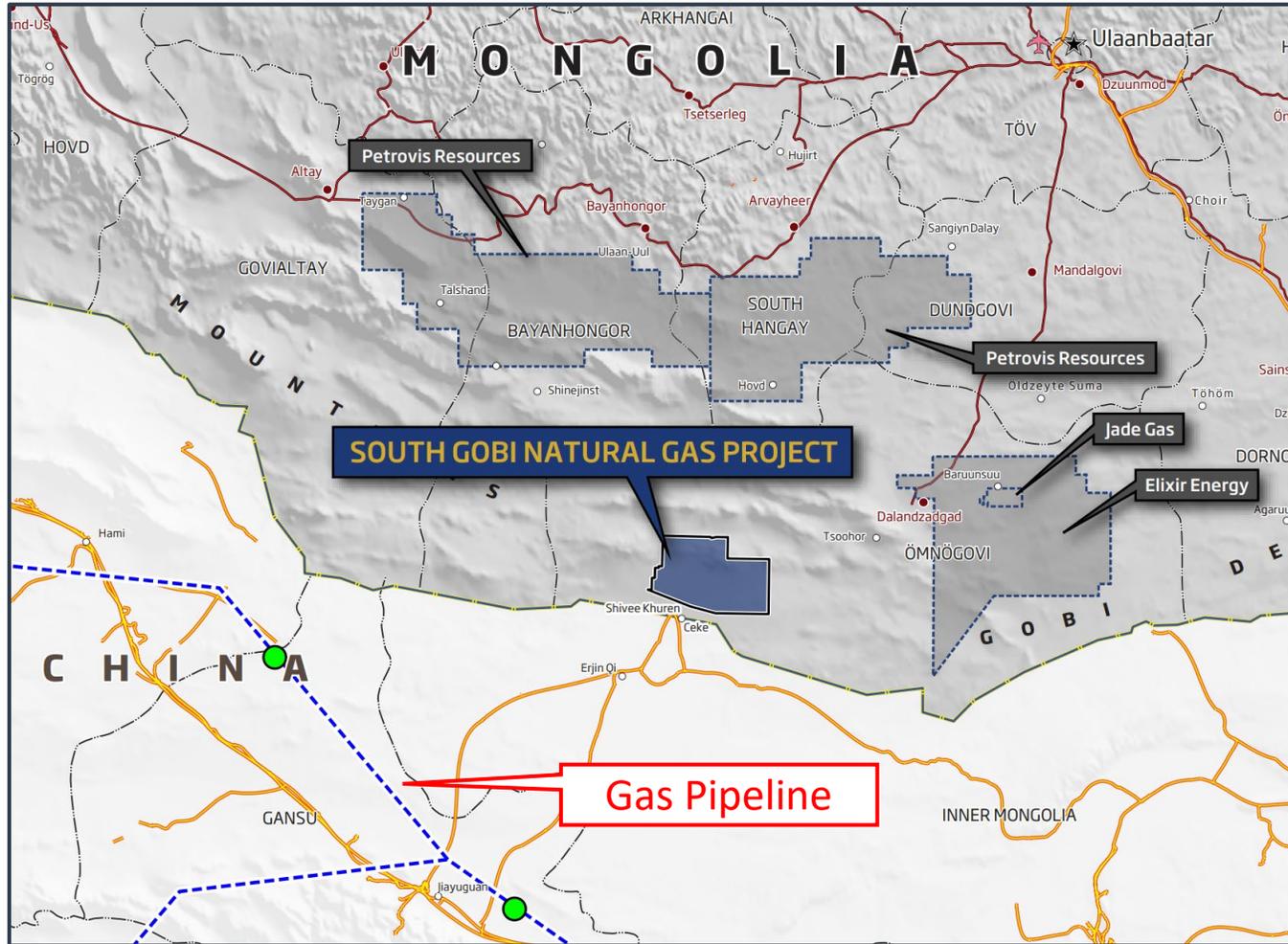
Project Overview



- Large Project area - 8,400km² covering the western portion of the South Gobi Basin
- World class basin hosting multiple very thick (>50m), high-quality, sub-bituminous rank, coal seams extending 160km along strike
- High gas contents ~10m³/t (as received basis) with high methane concentration >98% CH₄
- Very few surface constraints (no private land ownership, flat landscape, no vegetation, no access issues)

Thick coals and high gas contents would support a low-cost high margin opportunity

Project Overview



- Multi TCF resource potential
- Excellent domestic and international gas marketing opportunities

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Energy: Elixir shares double after hitting the jackpot with a 51m thick coal seam in Mongolia



February 5, 2020 | Nick Sundich

Kalkin
MEDIA

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Elixir Energy's (ASX: EXR) Mongolian Gas Project Gathers Steam, Shares Surge

South Gobi Project ideally located to allow for monetization of gas upon success

Ticking the boxes....

Technical parameters required for a commercial CBM Project

| Technical Parameter | Assessment | Comment |
|---------------------|------------|---|
| Area | ✓ | Total Area 8,400km ² Coal outcrops 160km along strike |
| Coal Thickness | ✓ | Multiple very thick (50m+) seams Net coal thickness average 80m |
| Coal Rank/Quality | ✓ | Sub-bituminous to Bituminous High Vitrinite, low Ash content - generally conducive to better permeability |
| Gas Content | ✓ | Range from 10m³/t - 15m³/t (as received) Based on 131 samples from 5 wells |
| Gas Composition | ✓ | >98% Methane Low CO ₂ |
| Gas Saturation | ✓ | Limited data indicates fully gas saturated More data required |
| Permeability (k) | TBC | Limited data indicates >20mD which is encouraging More permeability testing undertaken as part of 2021 program |
| Producibility | TBC | Gas saturated coals provide larger optimal gas window Coals extend from outcrop to over 1000m so greater scope for high k fairways |

Full gas saturation provides greater flexibility and allows shallower coals to be targeted to improve gas production

Work Program

2021 Exploration Program (Budget US\$1.5M)

- Exploration Drilling - 3,350m partly cored
 - Drilling within defined thick coals (80+m) at Nariin Sukhait
 - Coal samples for gas characterisation and gas composition
 - Complete hydrogeological and permeability studies
 - Prove up area for pilot well program
- 2D Seismic Program (optional)
 - In areas supported by existing drill holes
 - To support planning of exploration and pilot well program targets
 - To develop more confidence in the continuity and structure of the coal sequence
- Book first Contingent Resource
- Concept Study
- Detailed Design of 2022 Pilot Well Program



2021 program will represent most efficient return on capital per resource “booked”

Markets for Gas

Export Market

- Presently, Mongolia does not export natural gas from Mongolia and the emerging Coal Seam Gas industry represents an excellent opportunity for Mongolia to develop a new export industry
- Chinese border less than 20km from Project and Telmen closest project to West-East Gas Pipeline
- Gas network already in place in Northern China
- China has enormous current demand for natural gas which is only expected to grow, particularly given China's stated energy mix and pollution reduction targets
- Telmen has commenced initial sales discussions with Chinese companies and following positive feedback will re-engage after award of PSC/A



Local Market

- MoU signed by Telmen with Mongolian gas distributor
- Market exists for onsite heat and power generation to supply large industrial sites and mining projects
- Mining projects account for ~40% of Mongolian energy consumption
- Large mining projects located in South Gobi region – Oyu Tolgoi, Tavaan Tolgoi and South Gobi Coal Mines

South Gobi gas will have significant price advantage over current suppliers to China

North Sea

North Sea

There's still plenty of life left...

- The North Sea is a prolific oil and gas province with over 50 years of oil and gas production and ~43 billion barrels of oil and gas recovered
- High upside assets imaged on high-quality 3D seismic targeting low risk exploration targets analogous to prior discoveries made by Talon team
- Talon's largest prospect Skymoos is a direct analogue to the Buzzard Field - UK North Sea's largest producing oil field
- Relatively shallow, low-cost drilling of well-known reservoirs
- Low-cost tiebacks to existing infrastructure

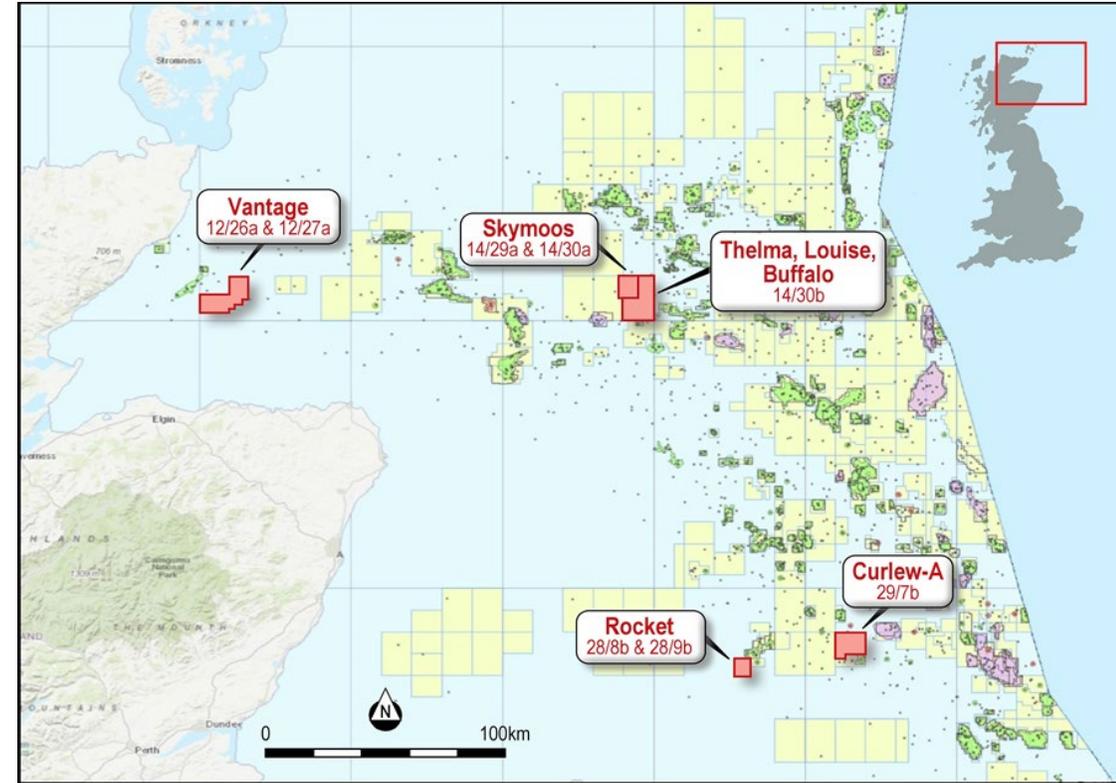


STOCKHEAD

Energy

Rock Yarns Podcast: Ansila's UK gas endeavours look perfectly timed to ride the oil and gas rebound

22 hours ago | [Peter Strachan](#)



The Market Herald
FIRST WITH THE NEWS THAT MOVES MARKETS

Ansila Energy (ASX:ANA) completes Hartshead purchase, raises \$8M

Energy

ASX:ANA MCAP \$44.39M

Talon's UK team have made some of the most significant North Sea discoveries in the past two decades

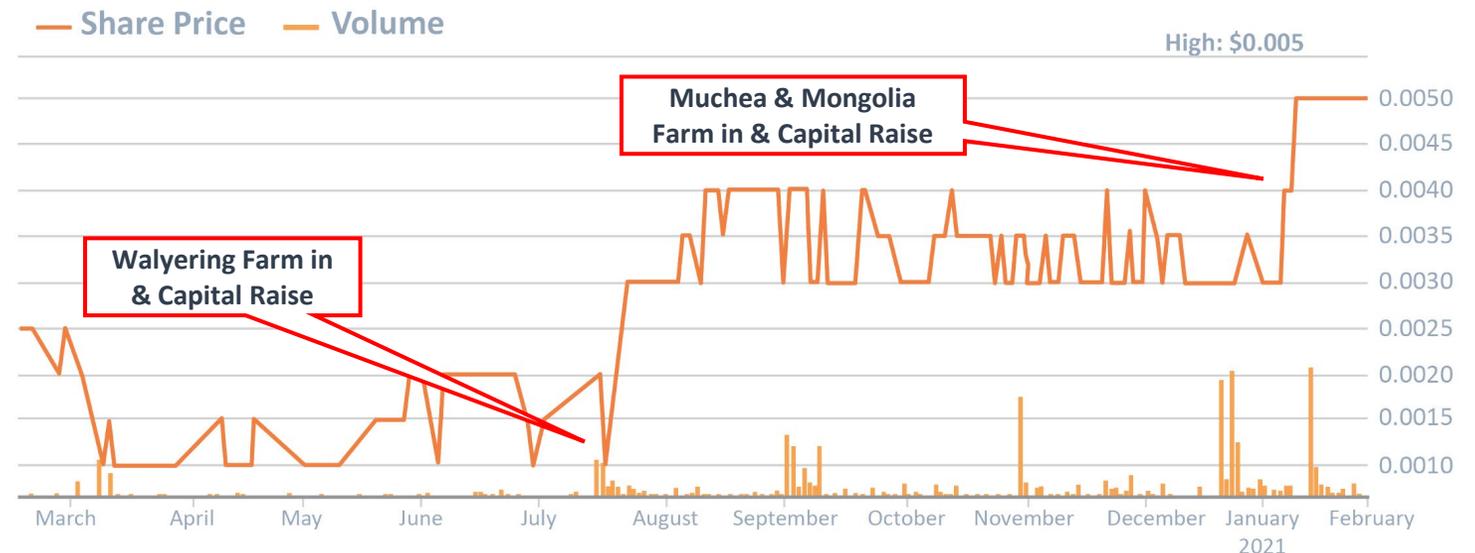
What makes TPD different...what does the next 12 months look like?

What makes TPD different

Talon's point of differentiation is its people

- Board and management have direct and recent experience in the Perth Basin and more recently with the very successful WE-2 discovery
- David Casey has significant coal seam gas experience and success – over 10 years working on CSG projects in China and former MD of Eastern Star Gas, which he grew from a market cap of around \$25M until ultimately being sold to Santos for a total value in excess of \$1 billion
- UK team have been involved in some of the biggest UKCS discoveries and have similarly done it before
- Encore (Graham Dorè & Paul Young) was acquired by Premier Oil for £221M and Nautical (Steve Jenkins) acquired by Cairn for £414M
- Talon's team understands understand how to build a business from the ground up
- Talon has a clear strategy with market support and is **fully funded** for 2021 work program

Share Price Performance

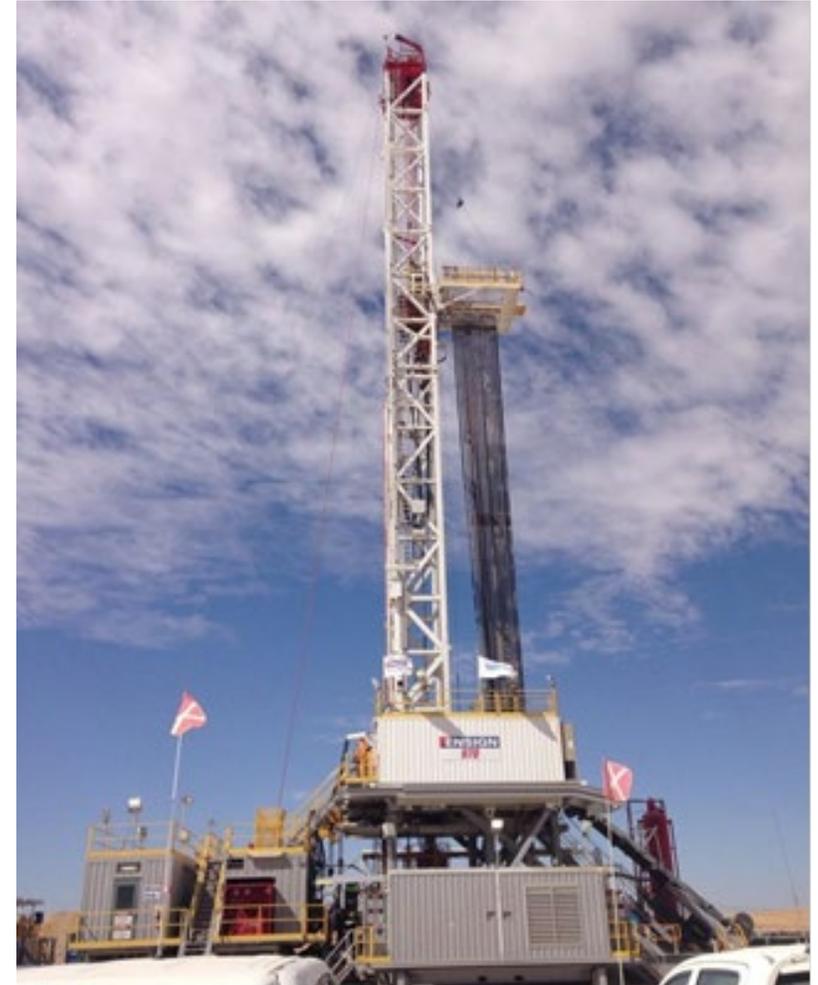


TPD market cap has increased from \$1.7m to a high of \$25M on the back of well-structured acquisitions

Investment Catalysts

The next 12 months will be a gamechanger for Talon...

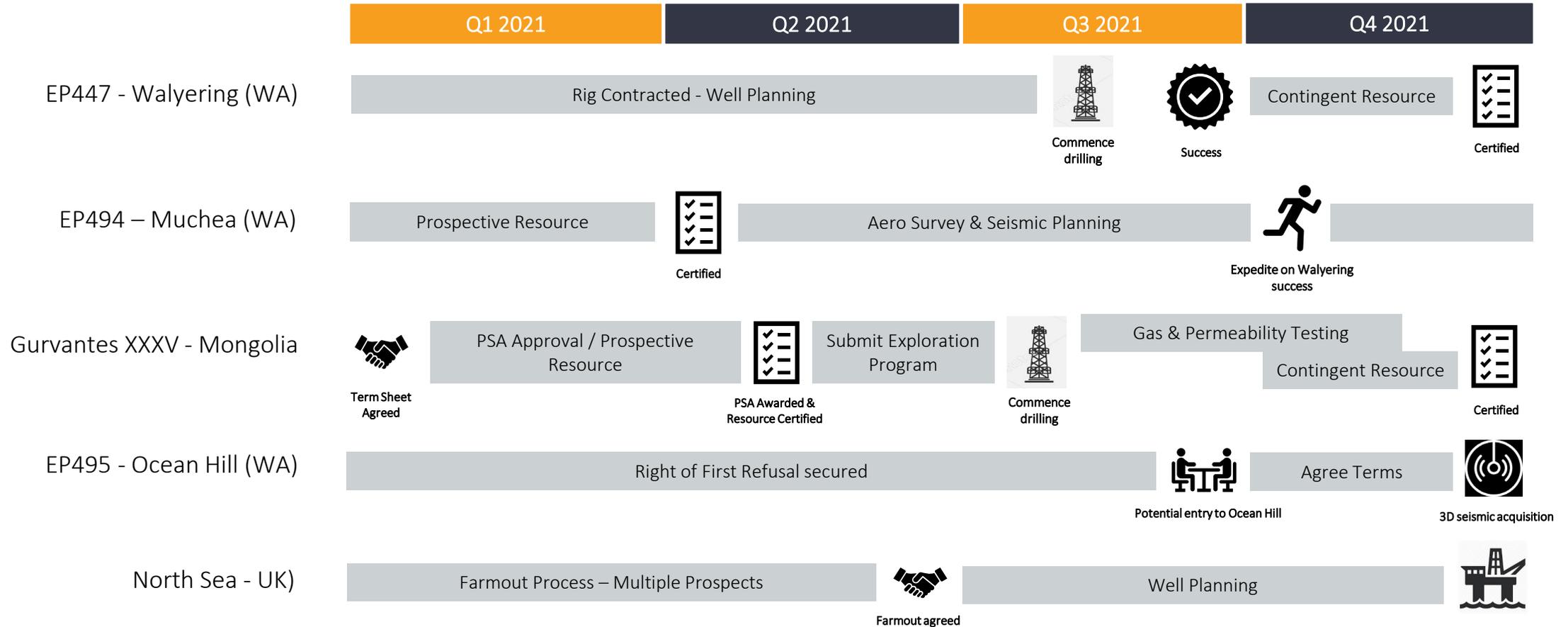
- ✓ Book Prospective Resource for Muchea (EP494)
- ✓ Book independent Multi TCF Prospective Resource for Mongolia
 - Booked following award of PSA
- ✓ UK North Sea farmout
 - Despite COVID delays companies still engaged in process
- ✓ Commence multi-corehole drilling program in Mongolia
 - Regular newsflow and updates
- ✓ Drill Walyering-5 in EP447
 - Book Contingent Resource
 - Significant Muchea (EP494) upside on success
- ✓ Book independent Contingent Resource for Mongolia



Talon's diversified portfolio provides numerous investment catalysts and deliberately avoids single asset risk

The next 12 months

Plenty of re-rating opportunities ahead of WA drilling!



2021 represents a year of milestones and achievements that should translate to significant shareholder value

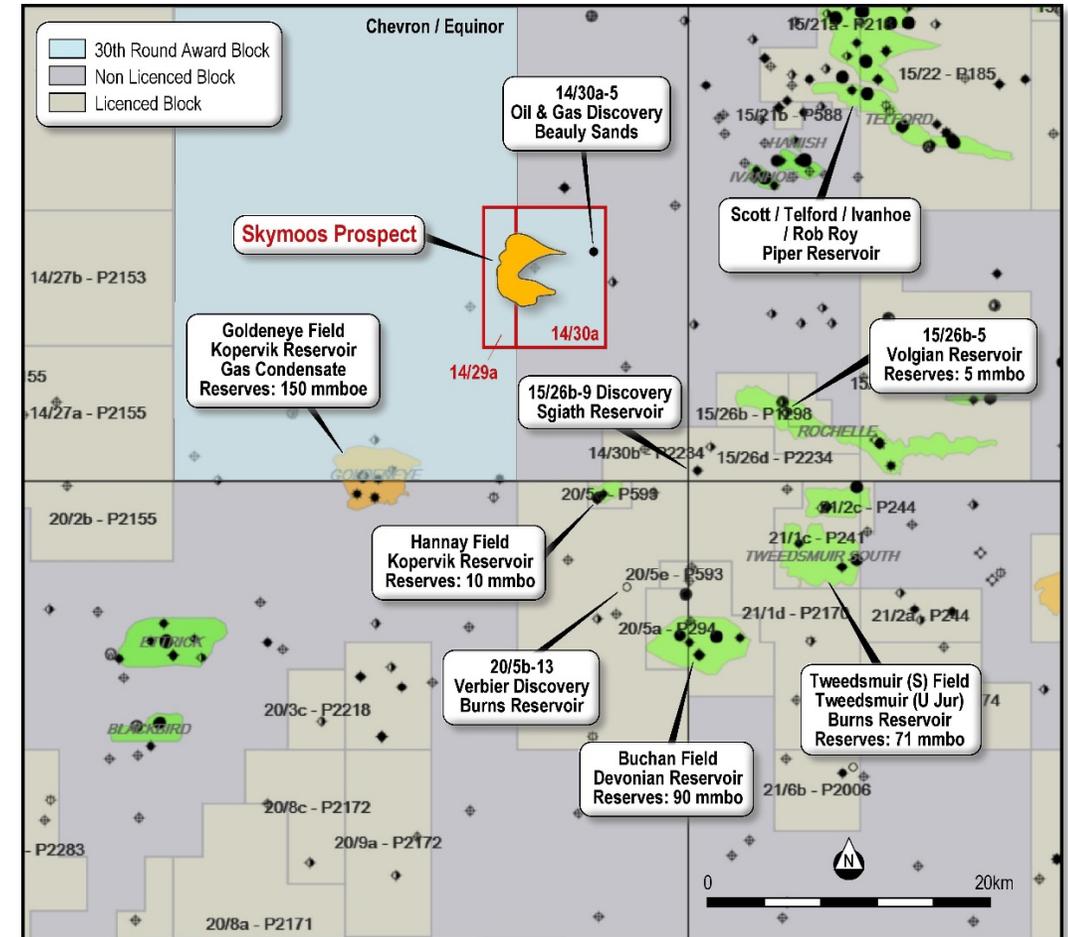
Appendix

Skymoos prospect

107mmboe Best Estimate Prospective Resource

- Direct analogue to the Upper Jurassic Buzzard Field - UK North Sea's largest producing oil field
- Large Jurassic age Stratigraphic trap
- Imaged on high-quality 3D seismic
- On trend with several developed oil and gas discoveries in an area of prolific hydrocarbon charge
- Relatively shallow, low-cost drilling of normally pressured reservoir
- Farmout process underway and licence term extended until September 2021

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 moveable hydrocarbons. For more information on Prospective Resources, refer to ASX announcement dated 31 January 2019. Talon confirms that it is not aware of any new information or data that materially effects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates contained in that announcement have not materially changed and continue to apply.



Talon team has intimate knowledge of play having been instrumental in Buzzard Field discoveries

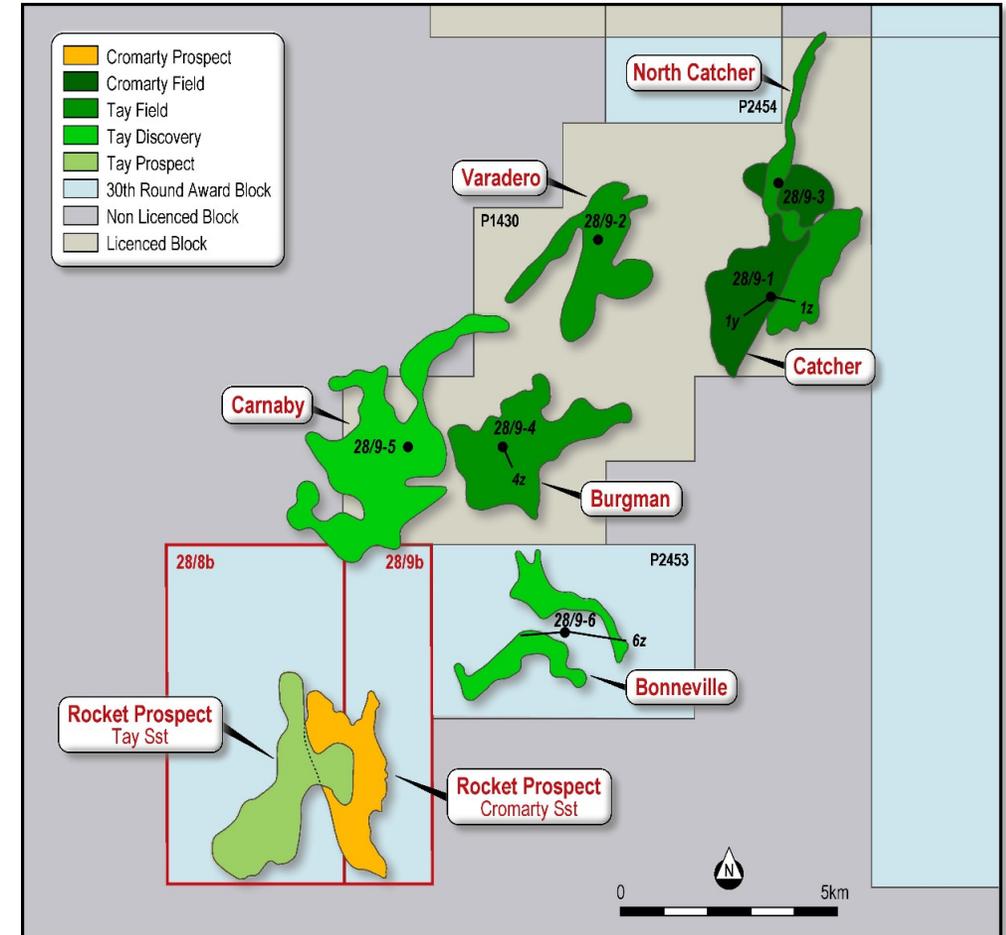
UK North Sea

Rocket prospect

27mmboe Best Estimate Prospective Resource

- Direct analogue to amplitude supported oil fields to the north-east
- Imaged on excellent quality 3D seismic
- Shallow, low-cost drilling of high quality tertiary reservoirs
- Low-cost tieback to existing infrastructure
- Farmout process underway.

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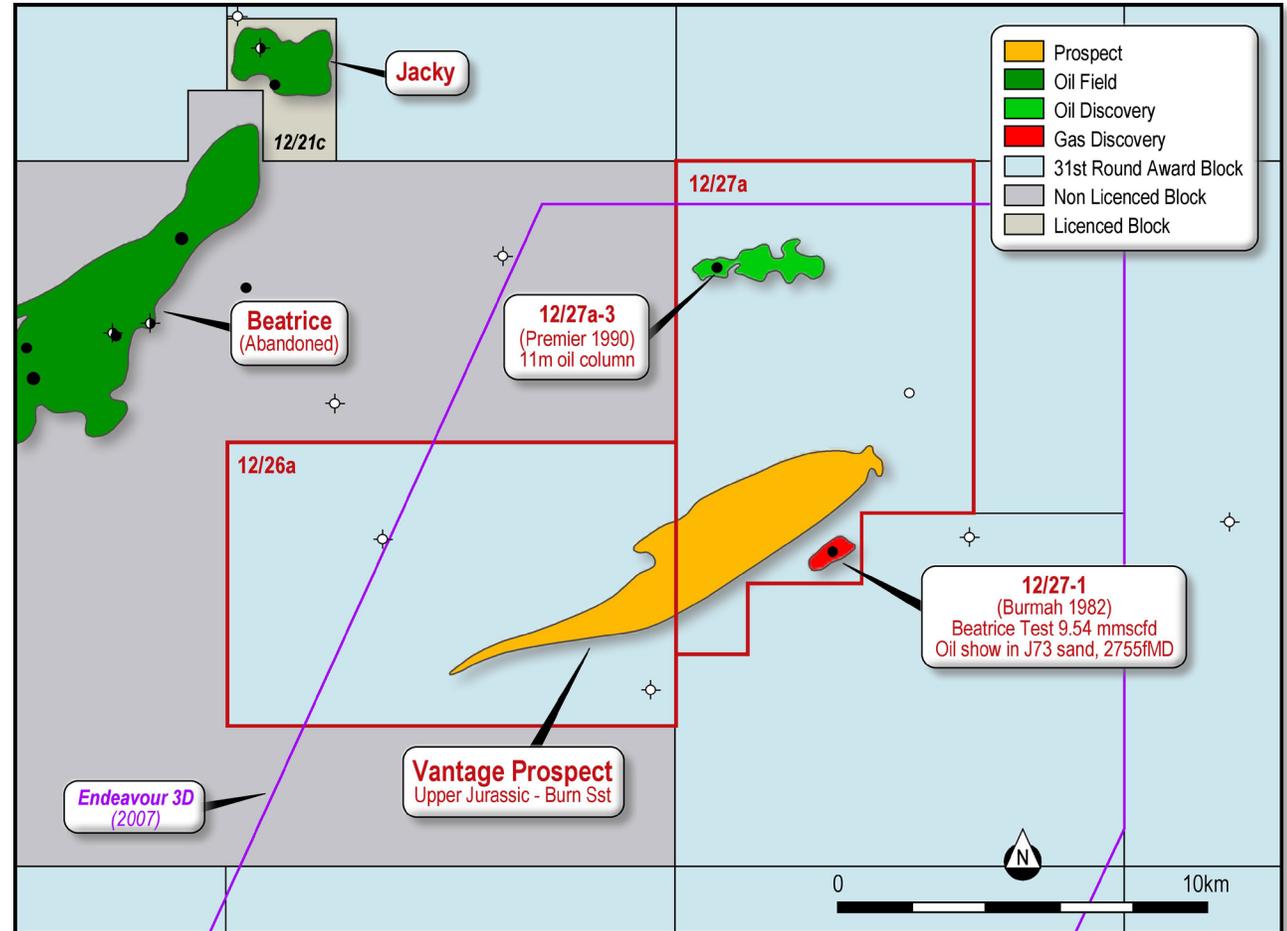
Talon team responsible for adjacent field discoveries

Vantage Prospect

44mmboe Gross Best Estimate Prospective Resource

- Offer of award – 31st Offshore Round, June 2019, 2 year initial term
- Talon 50% working interest
- Imaged on excellent quality 3D seismic
- Upper Jurassic stratigraphic trap up-dip from known oil
- Farmout process underway

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North Sea assets have come back into focus for potential partners as oil prices have stabilised

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