

Talon executes Perth Basin Farm-In Agreement with Triangle Energy

- Talon executes binding Term Sheet with Triangle Energy to acquire a 25% interest in Triangle's L7 and EP 437 northern Perth Basin permits.
- Low upfront entry cost, with farm in obligations on 3 exploration wells to be drilled in 2024, subsequent to first gas at Walyering.
- 3D seismic survey recently acquired over the permits covers the highly prospective Early Permian gas trend.

Talon Energy Ltd (Talon or the Company) is pleased to announce that it has executed a binding Term Sheet with ASX listed energy company, Triangle Energy (Global) Ltd (**Triangle**) (ASX: TEG), to farm into a 25% participating interest in Western Australian onshore Production Licence L7 and Exploration Permit EP 437, subject to the satisfactory outcome of due diligence by Talon.

Triangle will be appointed Operator of the Joint Venture once established.

As consideration for its 25% interest in L7 and EP 437, Talon will contribute ~A\$1.9 million towards past expenditure on the recently acquired Bookara 3D seismic data, with A\$1 million to be paid upon satisfaction of a number of Conditions Precedent customary for transactions of this type, including the execution of formal farm-in and joint operating agreements, with the balance of \$0.9 million, plus interested accrued on the \$0.9 million at 5% p.a. from the date of the Term Sheet, to be paid to Triangle prior to 1 September 2023 (**Upfront Costs**).

In addition to the Upfront Costs, Talon to 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):

- 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):

- 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 EP 437 (forecast to be drilled in 2024, at an estimated cost of \$3.0 million)

- 25% of actual well costs.

The above exploration wells will target the highly prospective Early Permian-aged reservoirs identified by the Bookara 3D seismic survey, which are analogous to recent discoveries in adjacent blocks, including Lockyer Deep, Waitsia, West Erregulla and South Erregulla.

Talon has identified L7 and EP 437 as high-potential areas for hosting large gas fields and looks forward to working closely with Triangle to unlock the significant resource potential of these two permits. Details of the farm-in terms and prospectivity of the permits are provided in the attached Investor Presentation.

Talon will fund the initial \$1 million upfront payment from existing working capital, with subsequent payments to be funded from cash flows generated from its 45% owned Walyering Gas Project.

The cost of all exiting rehabilitation and restoration obligations for L7 and EP 437 are to be borne exclusively by Triangle.

Talon's Managing Director & CEO, Colby Hauser, commented: "The execution of the binding Term Sheet for 25% interest in L7 and EP 437 with Triangle Energy represents the culmination of over six months of work evaluating the potential of the northern Perth Basin for potential gas reserves to build on the Company's recent success at the Walyering gas field.

Talon is very pleased to be partnering with Triangle, a company that shares a similar corporate and technical ethos as Talon, and we look forward to both companies working closely together to leverage their combined expertise to continue to drive shareholder value through successful exploration.”

This Announcement was authorised for release by the Managing Director.

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Investor Update: L7 & EP 437 Farm-in

Colby Hauser – Managing Director & CEO

December 2022

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Resource Information

Perth Basin

Competent Persons Statement: 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. Information in this report that relates to Prospective Resource that relates to the Condor Structure is based on information compiled by Mr. John Begg and Mr. John Lamberto, both consultants to the Company. 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 the Exploration Manager of the Company, 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(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 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.

Undeveloped Reserve – Walyering Conventional Gas Project

Cautionary Statement: The Reserves and Resources information in this Announcement are derived from the “Walyering Reserves and Resources Report EP447 Perth Basin” produced for Talon Energy by RISC on 20 July 2022 (Reserves and Resources are as at 1 July 2022) . The Reserves and Resources assessment was prepared in accordance with the definitions and guidelines set forth in the 2018 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE). As presented in the 2018 PRMS, petroleum accumulations can be classified, in decreasing order of likelihood of commerciality as Reserves, Contingent Resources, or Prospective Resources. Different classifications of petroleum accumulations have varying degrees of technical and commercial risk.

Prospective Resources – Condor Structure

Cautionary Statement : 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. For more information on the above Prospective Resources, refer to Talon's ASX announcement dated 17 March 2021. Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

Gurvantes XXXV CSG Project Mongolia

Competent Persons Statement. The information in this report that relates to Prospective Resource information for the Gurvantes XXXV Project is based on information compiled by Mr.. John Hattner, an employee of Netherland, Sewell & Associates Inc, and who is a Qualified Petroleum Reserves and Resources Evaluator (QPRRE). This information was subsequently reviewed by Mr. David Casey BSc (Hons), 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/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 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.

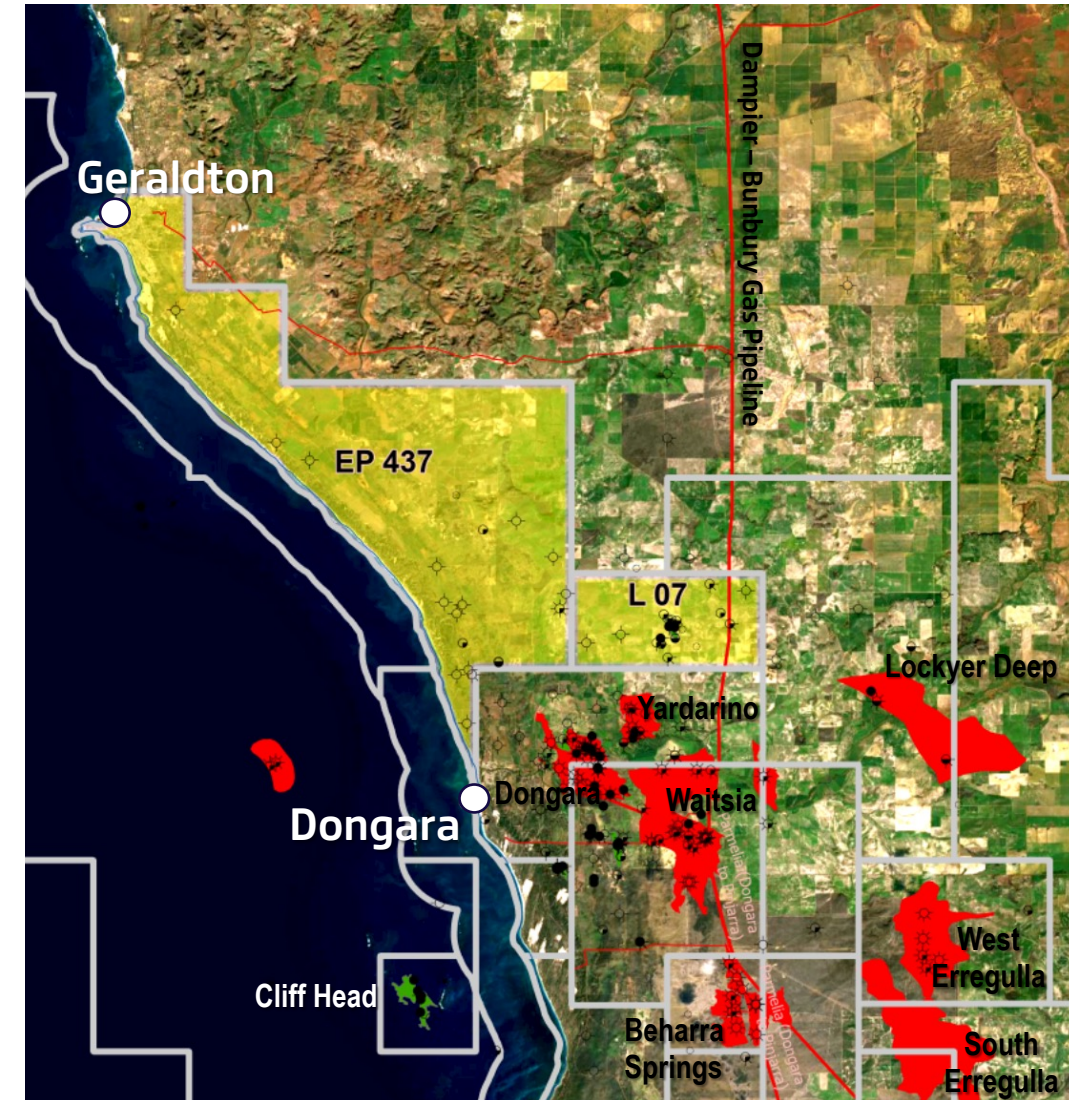
Prospective Resources – Gurvantes XXXV CSG Project

Cautionary Statement: 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. For more information on the above Prospective Resources, refer to Talon's ASX announcement dated 18 August 2021. Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

Strategic location with material exploration upside

Talon Energy acquiring 25% interest in L7 and EP 437 in the northern Perth Basin

- Binding agreement to farm-in to a **25% interest** in Exploration Permit 437 and Production Licence L7 in the northern Perth Basin from Triangle Energy executed 18th December 2022
- Strategic location covering 865 km² in the northern Perth Basin, with prior work by Triangle¹ indicating a best case Prospective Resource (2U) of 617 Bcf (gross, unrisks) for five features in the L7 permit alone
- The Dampier-Bunbury gas pipeline crosses the eastern part of the L7 permit, providing easy access to key infrastructure in a discovery scenario
- In exchange for 25% interest in both permits, Talon will:
 - Contribute **A\$1.9 million in back costs for 3D seismic**, with an initial payment of A\$1.0 million followed by ~A\$0.9 million by August 2023
 - Fund **50% of the first \$7.5M (\$3.75M) of the 1st exploration well in L7** and 25% of well costs thereafter
 - Fund **37.5% of the first \$7.5M (\$2.81M) of the 2nd exploration well in L7** and 25% of well costs thereafter
 - Fund its **equity share (25%) of an exploration well in EP 437 in 2024**
- All outstanding **abandonment liabilities** for the depleted Mt Horner oilfield will be undertaken 100% by Triangle Energy

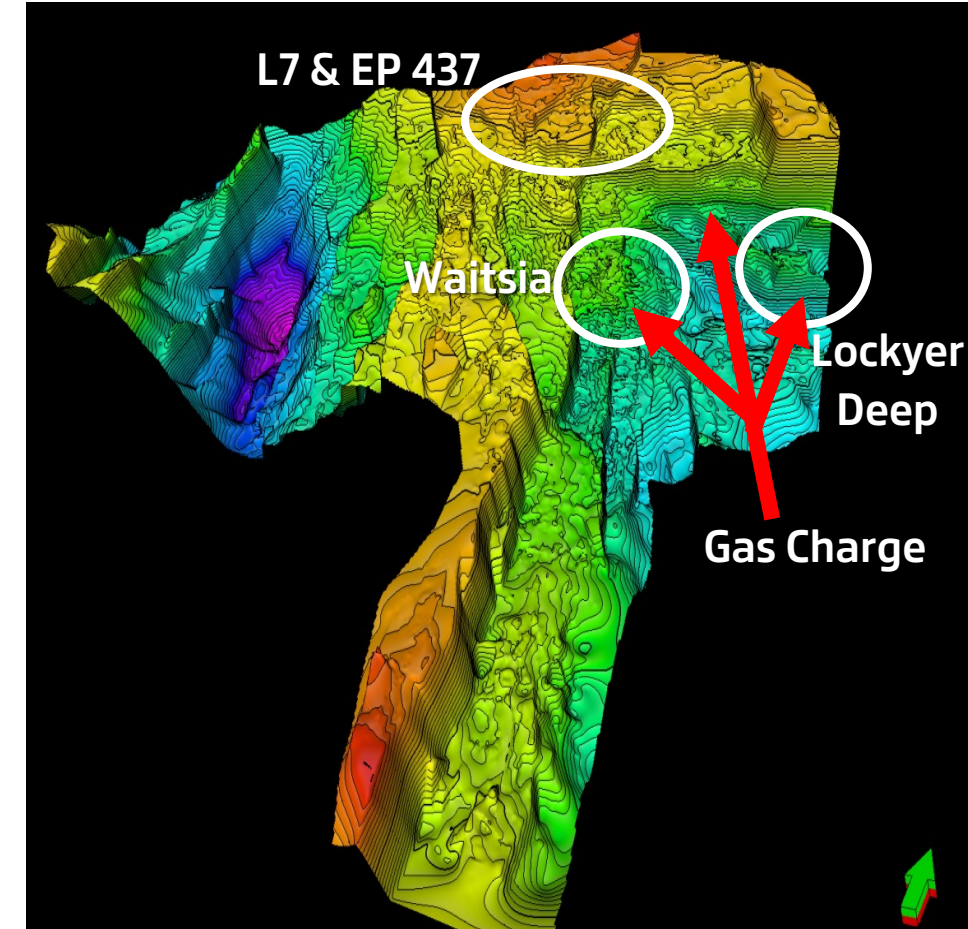


1. Refer TEG announcement dated 12 April 2022, titled "Perth Basin Permit L7: significant increase in prospective Resource"

Talon's value upside materially higher with L7 and EP 437

Immediate capital growth multiples above entry cost

- L7 adds an immediate set of material opportunities in Talon's portfolio, ready to be explored in the short to medium term, post Walyering cash flows
- Farm-in terms are commercially competitive, and the L7 Production Licence status provides the Joint Venture flexibility in determine the optimum drilling schedule
- L7 & EP 437 adds significant value upside to Talon's portfolio:
 - Diversifies the portfolio by bringing in Early Permian dry gas opportunities
 - Minimal entry cost of A\$1.9 million
 - Exploration wells funded from Walyering cash flows
 - Bookara 3D seismic survey completed
 - Exposure to material prospective gas volumes
- Further discoveries in the adjacent EP 368 permit (Mineral Resources and Norwest Energy) could significantly upgrade the prospectively of L7 and EP 437
- Mineral Resources current bidding to acquire Norwest Energy, whose permits are adjacent to L7, at a 33% premium indicate this area is highly prized



3D visualisation of northern Perth Basin showing gas charge into L7 area

Farm-in terms

Talon executes binding term sheet for 25% interest in permits L7 and EP 437

Talon pays:

- 2:1 promote on 3D seismic acquisition (back costs) of \$3.8 million
 - TPD cost \$1.9 million
- 2:1 promote on the 1st L7 exploration well (est. \$7.5 million)
 - TPD cost est. \$3.75 million (TPD to fund 25% of costs > \$7.5 million)
- 1½:1 promote on the 2nd L7 exploration well (est. \$7.5 million)
 - TPD cost est. \$2.81 million (TPD to fund 25% of costs > \$7.5 million)
- 1:1 on one exploration well in EP437 (est. \$3.0 million)
 - TPD cost A\$0.75 million
- **Estimated TPD cost of A\$9.21 million for 25% interest in L7 and EP 437**
 - Ground floor cost equivalent is A\$5.45 million
 - Farm-in uplift cost of A\$3.76 million

	Base Cost (A\$ Million, @ 100% equity)	Talon Farm-in (A\$ Million, @ 25% equity)
Seismic	\$3.8	\$1.9 (2:1)
L7 Well #1	\$7.5	\$3.75 (2:1)
L7 Well #2	\$7.5	\$2.81 (1.5:1)
EP 437 Well	\$3.0	\$0.75 (1:1)
Total	\$21.8 for 100%	\$9.21 for 25% (1.7:1 ratio)

Complimentary Portfolio Fit

Low-cost entry with Talon's exploration programme funded from Walyering cash flows

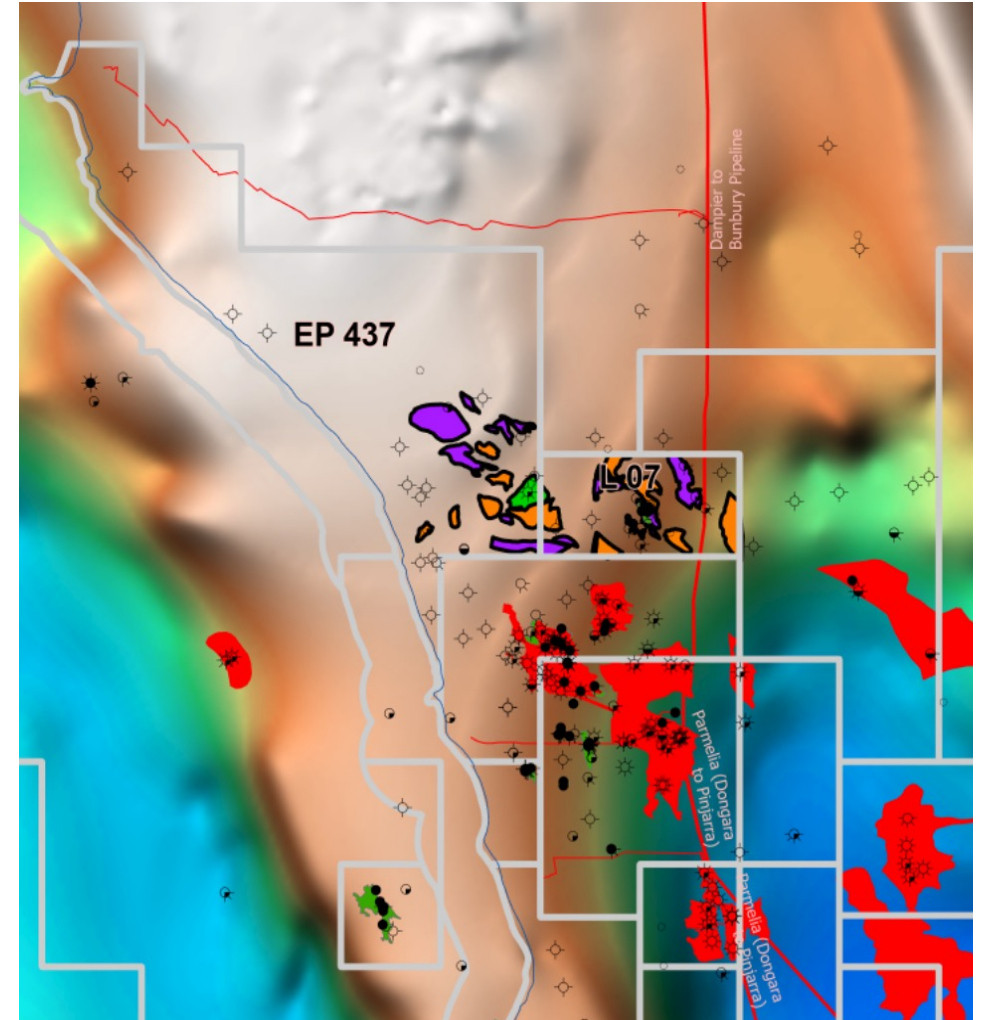
- Farm-in only requires A\$1.0 million payment prior to Walyering production and cash flow generation
- Remainder of spend subsequent to Walyering cash flows
- Provides Talon with a diverse exploration programme over the next three years

Activity		2023	2024	2025
Existing Permits	Walyering EP 447	Development	Cash Generation	1 Exploration well
	Condor	Grav/Mag survey	Farm out	
	Gurvantes	Pilot wells	Exploration wells	
New Permits	L7	\$1.0 million upfront	\$0.9 million	2 Exploration wells
	EP 437			1 Exploration well

Progression of the Farm-in Opportunity

Resolved Ownership, Basin Mastery, and the first-mover advantage

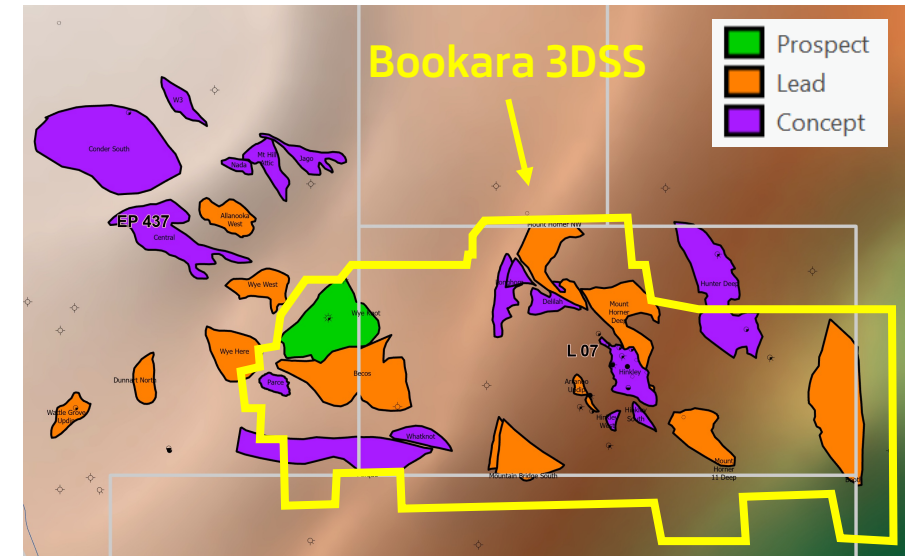
- Triangle Energy's recent acquisition of legacy JV partner interests in L7 and EP 437 has resolved ownership challenges and allowed progression of the technical and commercial objectives of the permits
- Early and open engagement of Triangle Energy during the Bookara 3D seismic acquisition phase provided Talon the opportunity make a prompt indication to Triangle regarding farming into L7 prior to the completion of the geoscientific work
- Talon's deep technical understanding of the Early Permian (Kingia Formation) gas play and the regional implications of recent discoveries, enabled Talon to extrapolated this to areas where it is untested but likely to work
- Talon's early identification of L7 and EP 437 as both prospective and overlooked, mitigated the geotechnical risk of farming in prior to the interpretation of the seismic survey
- Talon is technically astute, nimble, with a management team able to capture opportunities early
 - Continuing a corporate legacy demonstrated by farming into Walyering and Gurvantes successes early



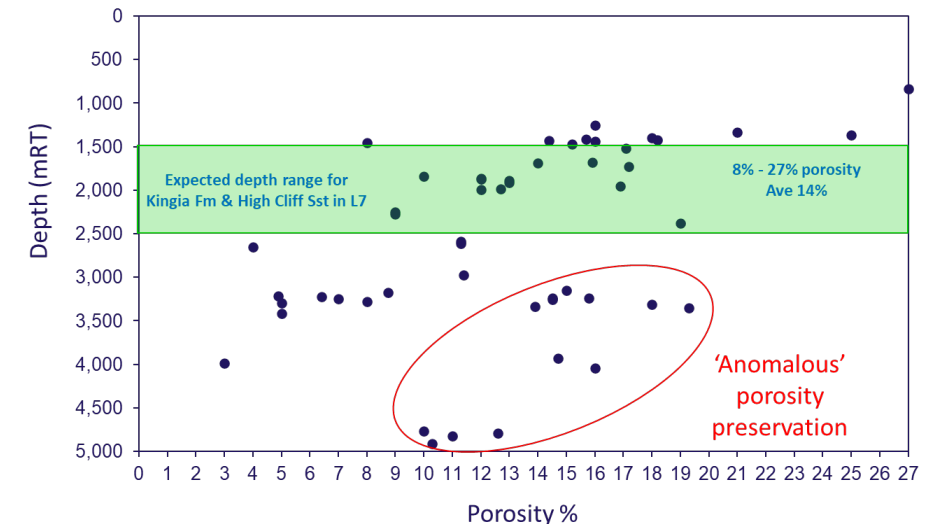
Exploration Potential

Untested potential for material gas discoveries

- Production Licence L7 is located at the northern end of the gas migration pathway from the Dandaragan Trough.
 - This is the source of gas found in the Dongara, Waitsia, West Erregulla, South Erregulla and Lockyer Deep gasfields
- Previous exploration efforts in L7 have focused on the much shallower Cattamarra and Late Permian exploration targets, with only six of the 22 wells drilled in the permit penetrating the Kingia play
 - Those wells were drilled off structure on old 2D seismic data
- Geological model for EP 437 targets remigrated oil, originally present in the Dongara gasfield approximately 120 million years ago, that was subsequently displaced north by gas charge.
 - The premise is that oil is then trapped in structures within EP 437 such as the proposed Becos Lead
- A number of material, untested opportunities are present in the southern and eastern parts of the L7 permit that can access the gas charge out of the Dandaragan Trough into the Kingia Formation
 - **1 Prospect, 13 Leads and 16 Concepts have been identified by Talon**



Location of Bookara 3D Seismic Survey



Expected porosity range of reservoirs in L7 / EP 437

Strategic Fit

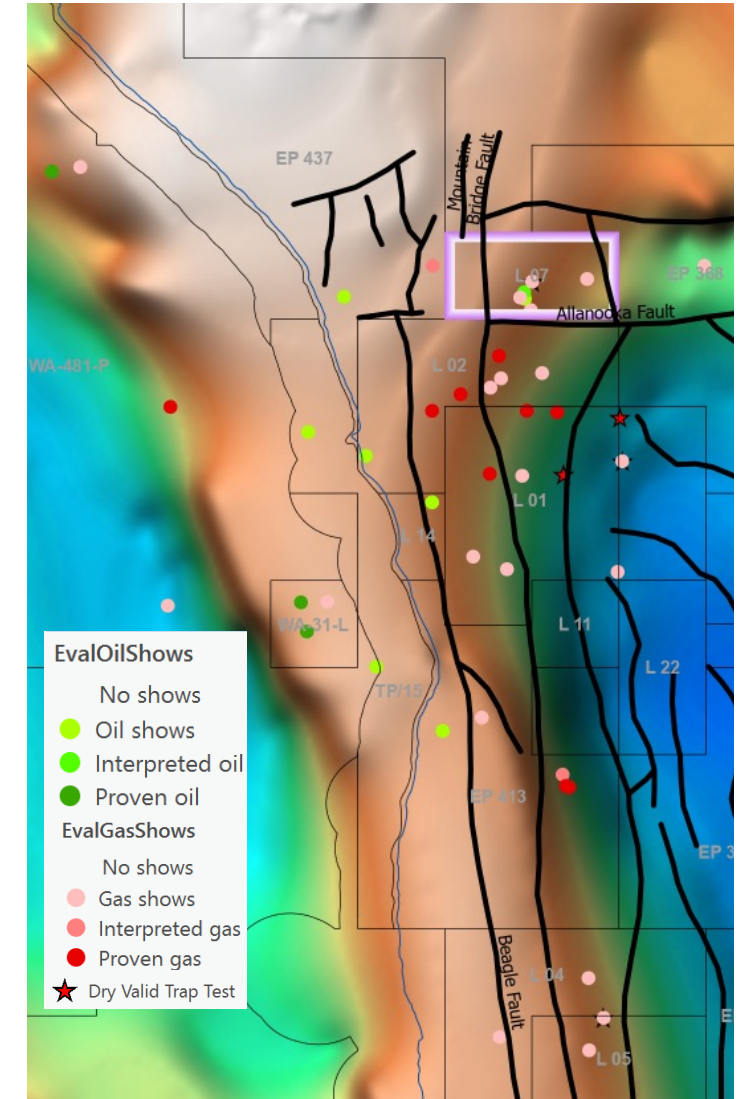
Leveraging Talon's Perth Basin and Permian petroleum system understanding

- L7 and EP 437 contain a number of Jurassic, Late Permian and Early Permian gas and oil opportunities
- The new permits complement Talon's current portfolio of northern Perth Basin Jurassic wet gas and Mongolian Permian coals at Gurvantes XXXV PSC, while also diversifying the portfolio into the Early Permian 'Kingia Formation' gas play
- Talon's strong knowledge of both the northern Perth Basin and Permian depositional systems across Australia have allowed this strategic acquisition, providing shareholders with material prospectivity for large gas opportunities
- The farm-in agreement into L7 and EP 437 meets Talon's primary objectives:

✓ Material prospective acreage within close proximity to pipelines

✓ Numerous gas-prone opportunities

✓ Low upfront entry cost



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