

TALON EXPANDS PERTH BASIN ACREAGE

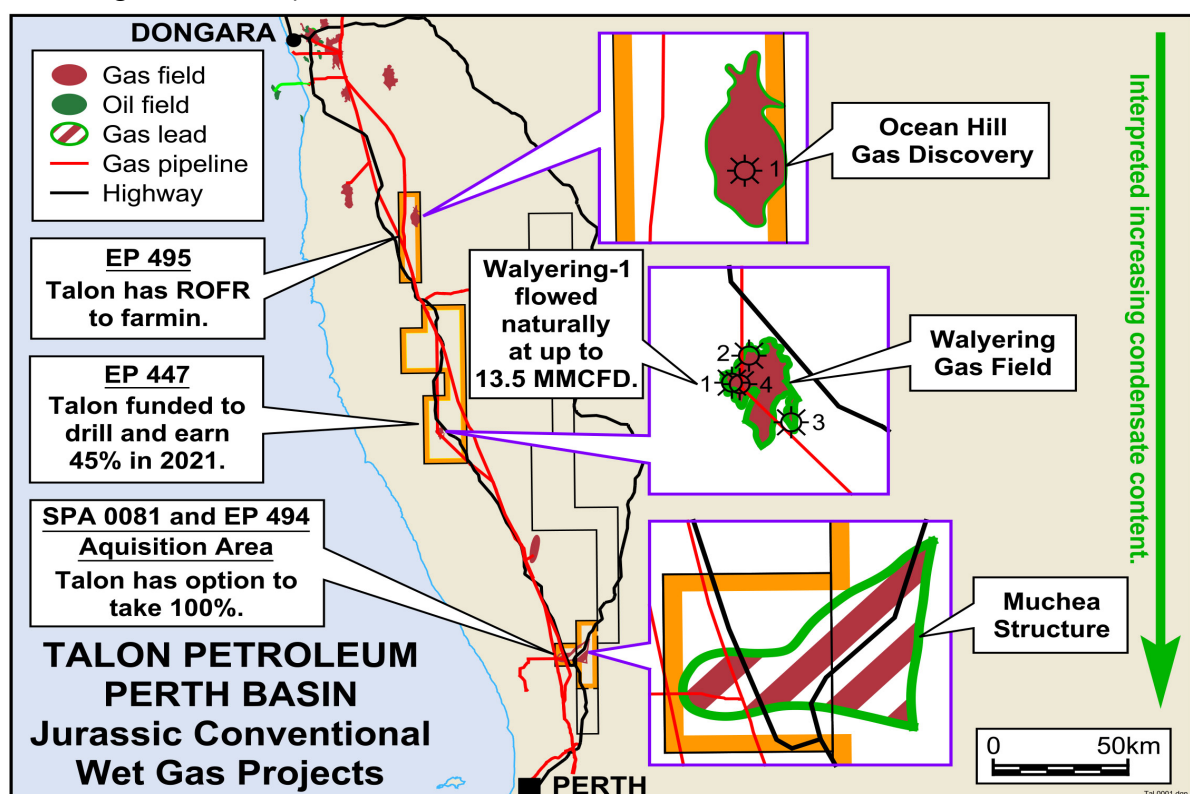
- Staged entry into another Perth Basin gas asset well located relative to infrastructure.
- The Muchea Structure identified by Talon has potential to be the Basin's largest, untested wet gas structure within conventional Jurassic reservoirs.
- Muchea to be matured through a staged work program, at the conclusion of which Talon will hold a 100% interest.
- Muchea provides significant follow-up potential in the event of 2021 drilling success at the Company's Perth Basin flagship project, Walyering.

Talon Petroleum Limited ("Talon" or the "Company") is pleased to announce it has entered into a non-binding term sheet with Macallum Group Limited (**Macallum**) for the acquisition of a 100% interest in the area covering the large, Muchea Structure in EP494 and SPA-0081, located onshore Perth Basin.

Talon announced in July last year its entry into the Perth Basin by securing an effective 45% interest in the Walyering wet gas field in EP497 from Operator Strike Energy. The Walyering-5 appraisal well which will be drilled by Ensign Rig 970 at the completion of the West Erregulla drilling campaign, was located using the same processing and methodologies that resulted in the extremely successful WE-2 discovery by Strike.

The selection of Muchea follows a strategic review of opportunities in the Basin by Talon. The focus being on appraising and exploring for conventional, gassy reservoir projects, close to gas transport infrastructure and with potential to also contain value adding liquid hydrocarbons.

In addition to the Walyering and Muchea assets, Talon also has a Right of First Refusal (ROFR) for an interest in EP495 that contains the Ocean Hill, conventional Jurassic gas discovery.



Although further geophysical surveying will be needed to determine whether Muchea can be matured for drilling, initial mapping shows a high relief structure up to 80 km² in size. Initial work to be undertaken by Talon will be an airborne AEM-PTP survey, which is estimated to cost around \$100,000.

Importantly the conventional, Jurassic age target reservoirs are mapped to be present at moderate depths below 2,200m, some 800m shallower than the crestal target sands at Walyering. Muchea could therefore be drilled by a range of drilling rigs with appropriate depth capacity, and consequently with an expected moderate drill cost.

The Muchea Structure as currently mapped has other trapping attributes that have been high graded in its proprietary work for specific targeting by Talon. The Company is continuing with these studies and hopes in due course to add further projects with what it considers are strategically consistent commercial and technical attributes.

Commenting on the acquisition of the interest at Muchea, Talon MD David Casey said: *"This is a very exciting Perth Basin portfolio addition, again targeting conventional sandstone reservoirs. The Muchea Lead identified by Talon has the potential to be matured into the region's largest undrilled, Jurassic, wet gas prospect. The structuring of the transaction provides Talon with the ability to undertake low-cost initial exploration work to better understand the potential of Muchea while progressing to drill our maiden Perth Basin well at Walyering. At Walyering we will be appraising an existing Jurassic, wet gas discovery. Securing Muchea with 100% interest provides Talon with significant upside to any success at Walyering."*

Transaction Terms

The material terms of the transaction with Macallum over Muchea are:

- Interest to be acquired: Talon to acquire a 100% interest in the Muchea Structure and surrounding area within EP494 and SPA-001 (as per the map below)
- Consideration: Consideration payable to Macallum by Talon is as follows:
 - Upon the execution of the term sheet, Talon shall pay to Macallum an amount of \$90,000;
 - Upon the execution of formal agreements, Talon shall issue to Macallum 54,000,000 Talon shares
 - Upon completion of Talon's initial exploration work, and upon Talon electing to proceed with final acquisition of 100% of Muchea, Talon shall (subject to satisfaction of conditions set out below):
 - issue to Macallum Talon shares to the value of \$350,000 (calculated at the 30-day volume weighted average price for Talon shares up to and including the date of satisfaction of the conditions precedent); and
 - grant to Macallum a 1.95% overriding royalty on production from Muchea;

- Termination Fee: If, after completion of Talon's initial exploration work, Talon elects not to proceed with the final acquisition of 100% of Muchea, Talon shall pay Macallum a termination-fee of \$100,000
- Conditions precedent to completion: Talon completing the current work commitment over SPA-0081, being an airborne AEM-PTP survey, along with standard conditions including execution of formal agreements and receipt of all required regulatory approvals and registrations.

This announcement is authorised for lodgement by David Casey, Managing Director & CEO of Talon Petroleum.

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