

TALON PETROLEUM

ACQUISITION OF ENCOUNTER OIL

January 2019



Disclaimer

This presentation is provided for information purposes only and is not a disclosure document as defined under the Corporations Act 2001 (Cth). This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase, sale or issue of any securities or any financial product nor does it constitute financial product or investment advice. The presentation does not contain all the information that may be required for evaluating the Company's assets, prospects or potential opportunities and is not intended to be used as the basis for making an investment decision. The presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

No representation or warranty, express or implied, is made as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this presentation. Neither the Company, its related bodies corporate, shareholders or affiliates, nor any of their respective officers, directors, employees, related bodies corporate, affiliates, agents or advisers makes any representations or warranties that this presentation is complete or that it contains all material information about the Company or which a prospective investor may require in evaluating a possible investment in the Company or acquisition of securities. To the maximum extent permitted by law, none of those persons accept any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this presentation or in relation to the accuracy or completeness of the information, statements, opinions or matters, express or implied, contained in, arising out of or derived from, or for omissions from, this presentation. In particular, no representation or warranty, express or implied is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns (if any) contained in this presentation nor is any obligation assumed to update such information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Neither the Company nor its related bodies corporate, shareholders or affiliates, nor any of their respective officers, directors, employees, related bodies corporate, affiliates, agents or advisers guarantees any return or generally the performance of the Company or the price at which its securities may trade. Any investment in the Company is subject to investment risks including the possibility of loss of capital invested and no return of income or payment of dividends.

Before making an investment decision, you should assess whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances and consider seeking your own independent legal, financial and commercial advice. Past performance is no guarantee of future performance.

The distribution of this document in jurisdictions outside Australia may be restricted by law. Any recipient of this document outside Australia must seek advice on and observe any such restrictions.

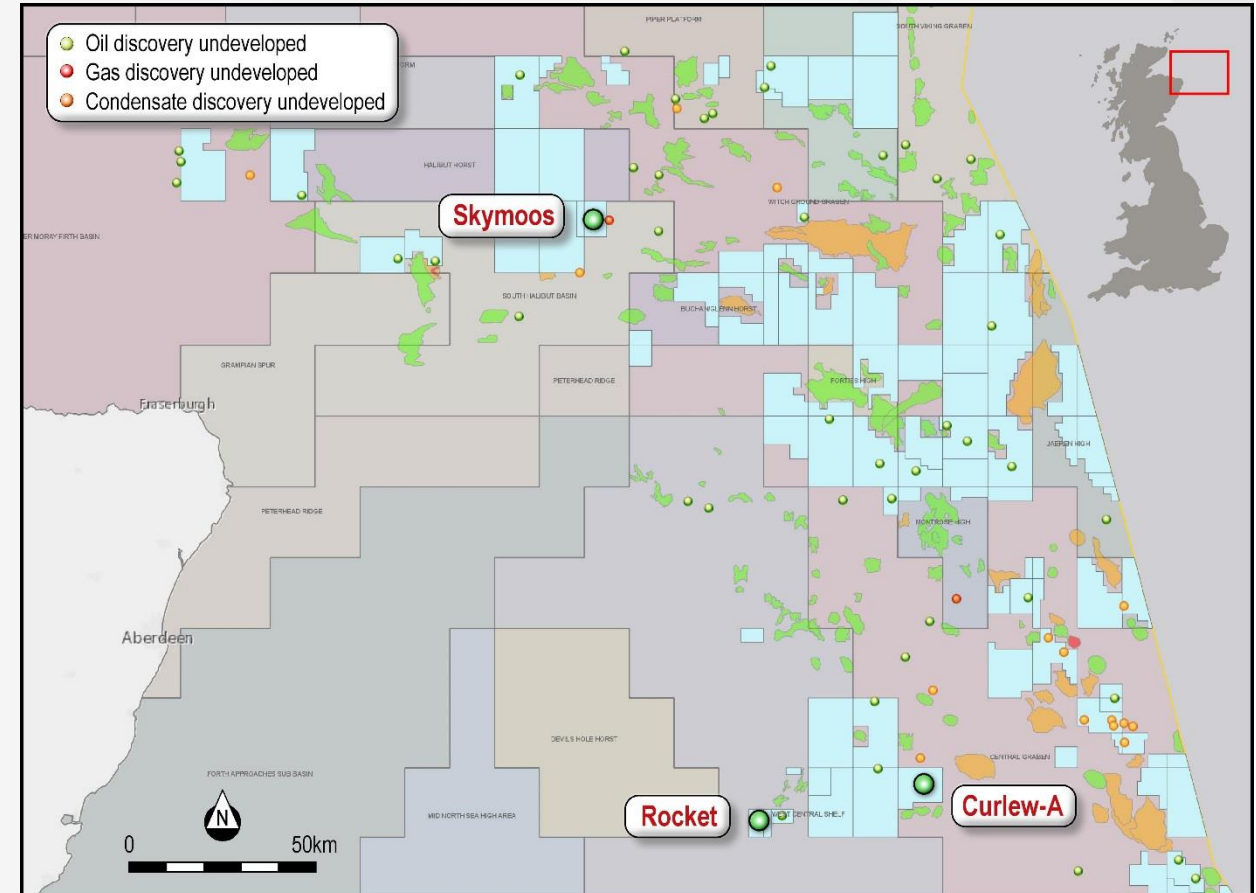
This presentation may contain certain "forward-looking statements" with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward looking statements can generally be identified by words such as 'may', 'could', 'believes', 'plan', 'will', 'likely', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this presentation necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of the Company. Such statements may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this presentation.

The information in this presentation is current as at the date on the cover of the presentation and remains subject to change without notice, in particular the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

AN EXCITING NEW FUTURE FOR TALON

- ✓ Talon is rapidly increasing its North Sea presence with the acquisition of EnCounter Oil Limited and the farm-in to Licence P2368, which contains the Curlew-A discovery
- ✓ Acquisition of EnCounter delivers:
 - ✓ 100% ownership of Licences P2363 (Skymoos Prospect) and P2392 (Rocket Prospect)
 - ✓ A significant Prospective Resource
 - ✓ Highly credentialed North Sea technical team with an exceptional track record of extraordinary success
- ✓ Graham Doré and Paul Young, highly successful and experienced North Sea oil finders, and founders of EnCounter Oil, to join the Talon team
 - ✓ Mr Doré will join the board of Talon as Non-Executive Director
- ✓ EnCounter transaction complements Talon's farm-in for a 10% interest in the 45mmboe (2C) Curlew-A discovery (4.5mmboe net to Talon) with drilling planned for 3Q 2019
- ✓ Talon offers a low cost exposure to a highly-prospective project portfolio, backed by an experienced and proven management team



Talon North Sea acreage post acquisition of EnCounter Oil

A WORLD CLASS OIL PROVINCE



Prolific oil and gas province with over 50 years of oil and gas production and ~43 billion barrels of oil and gas recovered



The timing is right with a number of strong opportunities available, and increased activity within the region, including regular bid rounds for further acreage capture



Abundant and world-class infrastructure allowing for development capex reductions



Significant recoverable resource potential remains with between 10-20 billion boe:

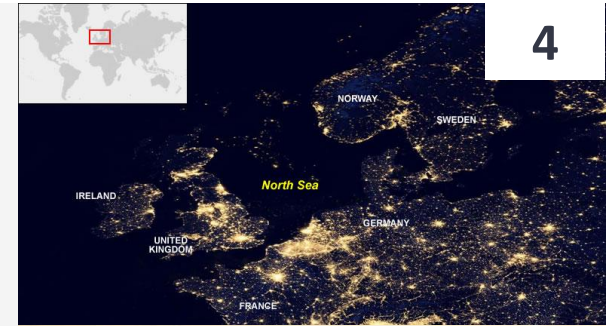
- 5.4 billion boe in existing reserves
- 2 to 5 billion boe in potential additional resources
- 2 to 6 billion boe in yet to find potential



Strong end market with 70% of the UK's primary energy consumption being provided by oil and gas



Low sovereign risk jurisdiction, with a stable and supportive regulatory environment with solid fiscal terms



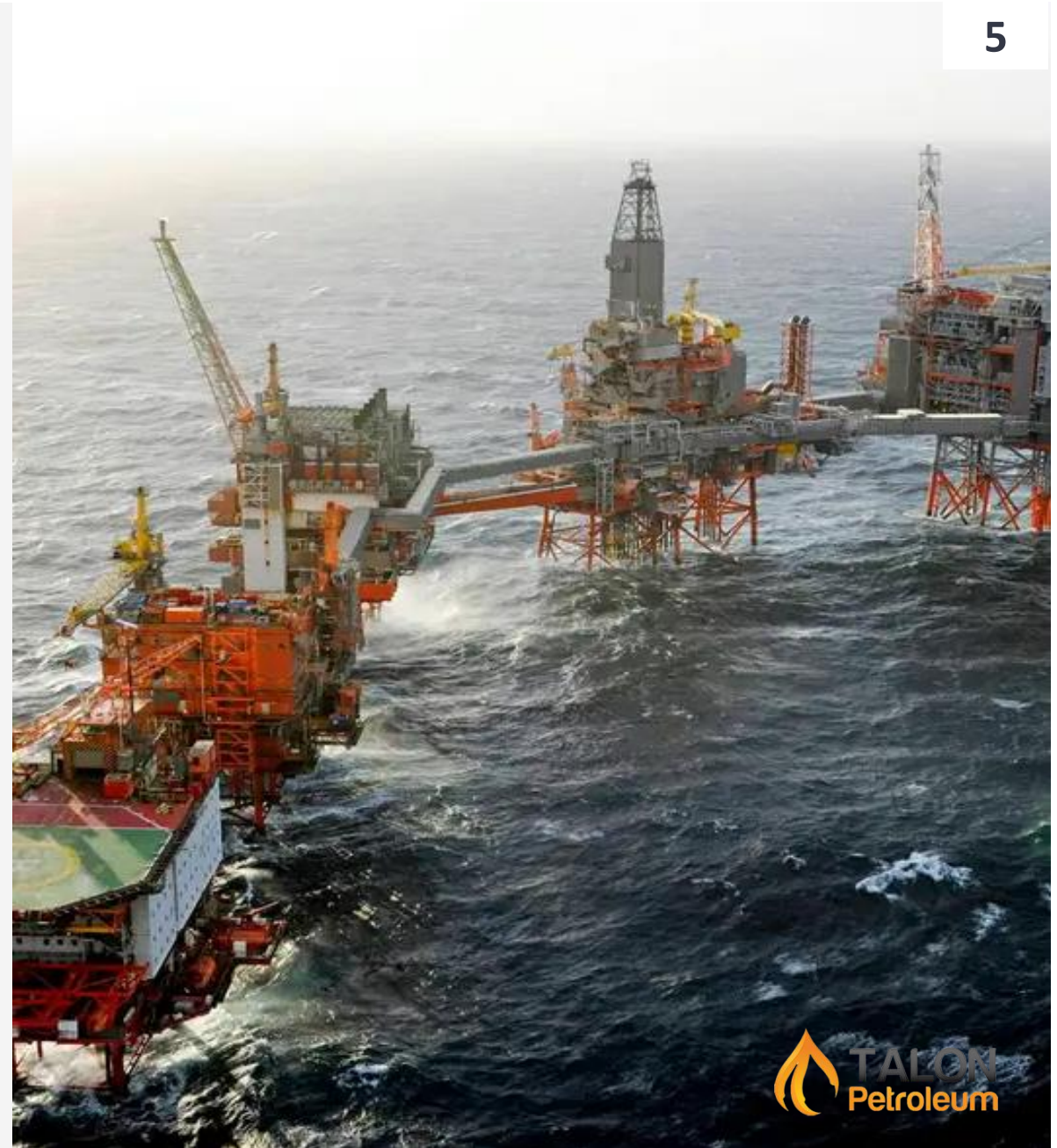
4



UK NORTH SEA INVESTMENT CRITERIA

- ✓ Non-operated equity positions of up to 20%
- ✓ Primary aim of drilling multiple wells per calendar year
- ✓ Drilling will focus on the following fundamentals
 - ✓ appraisal of known discoveries
 - ✓ low-risk exploration
- ✓ Tie-backs to nearby infrastructure
- ✓ Timed exit at the right time of the development cycle
- ✓ Participation in bidding rounds
- ✓ Early stage entry; farm-out for carry
- ✓ Talon to be a partner of choice for well-known companies operating within targeted areas of the North Sea

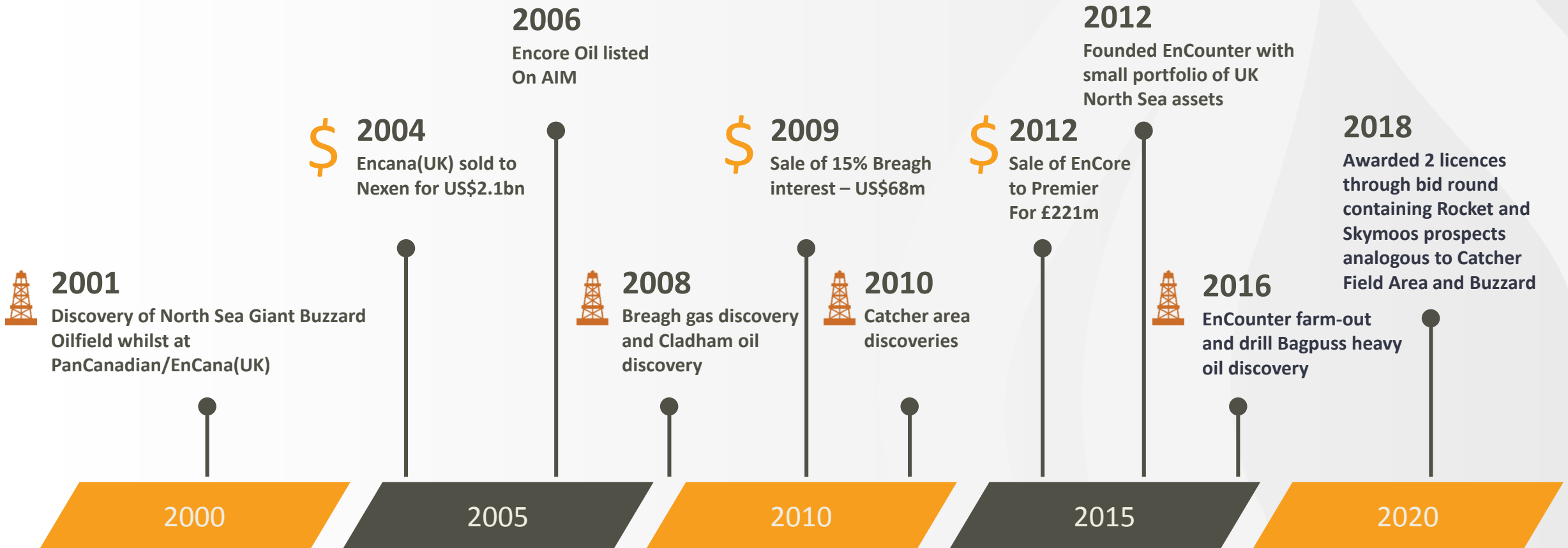
The farm-in to Licence P2368, along with the acquisition of 100% ownership of Licences P2363 (Skymoos Prospect) and P2392 (Rocket Prospect) delivers on the key criteria above



ENCOUNTER OIL TRANSACTION

Two high-impact exploration licences and enviable technical experience

ENCOUNTER TEAM'S HISTORY OF UK NORTH SEA SUCCESS



Graham Doré & Paul Young to join the Talon team – proven oil finders with an enviable track record of North Sea discoveries and delivering value for shareholders

TRANSACTION OVERVIEW

- Subject to shareholder approval, Talon to acquire 100% of EnCounter Oil Limited shares for:
 - 100mm ordinary Talon shares, subject to a 12-month voluntary escrow period
 - 150mm Performance Shares converting to ordinary Talon shares upon the successful farm-out of the Skymoos Prospect, and Talon electing to move into the drilling phase of Licence 2363 on or before 30 September 2021
 - 150mm Performance Shares converting to ordinary Talon shares upon the successful farm-out of the Rocket Prospect, and Talon electing to move into the drilling phase of Licence 2392 on or before 30 September 2021
- Incentive based transaction with consideration in Talon stock provides alignment between both parties
- Graham Doré and Paul Young to join the Talon team
 - Mr Doré to join the Talon Board as Non-Executive Director
 - Both Mr Doré and Mr Young bring an abundance of experience and UK North Sea success to the Talon team

ROCKET PROSPECT

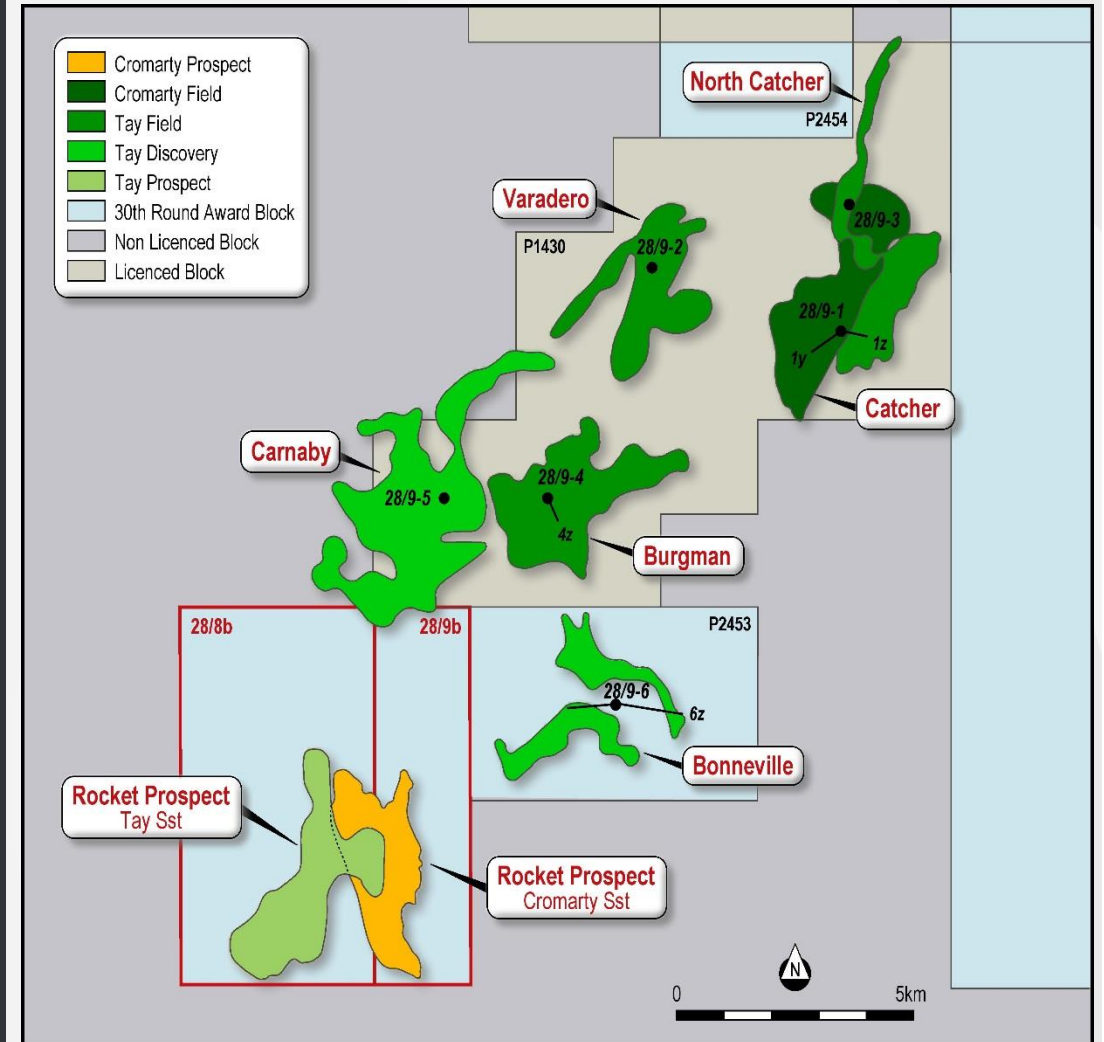
27mmbo best estimate prospective resource

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.

*Refer to ASX announcement dated 31 January 2019 for more information on prospective resources

27mmbo best estimate prospective resource*

- ✓ 100% ownership of Licence P2392, which was awarded to EnCounter in October 2018 via bid round
- ✓ The Licence area borders to the south of the Catcher, Varadero, and Burgman discoveries which were all made by the EnCounter team whilst at EnCore
- ✓ The greater Catcher Field Development Area now producing at 70,000 bopd
- ✓ The Rocket Prospect is analogous to Catcher Area fields to the north



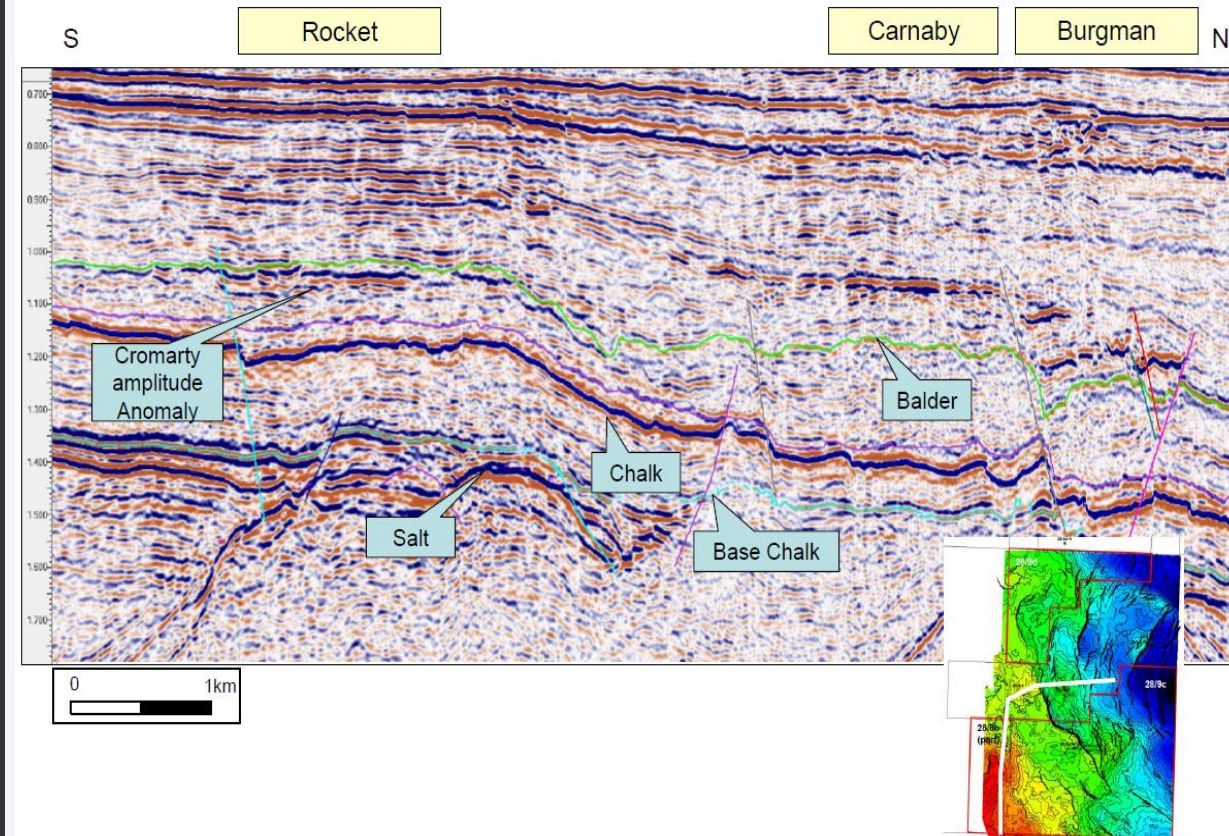
Map showing location of Licence P2392 (area in red) and proximity to Catcher Field Area discoveries made by the EnCounter team

ROCKET PROSPECT

Highlights

- ✓ A Palaeocene age Cromarty reservoir prospect with additional potential in the overlying Tay Sand
- ✓ Lies in water depth of around 90m and can be drilled using a jack-up rig
- ✓ Significant well control exists immediately to the north
- ✓ Covered by continuous 3D seismic data set
- ✓ Chance of Success – 20% to 30%
- ✓ **Farm-out process to commence immediately**

11



Seismic line across Rocket Prospect tying the Carnaby and Burgman discoveries

SKYMOOS PROSPECT

107mmbo best estimate prospective resource

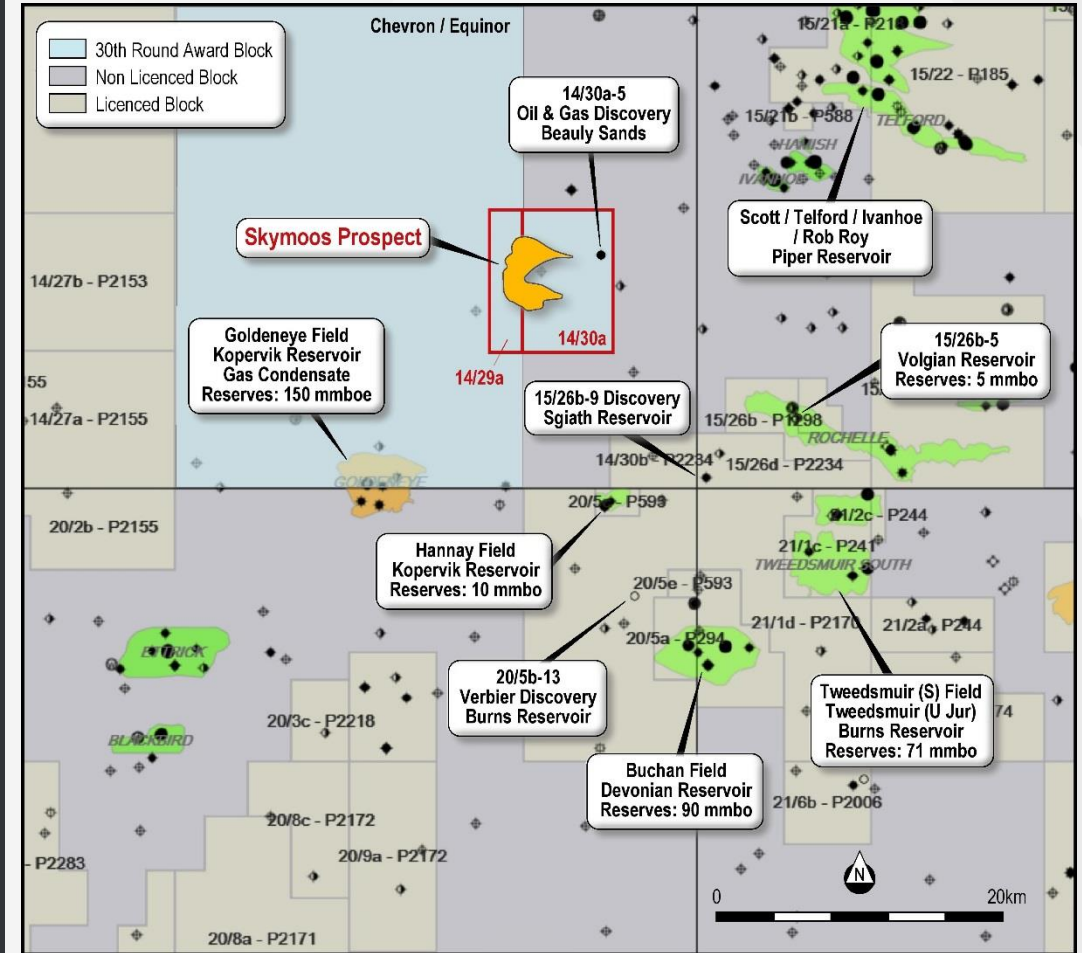
The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

*Refer to ASX announcement dated 31 January 2019 for more information on prospective resources

SKYMOOS PROSPECT

107mmbo best estimate prospective resource*

- ✓ 100% ownership of Licence P2363, which was awarded to EnCounter in October 2018 via bid round
- ✓ Very modest commitments in initial 3 year licence phase – post process 50 km² of 3D
- ✓ Skymoos prospect covers 2 blocks (14/29a and 14/30a) which is the first time they have been licensed together for several decades

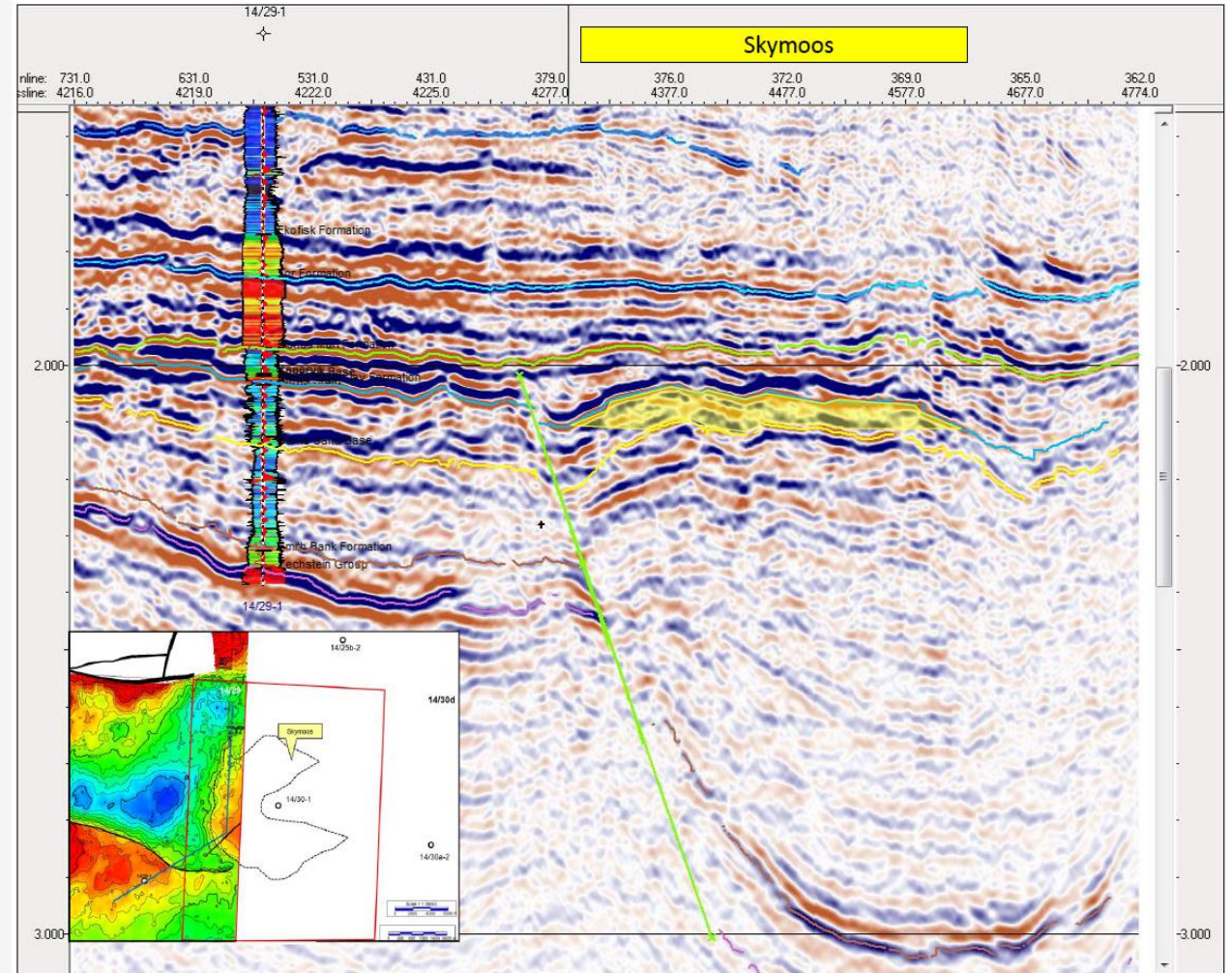


Map showing location of Licence P2363 (area in red)

SKYMOOS PROSPECT

Highlights

- ✓ A structural/stratigraphic closure within the Upper Jurassic Burns Sandstone reservoir with additional potential within the underlying Claymore Sandstones
- ✓ Analogous to the giant Buzzard Field discovery made by the EnCounter team at PanCanadian
- ✓ The Skymoos Prospect is on trend with several developed oil and gas discoveries in an area of prolific hydrocarbon charge
- ✓ Chance of Success – 20% to 30%
- ✓ **Farm-out process to commence immediately**



Seismic line over the Skymoos structure

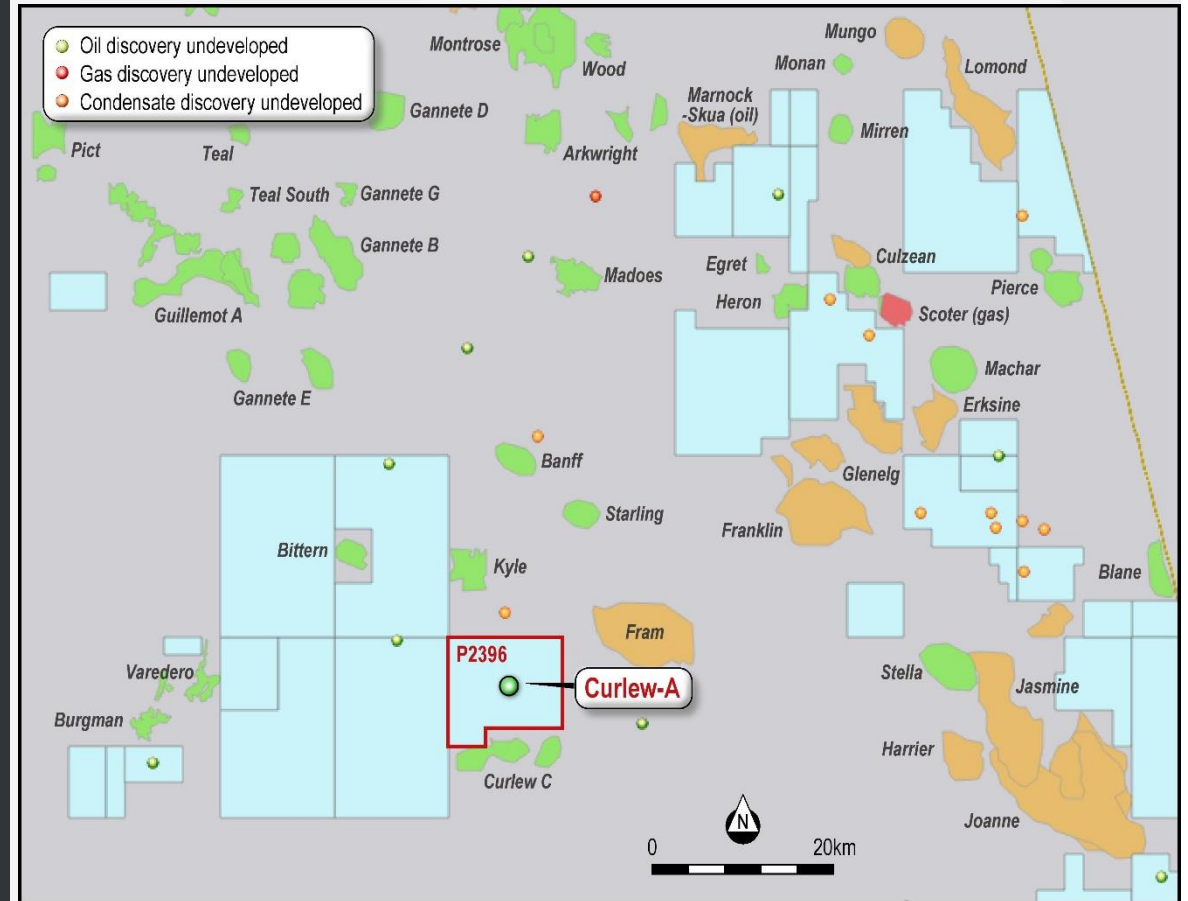
CURLEW-A

10% Interest in a 45mmboe Discovery

*refer to ASX announcement dated 26 October 2018 for further information on contingent resource

Highlights

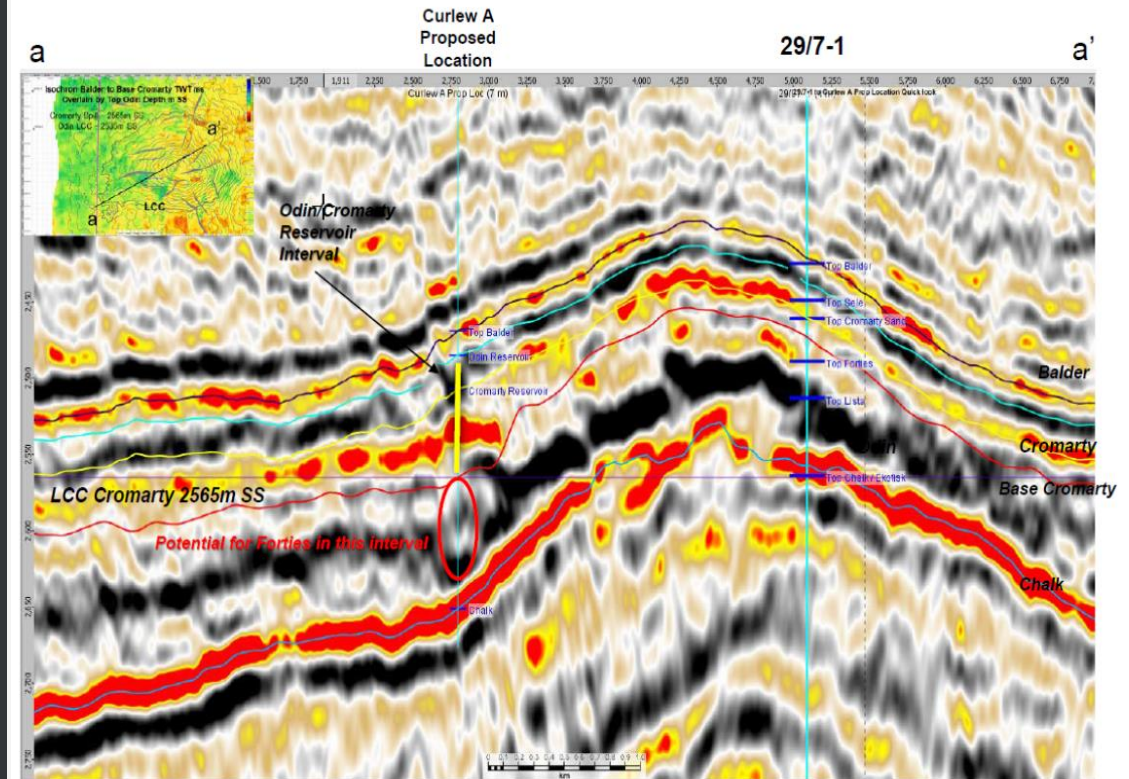
- ✓ Significant un-appraised Tertiary aged oil discovery by Shell in 1979
- ✓ Original well confirmed 10.5m net oil sands 36°API oil recovered
- ✓ Schlumberger independently certified gross 2C Contingent Resource of 45mmboe (4.5mmboe net to Talon)
- ✓ Development by way of tie-back to nearby field or standalone FPSO
- ✓ Potential prospective upside in Forties sands to be tested as part of appraisal drilling
- ✓ Drilling planned for 3Q 2019



Curlew-A Licence and surrounding projects

Farm-In Terms

- ✓ Talon to hold a 10% interest in Licence P2368 subject to regulatory approvals
- ✓ Talon net share of 3 year initial phase costs – A\$65k
- ✓ Subject to entering next licence phase, Talon to participate in the drilling of the Curlew-A appraisal well
- ✓ 10% participating interest/15% paying interest capped at gross total well cost of A\$21.8 million
- ✓ Current well cost estimate – A\$18 million
- ✓ Talon net well cost A\$3.3mm at promote cap



CONSOLIDATING THE GROWTH STRATEGY



RIGHT TIME

- ✓ Renewed investor interest in the sector and the North Sea on the back of improving oil and gas markets
- ✓ Recent downturn in the oil and gas sector has provided a number of attractive opportunities
- ✓ Astute technical teams have the opportunity to acquire assets not normally available and good deals abound
- ✓ Talon offers an attractive entry point into a growing UK North Sea portfolio that offers significant upside on modest capital spend



RIGHT PLACE

- ✓ Prolific oil and gas province
- ✓ Stable and encouraging regulatory environment
- ✓ Acquisition of EnCounter Oil Limited brings unrivalled North Sea experience and success to Talon
- ✓ Ability to rapidly build a diverse portfolio with assets across the entire E&P lifecycle



RIGHT TEAM

- ✓ Experienced and proven Board and management team
- ✓ Graham Doré and Paul Young to join the Talon team bringing significant experience and discovery success to the Talon team
- ✓ Existing and incoming Board and management are well leveraged to Talon stock, providing alignment with shareholders

TALON TEAM

PETER LOVE	<i>NON-EXEC CHAIRMAN (RETIRING)</i>	Mr Love has extensive experience in the ASX listed resources space as well as equity capital markets. Mr Love was formerly Vice President of Operations for Maverick Drilling & Exploration.
MATT WORNER	<i>MANAGING DIRECTOR</i>	Mr Worner is an experienced oil and gas executive who has worked with ASX and London listed E&P companies in various legal, commercial and new ventures/business development roles.
ROGER STEINEPREIS	<i>NON-EXEC DIRECTOR</i>	Mr Steinepreis is a lawyer and Chairman of Perth based firm, Steinepreis Paganin. Mr Steinepreis has practised as a lawyer for over 25 years, with a focus on company restructures, initial public offerings and takeovers.
PETER STICKLAND	<i>NON-EXEC DIRECTOR</i>	Mr Stickland has over 25 years global experience in oil and gas exploration. Mr Stickland is currently a non-executive director of Entek Energy and Melbana Energy.
GRAHAM DORÉ	<i>PROPOSED NON-EXEC DIRECTOR</i>	Mr Doré is a founder of EnCounter Oil and has over 30 years experience as an exploration geologist. A proven oil finder, Mr Doré has been involved in some of the most significant hydrocarbon discoveries in the UK North Sea this century.
PAUL YOUNG	<i>GEOSCIENCE MANAGER</i>	Mr Young is a founder of EnCounter Oil and has over 35 years experience as an exploration geophysicist. In his career at PanCanadian, EnCana and EnCore Oil, Mr Young has been involved in the discovery of several substantial oil and gas fields in the UK North Sea.
PAUL SENYCIA	<i>TECHNICAL ADVISOR</i>	Mr Senycia has over 35 years international oil and gas experience with companies including Beach Energy Limited, Woodside Energy Limited, Shell International and was most recently head of Exploration and New Ventures at Otto Energy Limited where he is now an non-executive director.

CAPITAL STRUCTURE

Ordinary shares (ASX:TPD)	1,260,122,858
Options exercisable @ \$0.005 each	97,500,000
Market Capitalisation @ \$0.003	\$3.8 million
Cash	\$2.1 million
Enterprise Value	\$1.7 million
Top 20 Shareholders	~66%
Consideration Shares – EnCounter transaction ¹	100,000,00 (1 year escrow)
Performance Shares – EnCounter Transaction ¹	300,000,000

¹ Subject to shareholder approval



ADDRESS

1202 Hay Street
West Perth WA 6005

CONTACT INFO

Matt Worner – Managing Director
Email: matt@talonpetroleum.com.au
Phone: +61 8 6319 1900

www.talonpetroleum.com.au

