

TALON CONTINUES TO GROW NORTH SEA PORTFOLIO THROUGH NEW LICENCE AWARD

HIGHLIGHTS:

- Talon continues to execute its UK North Sea strategy with the award of a 50% interest in a licence over Blocks 12/26a and 12/27a via the 31st UK Offshore Licensing Round
- Licence contains the 44mmbo (best estimate) Vantage Prospect
- Low cost acquisition and work program in initial 2-year Licence Phase
- Vantage Prospect to be readied for farmout
- Further demonstration of Talon's ability to identify and capture exciting exploration opportunities through regular UK licence round process

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.

Talon Petroleum Limited ("Talon" or the "Company") is pleased to announce that it has been offered a 50% interest in a licence over Blocks 12/26a and 12/27a (**Licence**) via the UK 31st Offshore Licensing Round.

Talon Managing Director, Matt Worner said: *"We are extremely pleased to add another highly prospective licence to the Talon portfolio. This new Licence includes the Vantage Prospect, which was identified by Talon's technical team, Graham Dorè and Paul Young."*

The award of this licence shows we are delivering with our strategy to capture low-cost, high upside drilling targets via the regularly held UK Licensing Round process.

"Talon has recently applied for a further licence in the 31st Supplemental Round and will shortly commence its consideration of licence areas proposed to be available in the 32nd Seaward Licensing Round, for which bids are due in late 2019."

"Additionally, we have started the farmout process for our Rocket and Skymoos prospects and we have received encouraging interest at this early stage."

The newly awarded Licence is the fourth UK North Sea asset acquired by Talon since the Company embarked on its UK North Sea strategy in mid-2018.

The Licence contains the Vantage Prospect, an Upper Jurassic stratigraphic trap updip of a known oil discovery well located within the Licence area and contains a 44mmbo (best estimate) prospective resource.

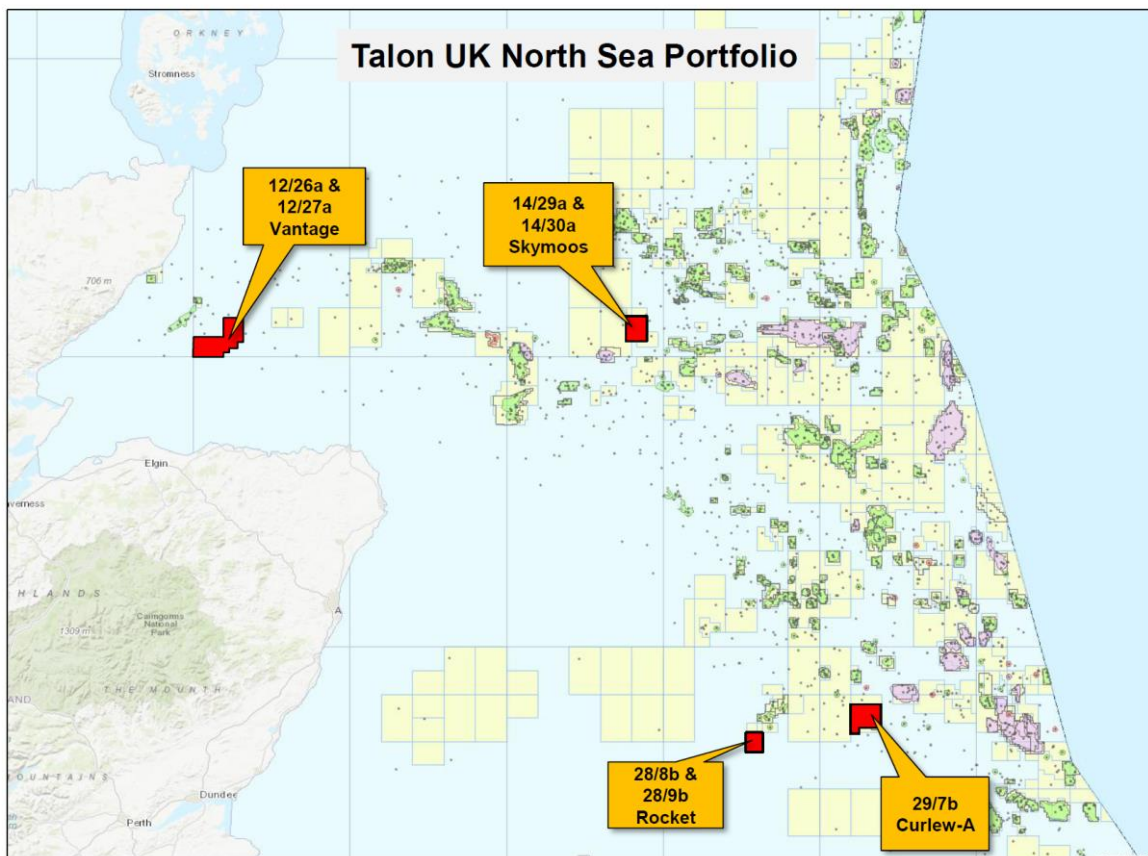
Based on normal risking methodology used in the oil and gas industry, an estimated probability of commercial success for the Vantage Prospect, after all technical work has been completed, is expected to be in the range of 20-30%.

Talon jointly applied for the Licence with Geoscience Services Limited (**GSL**), a company of which Graham Dorè and Paul Young are directors. The bid for the Licence was made prior to the Company entering into the transaction with EnCounter Oil Limited, which brought Mr Dorè and Mr Young to the Talon team.

In addition to the newly awarded Licence, Talon's portfolio now contains:

- 10% participating interest in Licence P2396, which contains the 45mmbo (2C contingent resource) Curlew-A discovery
- 100% participating interest in Licence P2363 which holds the 107mmboe (best estimate) Skymoos prospect
- 100% participating interest in Licence P2392 which holds the 27mmboe (best estimate) Rocket Prospect

(Refer to Talon announcements dated 26 October 2018 and 31 January 2019 for further information on contingent resources and prospective resources).



Work program commitments for the initial two-year phase of the Licence include:

- Poststack processing of 500km² of existing 3D seismic data
- Acquisition of 150 line km of existing 2D seismic data

Talon's expected share of the costs based on its 50% interest is approximately \$A60,000.

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Contact Information

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Competent Persons Statement

The information in this report that relates to Prospective Resource information in relation to the Vantage Prospect is based on information compiled by Mr Graham Dorè and Mr Paul Young. Mr Dorè and Mr Young are a director of, and a consultant to, the Company respectively. This information was subsequently reviewed by Mr Paul Senyia BSc (Hons) (Mining Engineering), MAppSc (Exploration Geophysics), who has consented to the inclusion of such information in this report in the form and context in which it appears.

Mr Senyia is a consultant to the Company, with more than 35 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE). 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 Senyia. Mr Senyia 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 Reporting Notes (Vantage Prospect reported for the first time)

(i) The prospective resources information in this document is effective as at 4 June 2019 (Listing Rule (LR) 5.25.1). (ii) The prospective resources information in this document has been estimated and is classified in accordance with SPE PRMS (Society of Petroleum Engineers Petroleum Resources Management System) (LR 5.25.2). (iii) The prospective resources information in this document is reported according to the Company's 100% economic interest in each of the resources subject to final formal award of the Licence (LR5.25.5). (iv) The prospective resources information in this document has been estimated and prepared using the deterministic method (LR 5.25.6). (v) The prospective resources information in this document has been estimated using a 6:1 BOE conversion ratio for gas to oil; 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7). (vi) The prospective resources information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5.) (vii) Prospective resources are reported on a best estimate basis (LR 5.28.1).

(viii) For prospective resources, the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) 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 (LR5.28.2). (ix) In respect to the prospective resources referred to in this statement, upon completion of the acquisition of the Licence, Talon will hold a 50% working interest in a licence covering Blocks 12/26a and 12/27a and which is located in the UK Central North Sea (LR 5.35.1). (x) The prospective resources have been estimated on the following basis (LR5.35.2): the best estimate prospective resource calculation was based on a consideration of offset well information and seismic expression; a combination of volumetric assessment and field analogues have been used to estimate the prospective resources; exploration drilling will be required to assess these resources. (xi) The chance of discovery is considered moderate as the prospective resources are near developed and undeveloped reserves and in a proven oil and gas producing province. There is a risk that exploration will not result in sufficient volumes of oil and/or gas for a commercial development (LR5.35.3). (xii) Prospective resources are un-risked and have not been adjusted for an associated chance of discovery and a chance of development (LR5.35.4)

SPE definitions

Reserves represent that part of resources which are commercially recoverable and have been justified for development, while contingent and prospective resources are less certain because some significant commercial or technical hurdle must be overcome prior to there being confidence in the eventual production of the volumes. Talon does not yet have reported reserves.

Contingent resources are less certain than reserves. These are resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles. For contingent resources to move into the reserves category, the key conditions, or contingencies, that prevented commercial development must be clarified and removed. As an example, all required internal and external approvals should be in place or determined to be forthcoming, including environmental and governmental approvals. There also must be evidence of firm intention by a company's management to proceed with development within a reasonable time frame (typically 5 years, though it could be longer).

Prospective resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added. For prospective resources to become classified as contingent resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared.