

## TALON GROWS NORTH SEA PORTFOLIO WITH NEW LICENCE AWARD

### HIGHLIGHTS:

- Talon wins successful joint bid with ONE-Dyas for a licence over Block 14/30b in the 31st UK Supplementary Offshore Licensing Round
- New Licence contains:
  - 29mmbo (best estimate) Thelma Prospect
  - 17mmbo (best estimate) Louise Prospect
  - 160Bcf (best estimate) Buffalo Prospect
- New prospects sit adjacent to Talon's 107mmboe (best estimate) Skymoos Prospect
- Low cost work program in initial 2-year Licence Phase
- Continues Talon's progress in executing its UK North Sea strategy

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 notified by the UK Oil and Gas Authority of its successful joint bid alongside ONE-Dyas E&P Limited (**ONE-Dyas**) for a licence over Block 14/30b (**Licence**) via the UK 31<sup>st</sup> Supplementary Offshore Licensing Round.

The joint bid by Talon and ONE-Dyas is part of a broad joint technical assessment of opportunities in the area by the two companies.

Commenting on the new licence award, Talon Managing Director, Matt Worner said: *"We are extremely pleased to be adding another highly prospective licence to the Talon portfolio in partnership with ONE-Dyas. The Thelma and Louise Prospects within the block are adjacent to the play identified at Talon's Skymoos prospect in neighbouring Licence P2363, which is currently the subject of an ongoing farmout process by the Company. We look forward to updating the market when that process is completed."*

*"The acquisition of an interest in this new licence is a strategic move by the Company to expand and secure Talon's position in the area, which could be leveraged in the event of successful exploration drilling at Skymoos. Additionally, the Buffalo Prospect is a potentially significant gas prospect."*

*"We look forward to continuing working with ONE-Dyas to define the best way forward for the Licence as we move to final award by the OGA."*

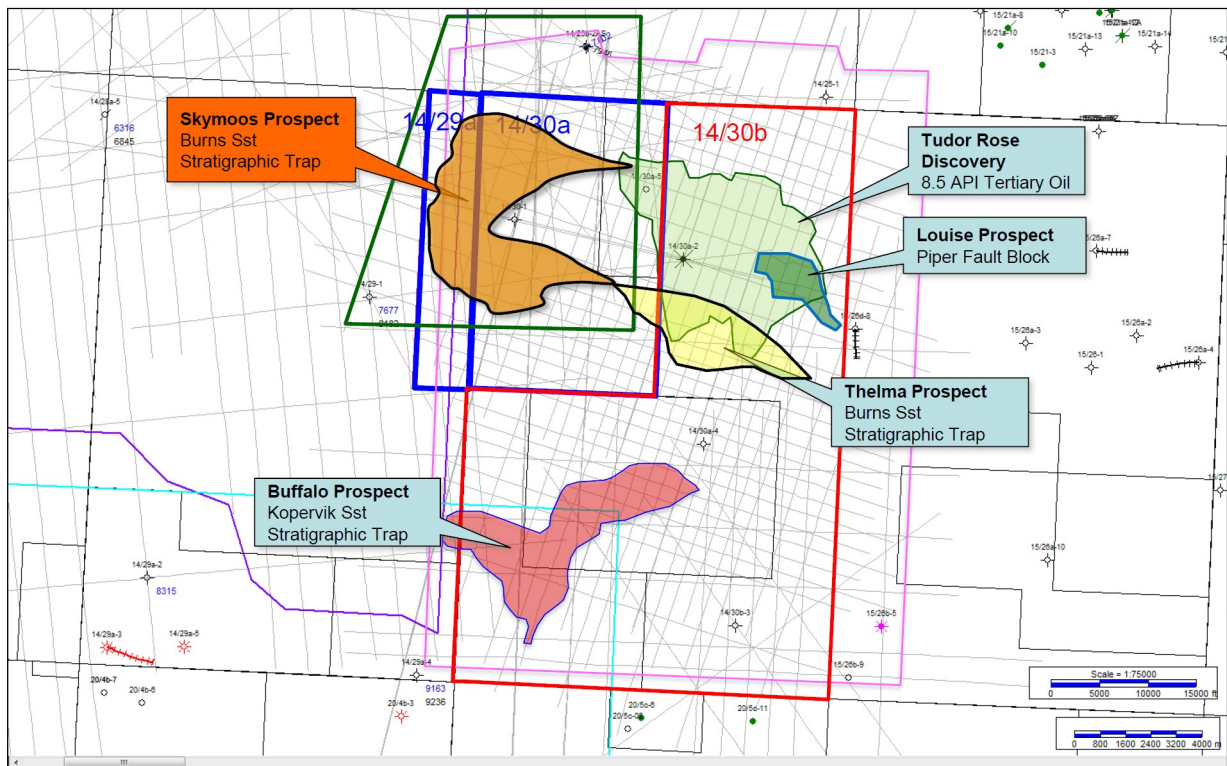
Upon award, the Licence will be the fifth UK North Sea asset acquired by Talon since the Company embarked on its UK North Sea strategy in mid-2018.

The Licence contains the:

- Thelma Prospect, a Burns Sandstone stratigraphic trap and contains a 29mmbo (gross best estimate) prospective resource
- Louise Prospect, a Piper Fault Block target and which contains a 17mmbo (gross best estimate) prospective resource
- Buffalo Prospect, a Kopervik Sandstone target and which contains a 160Bcf (gross best estimate) prospective resource

Based on normal risking methodology used in the oil and gas industry, an estimated probability of commercial success after all technical work has been completed, is expected to be in the range of:

- 20-25% for both the Thelma and Louise Prospects; and
- 30% for the Buffalo Prospect.



Map showing prospectivity in Block 14/30b and proximity to Skymoos Prospect

## About ONE-Dyas

ONE-Dyas is the largest privately-owned E&P company in the Netherlands. It has a substantial asset portfolio in the North Sea, Gabon and Malaysia which includes both operated and non-operated positions. It holds around 200mmboe of reserves and has a current average production level of some 35,000 boe per day.

In addition to the newly awarded Block 14/30b, 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
- 50% participating interest in recently awarded Blocks 12/26a and 12/27a which holds the 44mmbo (best estimate) Vantage Prospect

(Refer to Talon announcements dated 26 October 2018, 31 January 2019 and 5 June 2019 for further information on contingent resources and prospective resources).

Work program commitments for the initial two-year phase of the Licence are in the order of \$A30,000 (gross) and include:

- Poststack processing of 100km<sup>2</sup> of existing 3D seismic data
- Geochemistry study

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## Contact Information

For more information, please contact:

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### ***Competent Persons Statement***

The information in this report that relates to Prospective Resource information in relation to the Thelma, Louise and Buffalo Prospects 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 Senycia 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 Senycia 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 Senycia. Mr Senycia 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 22 July 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 a 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 either a 100% or 50% working interest in a licence covering Block 14/30b 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.*