

ASX Announcement

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ASX Code: TPD

MR Olmos Project – Drilling Phase Complete

Talon Petroleum Limited (ASX: TPD) is pleased to announce that the drilling of the first horizontal test well for its Mosman Rockingham (MR) Olmos Project located in McMullen County, South Texas has been completed.

Drilling of the Quintanilla OL 1H has been completed after being spudded earlier this month. The well was drilled to a total measured depth of 13,555MD feet (9,158 feet TVD) on 21 August 2014. Talon set and cemented 5.5 inch diameter casing at TD and released the rig on 25 August 2014.

Fracking operations in the 4,286 foot lateral section of the well are expected to commence in late September 2014. Talon will employ a toe sleeve that can be opened by pump pressure versus mobilising coiled tubing to manually convey perforating guns for the initial perforating of Stage 1. This method will result in a cost saving in the completion phase. Initial planning is for 12 frac stages, with timing to be determined by the availability of high quality frac companies and crews.

Talon's Managing Director, President and CEO, Mr Clifford Foss, said: "We are very pleased with the drilling operations on our first Olmos horizontal well and look forward to commencing the remainder of the drilling program which, if successful, will expand the production profile of Talon."

Talon expects to be able to update its shareholders on the progress of the Quintanilla OL 1H well after fracking and flow back operations are complete.

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Glossary:

MD:	Measured Depth
Talon or Company:	Talon Petroleum Limited
TD:	Total Depth
TVD:	True Vertical Depth
US\$:	U.S. dollars, unless otherwise stated

About Mosman Rockingham (MR) Olmos:

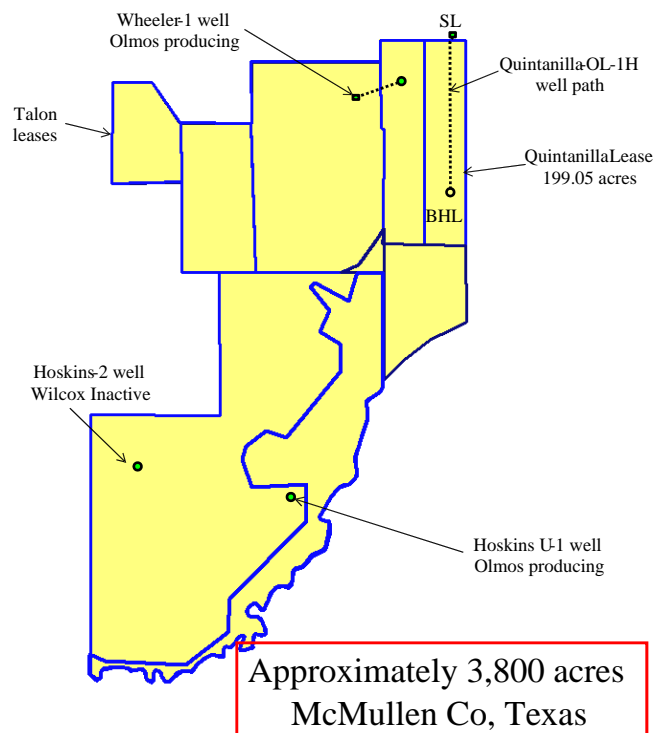
The Mosman Rockingham (MR) Olmos sand horizontal oil play is located in McMullen County, South Texas. With approximately 3,800 gross leasehold acres, there is potential for an additional 14 horizontal well locations in which Talon currently has approximately 3,620 net leasehold acreage with WI varying between 10 and 100% WI. Based on nearby analog horizontal well performance, the gross contingent resource potential (1C) is estimated to be in a range of potential outcomes of 235-327 mboe/well.

The MR Olmos leases lie on the flank of the AWP field which has produced 48.9 mmbo and 490.5 bcf from the Olmos sandstone reservoir. Historically, the Olmos reservoir was developed with vertical wells, two of which have or are producing in the MR Olmos leases. Talon believes that through the use of modern day horizontal drilling and hydraulic fracturing the productive capacity can be greatly enhanced and the leases more efficiently developed.

The MR Olmos project is located approximately 18 miles away from the highly successful STS Olmos Project where 8 successful wells have been drilled and 160 gross additional drilling locations have been identified.

In February 2014, Talon formed a new joint participation group with Terrace STS LLC (TSXV:TZR, OTCQX:TCRRF, FRANKFURT:2TR) ("Terrace") (33.34%), Aschere Energy LLC ("Aschere") (16.66%) and Eagle Ford Shale Exploration, LLC (40%) to jointly develop a small 199-acre Quintanilla lease and participate in the proof of concept (Quintanilla OL 1H) horizontal Olmos well. This initiative is in line with Talon's strategy to minimize the cost of the initial test well (10% WI) of a project while maintaining a material position in the surrounding leasehold (100% WI, subject to options). Talon will look to leverage any success at the test well program, which would have potentially positive impact on shareholder value. Terrace and Aschere each hold options to acquire collectively 50% WI in the remaining Olmos leased acreage and production from existing wells.

Diagram – Location of Talon's MR Olmos leases and wells



About Talon Petroleum Limited:

Talon Petroleum Limited is a Texas and Gulf Coast focused exploration and appraisal company listed on ASX (ASX code: TPD). Talon's strategy is to invest in multi-well oil projects that are located within areas with good production infrastructure employing horizontal drilling and advanced fracking technologies. The projects target oil in resource plays (shales) or in low permeability conventional reservoirs that originally produced only a small fraction of the hydrocarbons in-place (old fields with tight reservoirs) where recoveries can be improved with new technologies. Funding to drill the proof of concept tests in the early projects will come from selling down in large acreage blocks.

Talon's current portfolio reflects the strategy and consists of seven projects located in East and South Texas, USA. Talon is headquartered in Brisbane, Australia with an office in Houston, Texas, USA. Additional information is available on Talon's website: www.talonpetroleum.com.au