

ASX Announcement
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Quintanilla OL 1H Well Tests 986 BOEPD at the MR Olmos Project

Talon Petroleum Limited (ASX: TPD) ("Talon" or "Company") is pleased to announce that an Initial Production test of 986 boepd has been achieved from its Quintanilla OL 1H well.

The well was connected to well test equipment for flow back operations on 10 October 2014. Talon has been testing the well for approximately 76 hours on various choke sizes with a maximum reported rate of 744 bopd, 1,452 mcf/d (986 boepd), 1,800 bwpd on a 22/64 inch choke with a flowing casing pressure of 2,700 psi. This peak rate was achieved over a 2-hour period in response to adjusting the choke size. The 24 hour test prior to peak production was approximately 886 boepd.

The well was drilled to a total measured depth of 13,555 feet (8,958 feet TVD) on 21 August 2014 and was drilled with a 4,286 foot lateral into the Olmos sandstone formation.

The Company has a 10% WI in this lease and holds a 100% WI in 3,600 acres adjoining the Quintanilla lease, subject to third parties' options to acquire collectively a 50% WI.

Talon President, CEO and Managing Director, Mr Clifford Foss stated: "This well result is a great success for Talon shareholders. We have 15-30 additional horizontal locations identified by 3D seismic data with the potential to add additional locations within our current lease holding. We believe significant value was created with this test well and have begun planning for the follow-up delineation wells."

—ends

Additional Information as per ASX Listing Rule 5.30

Well Name and Type Quintanilla OL 1H (Horizontal well)

Location and Permit Details 8.5 miles NE of Tilden, TX on Quintanilla lease

Working Interest 10%

Net Pay Thickness (Conventional Well) Not applicable

Geological Rock Type Olmos sandstone

Depth of Zones Tested 9,164 to 13,409 feet TVD, approx. 9,000 MD

Type / Duration of Test Initial Production test per RRC standards over 2hr period

Hydrocarbon Phases Recovered Oil, natural gas

Other Recovery Frac fluid approx. 70%

Choke, Flow Rates, Hydrocarbons Measured 744 bopd, 1,452 mcf/d, 1,800 bwpd on a 22/64 inch choke

Frac Stages, Size, Nature 12 frac stages totaling 3,413,343 pounds of proppant in 118,812 barrels of water

Material Volumes of Non-Hydrocarbon Gasses None

Glossary:

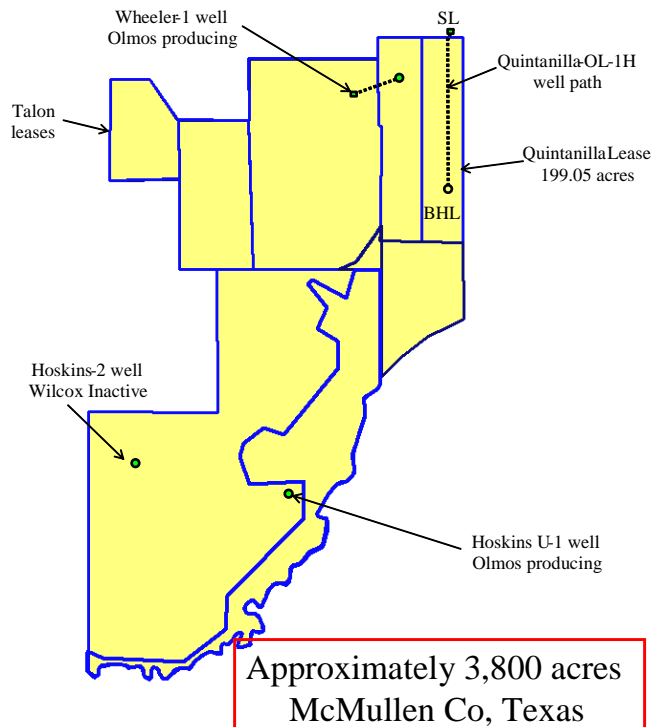
boe:	barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
boepd:	barrels of oil equivalent per day (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
bopd:	barrels of oil per day
bwpd:	barrels of water per day
mcf:	thousand cubic feet
mcf/d:	thousands of cubic feet of gas per day
MD:	Measured Depth
psi:	pounds per square inch
RRC:	Railroad Commission of Texas
Talon or Company:	Talon Petroleum Limited
TVD:	True Vertical Depth
WI:	working interest, a cost bearing interest of an oil and gas project

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 mmbbl 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