

ASX Announcement
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Talon Retains Strong 83% Interest in MR Olmos Project

Talon Petroleum Limited (ASX: TPD) ("Talon" or "Company") is pleased to announce that the Company will maintain an 83.33% working interest in approximately 3,600 acres of Talon's Mosman Rockingham (MR) Olmos project. One party with an option to acquire acreage, Terrace STS LLC ("Terrace"), elected not to participate. The other option holder, Aschere Energy LLC, has elected to participate and will acquire a 16.66% working interest in exchange for a cash payment to Talon of approximately US \$350,000.

These options to acquire working interests were granted in January 2014, before the potential of the MR Olmos project had been proven by the strong production performance of the project's first horizontal well, the Quintanilla OL 1H.

Almost all of Talon's acreage in the MR Olmos project is held by production. This means Talon does not have ongoing drilling commitments to hold acreage. As Operator, Talon has significant control over timing of further drilling, which is critical in times of uncertain market conditions.

Mr Cliff Foss, Talon President, Managing Director and CEO stated: "Although we are disappointed not to be partnering with Terrace in the further development of the MR Olmos project, we are very pleased to maintain an 83% working interest in a project with significant acreage and drilling potential that has been proven by the performance of our first horizontal well. In addition to the favourable AWP Olmos field ruling announced on 23 December 2014, this option expiry means Talon now holds significantly more prospective net acreage which will be developed as funding and market conditions dictate."

Glossary:

WI working interest, a cost bearing interest of an oil and gas project

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 six 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