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COMPANY SNAPSHOT

Talon Petroleum holds a 100% WI in ~3,600 acres of the MR Olmos project in South Texas. The majority of this acreage is held by production and continuous drilling by another Operator. Company overheads are approximately \$500k per annum.

ASX Code	TPD
Share Price	\$0.01
Issued Shares	253m
Market Capitalisation	\$2.53m
Overhead expense p.a.	~\$500k

Board of Directors	Role
Peter Love	Chairman
Peter Evans	Non-executive Director
Andrew Crawford	Non-executive Director

Shareholder	Interest
The Trojan Capital Fund	14.9%
Peter Love (Chairman)	10.8%
ACN 144 657 018 Pty Ltd	6.2%
Peter Evans (Director)	4.6%
M E J C Pty Ltd	4.2%

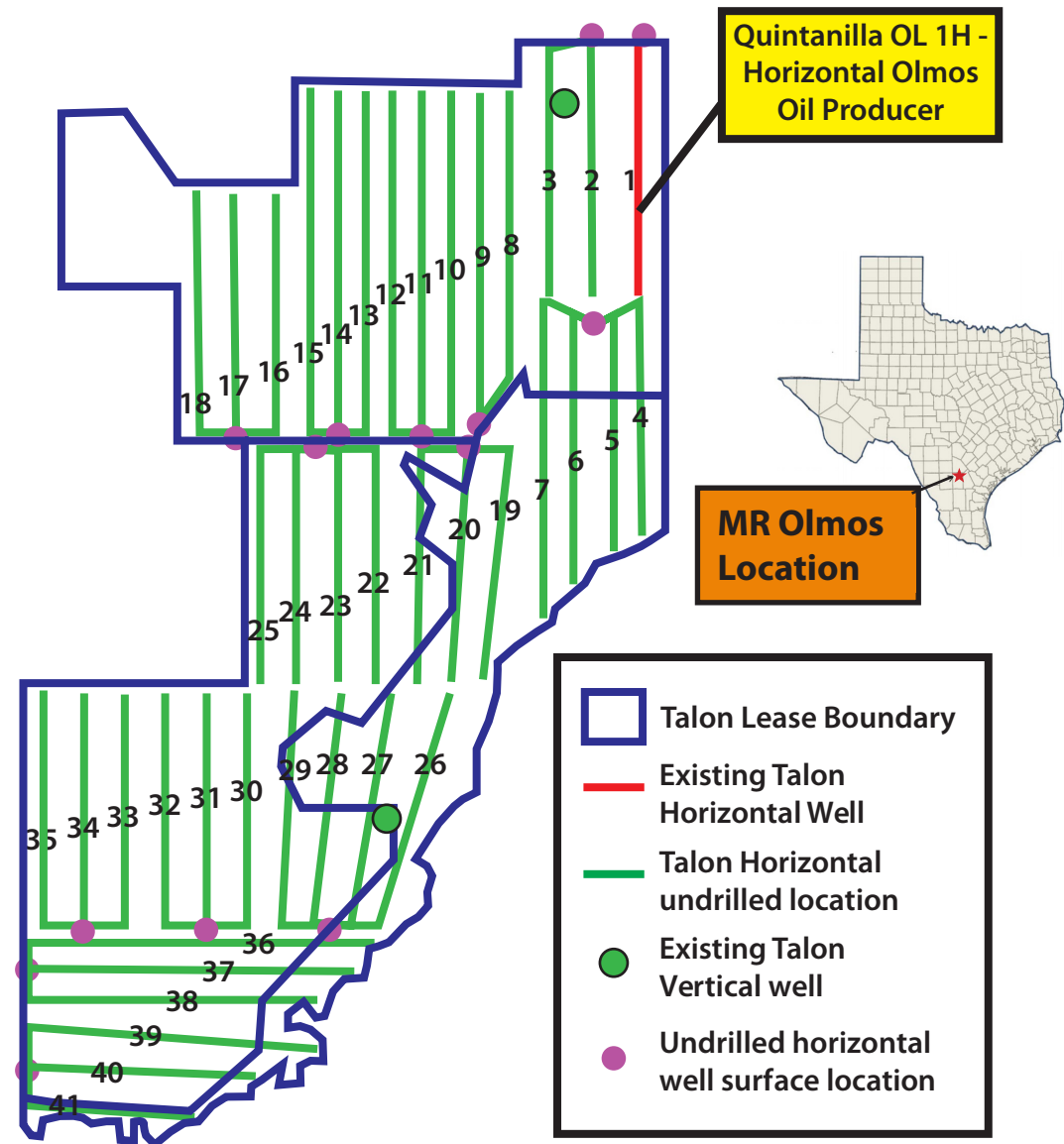
VALUE PROPOSITION

- *Large, high working interest, undeveloped acreage position, majority HBP*
- *Proof of concept horizontal Olmos well now with significant production history*
- *Very low overheads allow control over timing of asset sales*
- *Small experienced board focussed on cost control and timely asset realisation*



MR OLMOS PROJECT

- Talon operated, 3,620 net acres, 95% WI
- 40 potential additional locations on 80 acre spacing
- McMullen County, South Texas, USA
- Olmos tight sandstone reservoir
- Flank of the prolific AWP field
- One producing Olmos horizontal well
- Two producing vertical Olmos wells
- 3D seismic over entire project



QUINTANILLA OL 1H WELL

- Talon jointly drilled a proof of concept well on the 199 acre Quintanilla lease (adjoins 100% WI MR Olmos project)
- Talon 10% WI (7.4% NRI) and Operator
- Well spud 3Q14 to 13,555ft MD (8,958 ft TVD)
- 4,286 ft lateral into Olmos formation
- 12 frac stages successfully pumped
- Tested on various choke sizes with a maximum reported rate of 986 boed (744 bopd, 1,452 mcf/d) on a 22/64 inch choke with 2,700 lbs flowing casing pressure
- Well cum'd approx 34,000 boe in first 90 days
- Cum'd 53,587 boe in first 180 days
- Cum'd 91,123 boe in first year
- Cum'd 106,695 to date (584 days)



ASSET REALISATION STRATEGY

- *Talon's main asset, the MR Olmos project, is being actively marketed for sale*
- *~75% increase in the oil price since January has resulted in numerous parties inquiring about MR Olmos project*
- *Firm and credible offers will be reviewed by the board and put to shareholders if they are considered to appropriately value the asset*

BOARD OF DIRECTORS

Peter Love - Chairman

Extensive experience in ASX listed small cap oil and gas companies in the US as well as equity capital markets. Chairman of ASX listed Intrepid Mines Limited. Consultant to Byron Energy Limited. Former Vice President of Operations for Maverick Drilling and Exploration Limited.

Peter Evans - Non-executive Director

Over 30 years' experience as a stockbroker with Paul E Morgan & Co and subsequent entities including Morgans Stockbroking, ABN Amro Morgans and RBS Morgans. Director – Sales at the Morgans entities from 1984 until 2013.

Andrew Crawford - Non-executive Director and Company Secretary

15 years chartered and commercial accounting experience having commenced his career with KPMG in 2001. Currently holds the office of Company Secretary for two other ASX listed companies besides Talon. Also provides specialist accounting, taxation and corporate services to his private clients.

RISK FACTORS

The activities of Talon are subject to risks which may impact on Talon's future performance. The following summary of risk factors represents some of the general and specific risks in relation to an investment in Talon shares. The following risk factors are not intended to be an exhaustive list of risks to which the Company is exposed.

External Risks

Exposure to oil and gas pricing

Any substantial decline in the prices of oil or gas could have a material adverse effect on the financial performance and ongoing operations of Talon. The price of oil and gas is determined by international supply and demand which is highly dependent on a variety of factors, including weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, trading in international oil markets and global economic and political developments. Oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. The Company does not currently hedge its exposure to oil and gas price movements.

Exchange rate fluctuations

All of Talon's operating assets are located in the USA. The majority of revenues, operating and other business expenditure is determined in US dollars however financial results are reported in Australian Dollars. Fluctuations in the exchange rate between the US dollar and the Australian Dollar will result in foreign exchange gains and losses which may impact on financial performance. The Company does not currently hedge its exposure to exchange rate fluctuations.

Changes to law, regulations or government policy

Changes in law and regulations or government policy may adversely affect Talon's business, financial position and results of operations. Examples include, changes to legislation or regulations in relation to foreign ownership, access to infrastructure, environmental and health and safety matters (including in respect of carbon emissions and management), tax and royalties, production and exploration licensing, conservation and development of mineral resources and operating and production practices.

Operating Risks

Exploration and appraisal

As Talon is involved in exploration activities, there is a risk this exploration will not result in the discovery of commercially viable hydrocarbon accumulations. No assurances can be given that if commercially viable hydrocarbon accumulations will be discovered by the Company, it will be able to commercialise any such reserves as intended, or at all thereby having a potential to affect the Company's value.

Development production

Development, construction and operation of oil and gas production facilities is dependent upon a number of factors including reservoir performance and management, oil and gas production and processing facility capacity performance and reliability, and regulatory requirements. Development, construction and operation of oil and gas production facilities may also be impacted by mechanical difficulties, human error, labour disputes, shortages or delays in the delivery of equipment, weather conditions, civil unrest, wars and natural disasters, blowouts, cratering, explosions, pollution, seepage or leaks, fire and earthquake. These factors are substantially beyond the control of Talon and, as a result, there is no assurance that current rates of production can or will be sustained in the future. Disruption to expected production may result in variations to expected revenue and could have an adverse effect on the financial performance and ongoing operations of the Company.

Drilling

Talon's success is largely dependent upon the success of its drilling program. Drilling for oil and gas involves numerous risks, including the risk that no commercially productive oil or gas reservoirs will be discovered. The cost of drilling, completing and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors beyond Talon's control, including:

- unexpected or adverse drilling conditions;
- elevated pressure or irregularities in geologic formations;
- equipment failures or accidents;
- adverse weather conditions;
- compliance with governmental requirements; and
- shortages or delays in the availability of drilling rigs, crews and equipment.

Water

Talon uses a substantial amount of water in its drilling operations. Talon's inability to locate sufficient amounts of water, or treat and dispose of water after drilling, could adversely impact its operations. Moreover, the imposition of new environmental initiatives and regulations could include restrictions on Talon's ability to conduct certain operations such as hydraulic fracturing or disposal of waste, including, but not limited to, produced water, drilling fluids and other wastes associated with the exploration, development or production of natural gas. Furthermore, future environmental regulations and permit requirements governing the withdrawal, storage and use of surface water or groundwater necessary for hydraulic fracturing of wells could increase operating costs and cause delays, interruptions or termination of operations, the extent of which cannot be predicted, all of which could have an adverse effect on Talon's operations and financial performance.

Capital cost risk

Talon has significant forecast capital costs to develop various assets within its portfolio. Estimates of capital costs are prospective and there is a risk that actual capital costs may vary significantly from the estimates. This could be caused by any number of factors which are beyond the control of Talon including increases in the cost of equipment, materials, labour, exchange rate fluctuations, project delays and technical and geological conditions encountered at each project.

Funding

The Company is an oil exploration and appraisal company that has limited cash generating business units or assets. As is typical for exploration and development companies with limited cash generating businesses, the Company's ability to meet its on-going operating costs and capital expenditure requirements involve expenditure which may exceed the estimated cash resources. Accordingly, Talon's ability to meet these expenditures will depend on its ability to raise new equity capital or access debt funding for that purpose. There is a risk that the future capital raisings or borrowings which Talon may require for these purposes may not be available on terms favorable to Talon or at all.

Joint arrangement assets

Talon may have joint operation arrangements in place with respect to its certain of its assets This means that proposals for future operations by the majority interest owner of the relevant asset may place Talon in a position requiring it to fund operations, reduce interest or release interest in future operations. This decision may be made on the merits of the proposed operation or due to limited Company cash flow.

Non-diversified portfolio

Talon's primary asset is stratigraphically located in the Olmos tight sandstone and its assets are predominately oil projects in Texas USA. Such limited diversification means that Talon is highly susceptible to anything that could impact the geographic area in which Talon operates. This could include natural disasters, bad weather conditions, changes to regulation in that area or terrorist attacks. Due to the lack of diversification of assets, any such impact could have a material effect on Talon's operations as it may impact multiple or all assets owned.

Estimation of reserves and resources

There are numerous uncertainties inherent in estimating quantities of oil and gas reserves and resources and production levels, including factors beyond Talon's control. The accuracy of an estimate of quantities of reserves and resources, or of production levels, is a function of available data, assumptions regarding future oil and gas prices, expenditures for future development and exploitation activities, and technical interpretation and judgment.

Tenure security

Talon may lose title to, or interests in, its tenements if the conditions to which those tenements are subject are not satisfied or if insufficient funds are available to meet the commitments. As is customary in the industry in which Talon operates, Talon generally relies upon the judgment of oil and gas lease brokers or independent landmen who perform the field work in examining records in the appropriate governmental offices and abstract facilities before attempting to acquire or place under lease a specific mineral interest and before drilling a well on a leased tract. Talon, in some cases, performs curative work to correct deficiencies in the marketability or adequacy of the title to Talon. In cases involving more serious title problems, the amount paid for affected oil and gas leases can be generally lost, and the target area can become undrillable. The failure of title may not be discovered until after a well is drilled, in which case Talon may lose the lease and the right to produce all or a portion of the minerals under the property.

Health, safety and environmental matters

Exploration, development and production of oil and gas involves risks which may impact the health and safety of personnel, the community and the environment. Failure to manage these risks could result in injury or loss of life, damage or destruction of property and damage to the environment. Losses or liabilities arising from such incidents could significantly impact Talon's financial results.

Glossary

1P	proved (developed plus undeveloped) reserves in accordance with SPE-PRMS
2P	proved plus probable reserves in accordance with the SPE-PRMS
3P	proved, probable and possible reserves in accordance with SPE-PRMS
A\$	Australian dollars, unless otherwise stated
BIAPO	back-in after payout
bbls	barrels
bcf	billion cubic feet
bcfe	billion cubic feet equivalent
bcpd	barrels of condensate per day
bo	barrels of oil
boe	barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 barrel of oil equivalent)
boepd	barrels of oil equivalent per day
bopd	barrels of oil per day
bwpd	barrels of water per day
mbbl	thousand barrels
mbo	thousand barrels of oil
mboe	thousand barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mcf/gpd	thousand cubic feet of gas per day
mmboe	million barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 boe)
mmbtu	million British thermal units
mmcf	million cubic feet
mmcf/d	million cubic feet per day
mmcf/gd	million cubic feet of gas per day
NRI	net revenue interest or share of production after all burdens such as royalties have been deducted from the WI
qtr	quarter
SPE-PRMS	Petroleum Resources Management System 2007, published by the Society of Petroleum Engineers
sq km	square kilometres
sst	sandstone
TVD	True Vertical Depth
US\$	U.S. dollars, unless otherwise stated
WI	working interest, a cost bearing interest of an oil and gas project

FURTHER INFORMATION

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