

## ASX Announcement

Date: 28 May 2013



### Talon Petroleum Limited

ABN 88 153 229 086

Level 9, 46 Edward Street  
Brisbane, Qld Australia 4000

Postal: GPO Box 402  
Brisbane, Qld Australia 4001

Telephone: +61 7 3211 1122  
Fax: +61 7 3211 0133

#### Directors:

John Armstrong (Chairman)  
Angus Douglas  
Jeff Forbes  
Clifford Foss  
David Mason

#### Company Secretary:

Anastasia Maynes

#### Contact:

Clifford Foss  
President, CEO & Managing Director  
[cfoss@texozep.com](mailto:cfoss@texozep.com)

#### Website:

[www.talonpetroleum.com.au](http://www.talonpetroleum.com.au)

ASX Code: TPD

## Roundhouse Prospect – First Well Early June

Talon Petroleum Limited ("Talon") advises that the first well on the Roundhouse Project is expected to begin by early June. The well will be horizontal with a 5,500 foot lateral targeting the Cotton Valley Limestone. It is expected that the well will take about 25 days to drill after which it is planned to be fraced and tested.

Talon will have a 25% WI in the well and will acquire 600 acres of new leases at a combined cost of US\$1.65 Million to the Company. USA based O'Brien Energy Company will be operator with a WI of 75%.

The well is located between several vertical wells which have produced up to 80,000 barrels per well from the reservoir target of the Talon / O'Brien horizontal well.

In September last year (see Texon announcement of 27/9/12), Talon announced a deal from Tanos whereby Talon earned a 50% WI in the Roundhouse leases covering 7,038 acres or 3,519 acres to Talon's working interest.

Talon's share of the cost of the farm-in well in the Tanos deal at 50% WI would have been about US\$4 Million including the farm-in premium.

Since that time, an improved arrangement has been negotiated with Tanos and O'Brien.

Talon is no longer exposed to the 50% WI (US\$4 Million) cost well but will now participate in a Proof of Concept well at 25% WI for US\$1.5 Million.

Talon has also acquired 3,511 additional acres in close proximity to this well at a cost of US\$742,000.

As a result, Talon has increased its holdings from 3,519 WI acres to 7,380 WI acres at less overall cost than the original deal. Talon will have a 100% WI in 5,295 acres of the 7,380 acres.

The potential of Roundhouse will be tested by the upcoming June horizontal well.

If the well is successful it will be able to be brought on stream within 3 months and it will indicate the resource potential of Talon's Roundhouse holding. At 160 acre spacing per well, Talon's 7,380 WI acres could represent a resource potential of 10-15 million barrels to Talon's WI.

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**Current oil and gas futures prices:**

Source: NYMEX July 2013  
Oil: US\$94.15/bbl  
Gas: US\$4.28/mmbtu

**Glossary:**

bbl: barrel  
mmboe: million barrels of oil equivalent (including gas converted to oil equiv barrels on basis of 6mcf to 1 barrel of oil equiv)  
mmbtu: million British thermal units  
NRI: Nett Revenue Interest  
WI: Working Interest