

Quarterly Activity Report for the Period Ending 30 September 2022

- Walyering-6 Flow Testing completed, with the well incorporated in the field development strategy.
- Independent Resource assessment (from RISC Advisory) for the Walyering Gasfield results in Talon's Maiden Reserve estimation.
- Final Investment Decision to progress the Walyering Gas Project taken by the Walyering Joint Venture.
- Gurvantes XXXV Stage 1 core drilling program completed, earning Talon a right to take a 33% interest in the Gurvantes XXXV Production Sharing Agreement.
- Restructure of Talon's share capital completed.

Talon Energy Ltd ("Talon" or "Company") is pleased to provide its Quarterly Activity Report for the quarter ending 30 September 2022.

Talon's Managing Director, Colby Hauser, commented: "Activities at both the Walyering and Gurvantes Projects continued at a frenetic pace during the September quarter. Flow testing of the Walyering-6 well was completed early in the quarter, leading to an update of Walyering's gas and condensate Resource estimate by RISC Advisory, and included the certification of Talon's Maiden Gas/Condensate Reserves. Following on from the Reserve certification, the Joint Venture made a decision to proceed with development of the Walyering Gas Project where pre-development activities are well advanced. This is a tremendous achievement by the Company, and it is truly remarkable to be targeting first gas (Q1 2023) a little over 12 months after the first well was drilled by the Joint Venture in December last year.

Gurvantes in Mongolia continues to impress with 100% drilling success showing great technical parameters throughout the initial exploration campaign. This success has paved the way for a Contingent Resource to be attributed to the project, making the project well placed to meet the growing energy demands in both Mongolia and China."

PERTH BASIN, WESTERN AUSTRALIA

EP447: Walyering Conventional Gas Project (45%), Strike Energy Limited (STX) (55% and Operator)

During the September quarter, flow testing of the Walyering-6 well was completed with the Cadda formation intersected by Walyering-6 measuring a maximum flow rate of 35 MMscf/d, and a stabilised flow rate of 30 MMscf/d over a 12 hour test period (flowing at ~1900 psi through a 56/64" choke).

Following the completion of the well flow testing activities the Walyering Joint Venture announced the results of an revised Independent Resource estimation for the Walyering field undertaken by RISC Advisory (**RISC**). The new Resource estimation included Talon's Maiden Hydrocarbon Reserve estimate.

RISC's Resource Report for Walyering included Gross 2P Reserves of 54.2 PJ (Talon's 45% interest: 24.4 PJ), and a potential 3P upside of 82.4 PJ (37.1 PJ net to Talon), with an additional 31.9 PJ of Gross 2C Contingent Resource (14.4 PJ net to Talon) and 15.9 PJ of gross 2U Prospective Resource (7.2 PJ net to Talon) assigned to the Walyering Gasfield, providing the JV with quantifiable upside potential for the Project once in production.

A summary of the RISC's Independent Resource and Reserve estimate for the Walyering Gasfield is set out in the following tables:

Table 1: Walyering (EP 447) Reserves and Resource Estimates:

Reserves	Gross Reserves (100%)			Talon Net Reserves (45% Share)		
	1P	2P	3P	1P	2P	3P
Sales Gas (Bcf)	28.8	48.3	73.4	13.0	21.7	33.0
Sales Gas (PJ)	32.4	54.2	82.4	14.6	24.4	37.1
Cond. (MMstb)	0.33	0.55	0.85	0.15	0.25	0.38

Table 2: Walyering (EP 447) Unrisked Contingent Resource:

Resource	Gross Contingent Resources (100%)			Talon Net Contingent Resources (45% Share)		
	1C	2C	3C	1C	2C	3C
Sales Gas (Bcf)	16.0	28.5	45.4	7.2	12.8	20.4
Sales Gas (PJ)	17.9	31.9	50.9	8.1	14.4	22.9
Cond. (MMstb)	0.18	0.31	0.50	0.08	0.14	0.23

Table 3: Walyering (EP 447) Unrisked Prospective Resource:

Resource	Gross Prospective Resources (100%)			Talon Net Prospective Resources (45% Share)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Sales Gas (Bcf)	5.2	14.2	27.5	2.3	6.4	12.4
Sales Gas (PJ)	5.8	15.9	30.8	2.6	7.2	13.9
Cond. (MMstb)	0.06	0.16	0.30	0.03	0.07	0.14

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Information on the above Reserves, Contingent and Prospective Resources can be found in the ASX Announcement made on 21 July 2022, titled "Walyering Gasfield Independent Reserves Certification". Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

Following the issue of the revised Resource & Reserve estimation on 15 of August 2022, the Walyering Joint Venture announced that it had made a Final Investment Decision for the Project, agreeing to proceed with the development of Walyering on the basis of RISC's Reserve estimation which took into account the production, capital and operating costs forecasts provided by the Operator, Strike Energy Ltd (**STX**). The initial development strategy includes processing production from the Walyering 5 & 6 wells through a processing facility located proximate to the Walyering 6 well head, before delivering gas into the nearby Parmelia Gas Pipeline, which services a number of industrial and commercial operations within Western Australia, with condensate to initially be stored onsite prior to road transport delivery.

Development

During the September quarter, work continued on the field development strategy with the Joint Venture continuing to work on licence applications required to develop the Walyering gas field and ultimately commence production. In addition to the work undertaken on requisite regulatory approvals, work continued on procurement and scheduling activities in preparation for the construction phase of the Project's development.

The Walyering processing facility, to be constructed approximately 150km north of Perth, Western Australia, has been designed to process approximately 30MMscf/d (~33 TJ/d) of gas, and separate between 150 – 300 bbls/d of condensate, which will be diverted to onsite storage (1,400 bbls), making it available for distribution by road transport.

**Image 1: Walyering Project: proposed site layout**

Gas production will initially be tied into the nearby Parmelia Gas Pipeline (**PGP**). Subsequent to the end of the September quarter, the JV participants signed a pipeline construction contract with a subsidiary of APA Group Ltd, the owner of the PGP to connect the Walyering processing facility to the gas transmission pipeline. The Walyering Joint Venture is conducting an ongoing review into the feasibility of connecting into the Dampier to Bunbury Natural Gas Pipeline at a later date.

Power required to operate the Walyering processing facility will be provided by a solar farm located on site, consisting of a solar panel array and battery storage. The integration of this cost-effective renewable energy solution will help reduce the Scope 1 emissions of the Project and eliminate the requirement to use gas/condensate produced by the Project.

GURVANTES XXXV COAL SEAM GAS PROJECT – MONGOLIA (Farming In to a 33% interest)

Talon is party to a Farm-in Agreement with Telmen Resource LLC (**Telmen**) (a wholly owned subsidiary of ASX listed TMK Energy Limited (**TMK**) to acquire a 33% Participating Interest in the Gurvantes XXXV Production Sharing Agreement (**PSA**). The Gurvantes XXXV exploration licence covers an area of 8,400km² in what is considered one of the most prospective coal seam gas basins globally. Gurvantes XXXV (**Gurvantes**) is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network and is also proximate to several large-scale mining operations with high energy needs. Gurvantes is therefore ideally placed for future gas sales to satisfy both local Mongolian, as well as Chinese, energy requirements.

During the September quarter drilling at the Gurvantes XXXV Project continued with the Snow Leopard-3 and 4 core holes completed during the quarter, and Snow Leopard-5 completed in early October.

Subsequent to the end of the quarter, TMK Energy notified Talon that it had fulfilled its obligations under the Stage 1 Farm In exploration program, triggering an option for Talon to be assigned a 33% participating interest in the Gurvantes Production Sharing Agreement. Talon is currently in the process of reviewing data collected from the drilling program and anticipates making a decision on finalising the acquisition of a 33% participating interest by mid-December.



Image 2: Permeability testing, Snow Leopard-3

Well testing and core analysis for the SL-01 – SL-03 core holes were finalised during the September quarter, with absorption isotherm analysis of SL-01 core undertaken in Australia indicating gas saturation levels ranging from 78% - 92% (average value of ~84%). Petrography studies indicate that the coal samples were predominantly composed of vitrinite macerals (~80%), with a vitrinite reflectance of 0.85%, indicating a high volatile bituminous coal rank. This data along with coal quality data, indicate that the coal formation is in the ideal range for coal seam gas projects.

Information from the exploration program to the end of the September quarter are contained in Table 4 below:

Table 4: Gurvantes XXXV drill hole data

		SL-01	SL-02	SL-03	SL-03R	SL-04	SL-05	SL-05
	Total Depth	675m	540m	348m	558m	348m	354m	511m
Coal	Top Coal Intersection	405m	170m	190m	175m	290m	160m	190m
	Net Coal Thickness	60m	91m	60m (Upper Seam)	175m	40m (Lower Seam)	40m (Upper Seam)	69m
Gas Content	m ³ /t avg. (as received)	13.2	9.3	9.8	7.5 - 12.5	5 - 7.5	5 - 7.5	5 - 7.5
	m ³ /t avg. (daf basis)	15.7	10.6	11.8	Analysis in progress	Analysis in progress	Analysis in progress	Analysis in progress
Adsorption	Gas Saturation	High (>80%)	High (>80%)	High (>80%)	Analysis in progress	Analysis in progress	Analysis in progress	Analysis in progress
Gas Composition	Methane (avg. %)	96%	97%	95%	92%	98%	97%	96%
	Carbon Dioxide (%)	3.0%	1.4%	2.8%	5.5%	1.1%	0.7%	1.7%
Permeability (Upper Seam)	Flow Capacity (mD.m)	4.1	3,184-3,313	760 – 910	Not Tested	n/a	Not Tested	1,965
	Coal Permeability (mD)	0.1	47- 47	16 - 19	Not Tested	n/a	Not Tested	56
Permeability (Upper Seam)	Flow Capacity (mD.m)	Invalid Test	0.79	n/a	Invalid Test	5.21	n/a	Invalid Test
	Coal Permeability (mD)	Invalid Test	0.04	n/a	Invalid Test	0.13	n/a	Invalid Test

With the positive results from the drilling program so far, TMK has commenced the planning process for the Stage 2 pilot well program, which is expected to include 3 production wells and associated testing facilities (Stage 2 Program). Should Talon elect to acquire a 33% participating interest in Gurvantes, it will be required to fund the first US\$3.15 million of the Stage 2 Program, and 33% of future expenditure going forward.

Resource Upgrade

Following completion of the Stage 1 exploration program at Gurvantes, data collected from the program will be used by TMK to upgrade Gurvantes' existing Prospective Resource estimate and anticipate that the independent evaluation being undertaken by Netherland, Sewell & Associates Inc. will result in the Project's Maiden Contingent CSG Resource.

CONDOR (option to acquire 100%)

The Condor Structure (**Condor**) is located within EP 494, a petroleum exploration permit currently held by Macallum Group Limited (**Macallum**), and situated on shore in the Perth Basin, Western Australia. In March 2021 Talon entered into an agreement with Macallum giving Talon an option to acquire blocks 7977, 8049 and 8121 located within EP494 and SP 34 AO (previously SP-0081) (**Condor Tenure**), subject to a number of Conditions Precedent (**CP**).

During the September quarter, both parties progressed activities aimed at satisfying the outstanding CPs, and Talon provided formal notice to Macallum that it sought to acquire the Condor Tenure. Accordingly, Macallum and Talon have prepared submissions required to facilitate the transfer of the Condor Tenure to Talon, including the lodgement of an application with the West Australian Department of Mines, Industry Regulation and Safety (DMIRS) to convert SPA 34 AO into an exploration permit.

Macallum has also applied to have the three blocks that form the eastern edge of the Condor Tenure excised from EP 494 into a new exploration permit which will then be transferred to Talon in accordance with Condor Acquisition Agreement. Once Talon has been assigned 100% equity in these two new explorations permits, a phased exploration programme designed to de-risk key elements of the Condor Structure will commence.

Table 5: Condor Structure Resource estimate

Condor Structure Un-risked Prospective Resource Talon – 100%						
	Low (P90)		Best (P50)		High(P10)	
	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)
EP494	9.5	202	20.2	408	39	710

Cautionary Statement: The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. For more information on the above Prospective Resources, refer to ASX announcement dated 17 March 2021. Talon confirms that it is not aware of any new information or data, other than the recently independently certified Reserves and Resources at the Walyering Gasfield, that materially effects the information contained in that Announcement, and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

Corporate

At the end of the September 2022 quarter Talon held cash and cash equivalents of \$6.3 million.

In addition to the above funds, Talon continues to pursue funding options for the Walyering Development, with discussions advancing in line with required Walyering development timelines. The robust cashflows from Walyering production will allow a strong funding package to be put in place to allow the Company to advance its Projects without the need for significant equity dilution.

During the Quarter the share consolidation approved by shareholders at the 2022 Annual General Meeting was completed, with all securities on issue being consolidated on a 20:1 basis. (i.e., each 20 securities on issue were consolidated into 1 security).

Tenement Holdings

In accordance with Listing Rule 5.4.3 Talon provides the following information in relation to its oil and gas tenements:

Oil and Gas tenements held at the end of the quarter:

Project	Location	Tenement/ Blocks	Status	Beneficial Interest
Walyering	Perth Basin	EP447	Granted	45% ¹
Subject to earn-in conditions				
Gurvantes XXXV	Mongolia		Farming-In	0% ²
Condor	Perth Basin	Blocks 7977, 8049 and 8121(within EP494)/SPA-0081	Acquisition subject to satisfaction of various conditions precedent	0% ³

Ocean Hill	Perth Basin	EP495	Granted	FROR ⁴
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1. Talon executed a binding agreement dated 30 January 2021 with Telmen to earn a 33% interest in the Gervantes XXXV Production Sharing Agreement. At the end of the reporting quarter no interest, other than the contractual earn-in right, had been earned by Talon.
2. In January 2021 Talon entered into a non-binding agreement for the option to acquire 100% of blocks 7977, 8049 and 8121 located within EP494, and SPA-0081 from Macallum Group Limited. This transaction is subject to a number of Conditions Precedent, which had not been satisfied at the end of the quarter.
3. As part of the Walyering farm-in agreement executed with Strike Energy Limited, Talon also has a limited first right of refusal over EP495 which contains the Ocean Hill project.

During the September 2022 quarter the sale of UKCS licence 20/2a, located in the North Sea, was concluded. Other than this transaction no other tenements were acquired or disposed of during the quarter.

In accordance with Sections 1.2, 6.1 & 6.2 of the June 2022 Quarter Appendix 5B, Talon provides the following information:

Section	Description	\$A'000
1.2	Expenditure for exploration & evaluation, production, staff and administrative corporate costs	4,384
6.1 & 6.2	Payments made to related parties and their associates including Directors fees and corporate costs.	174

--Ends--

This Announcement has been authorised for release by the board of directors.

For further information, please contact:

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Competent Persons Statement (Walayering): The information in this report that relates to Reserve, Contingent Resource and Prospective Resource information for the Walayering Gasfield is based on information compiled by Mr. Peter Stephenson, an employee of RISC, and a Qualified Petroleum Reserves and Resources Evaluator (QPRRE) as defined by ASX listing rules. This information was subsequently reviewed by Dr Darren Ferdinando PhD, BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Dr Ferdinando is an employee of Talon, with approximately 30 years relevant experience in the petroleum industry and is a member of The American Association of Petroleum Geologists (AAPG) and a Fellow of the Petroleum Exploration Society of Australia (PESA). The Resources included in this Report have been prepared using definitions and guidelines consistent with the 2018 Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers Petroleum Resources Management System (PRMS). The Resources information included in this Report are based on, and fairly represents, information and supporting documentation reviewed by Dr Ferdinando. Dr Ferdinando is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Competent Persons Statement (Gurvantes XXXV): The information in this report that relates to Prospective Resource information for the **Gurvantes XXXV Project** is based on information compiled by Mr. John Hattner, an employee of Netherland, Sewell & Associates Inc, and who is a Qualified Petroleum Reserves and Resources Evaluator (QPRRE). This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Competent Persons Statement (Condor): The information in this report that relates to Prospective Resources as set out in this document related to the Condor Prospect is based on information compiled by Mr. John Lamberto and Mr John Begg who are geoscientists each with over 30 years of industry experience and both consultants to the Company. This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The Resources included in this Report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG) / Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The Resource information included in this Report is based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

Forward Looking Statements: This Announcement may contain certain “forward-looking statements” with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward looking statements can generally be identified by words such as ‘may’, ‘could’, ‘believes’, ‘plan’, ‘will’, ‘likely’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this Announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of the Company. Such statements may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this presentation.

The information in this Announcement is current as at the date of upload to the ASX’s Market Announcements Platform and remains subject to change. Where required by the Company’s continuous disclosure obligations Talon will release any price sensitive updates through the ASX’s Market Announcements Platform immediately it become available, in accordance with the ASX’s Listing Rules.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly cash flow report

Name of entity

TALON ENERGY LTD (ASX CODE: TPD)

ABN

88 153 229 086

Quarter ended ("current quarter")

30 SEPTEMBER 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	3
1.2	Payments for		
	(a) exploration & evaluation (expensed)	(4,384)	(9,979)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(246)	(561)
	(e) administration and corporate costs	(358)	(869)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	4
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(4,987)	(11,402)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(1)

Mining exploration entity and oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) exploration & evaluation (inc. farm-in)	-	(2,861)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(2,862)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	198	13,524
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of options	150	1,200
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(7)	(919)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (refund of unmarketable parcel share)	-	-
3.10	Net cash from / (used in) financing activities	341	13,805

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,918	6,715
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,987)	(11,402)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(2,862)

Mining exploration entity and oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	341	13,805
4.5	Effect of movement in exchange rates on cash held	25	41
4.6	Cash and cash equivalents at end of period	6,297	6,297

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,287	6,408
5.2	Call deposits	10	4,510
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,297	10,918

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	174
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments		

Mining exploration entity and oil and gas exploration entity quarterly cash flow report

7.	Financing facilities available <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financial facilities	-	-
7.5	Unused financial facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(4,987)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(4,987)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	6,297
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	6,297
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.26

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The current quarter included significant cash outflows relating to ongoing activities at Walyering with the completion of flow-testing at Walyering-6, along with the continued drilling campaign at the Gurvantes XXXV Project, Mongolia.

Results thus far have been positive, with the Company announcing a Final Investment Decision (FID) relating to its 45% interest in the Walyering Gas field project (EP447) operated by Strike Energy Limited (STX).

Commensurate with the FID, Talon is currently well advanced in the process of securing additional funding for the Company's operations, which it expects to have in place in the December quarter.

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, Talon is currently well advanced in the process of securing additional funding for the Company's operations, which it expects to have in place in the December quarter.

Mining exploration entity and oil and gas exploration entity quarterly cash flow report

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on its current cash balances and management's current expectations of securing additional funding in the December quarter (refer 2 above).

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: The board of directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.