

Quarterly Report for the Period Ending 30 September 2018

Talon Petroleum Limited (ASX: TPD) ("Talon" or "Company") is pleased to present its September 2018 quarterly report.

1. New Ventures and Strategy Update

During the period the Company continued its new ventures effort, with a view to identifying assets consistent with its previously reported acquisition strategy. As a result, and post the end of the Quarter, the Company announced its first new asset addition being a farmin to the Curlew-A discovery in the UK North Sea.

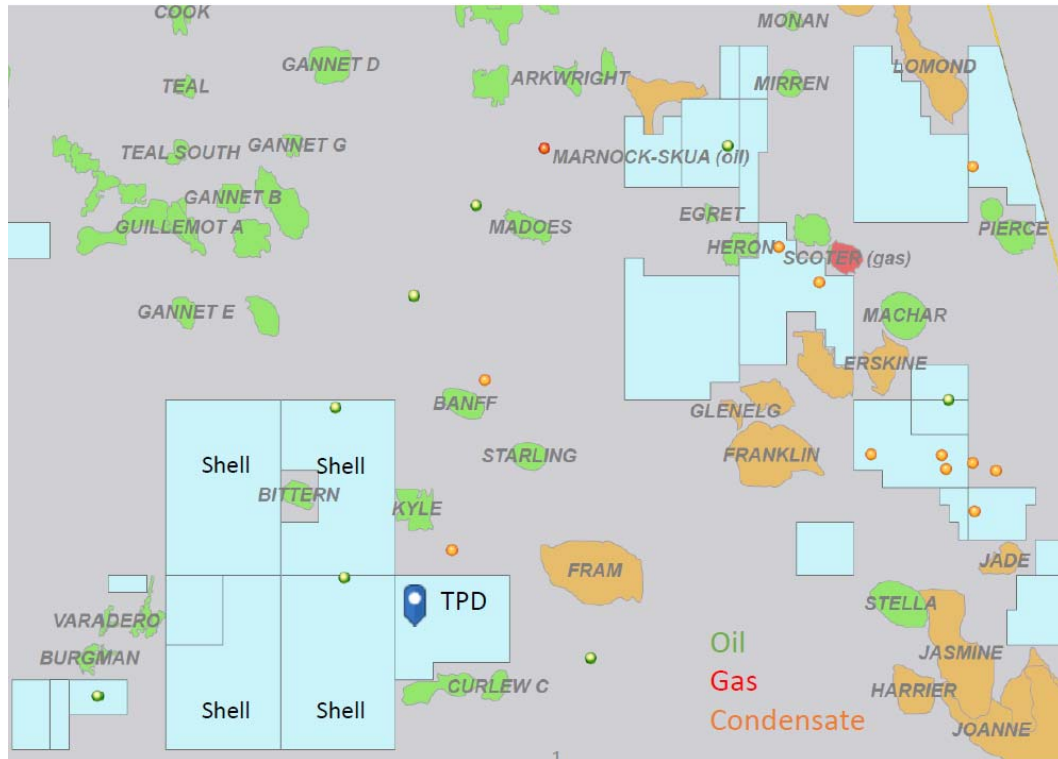
As announced on 26 October 2018, Talon will earn a 10% working interest in the Corralian Energy operated Licence P2396 which contains the 45mmboe Curlew-A discovery. The farmin will see Talon participate in the appraisal of Curlew-A, planned for mid-2019 and is the first step in a broader acquisition strategy in this prolific oil and gas province.

Importantly, Talon's interest in Curlew-A allows it to book a significant, independently certified Contingent Resource of 4.5mmboe.

	Unrisked Oil in Place	Unrisked Contingent Resource		
	Gross – 100% interest	Gross – 100% interest		Talon Net – 10%
	MMbbl	Oil - MMbbl	Gas - Bscf	Mmboe (6:1)
Low Estimate – 1C	56.5	15.5	23.9	1.95
Best Estimate – 2C	120.0	36.2	50.9	4.5
High Estimate – 3C	186.8	68.3	79.1	8.15

Curlew-A Unrisked Contingent Resource

The location of Curlew-A, including its proximity to other existing discoveries and producing fields significantly enhances the value of the hydrocarbons post successful appraisal. Scoping economics on possible development indicate a minimum economic field size of 8mmboe, indicating that even in the Low Estimate case, the project has the potential to be robustly economic.



Map showing location of P2396 Licence
Blue areas indicate licences awarded in recent 30th Seaward Licensing Round

Talon hopes to add further low-risk, high-impact assets to its portfolio in the near term and has several opportunities currently under review.

In addition, as part of its entry to the Curlew-A discovery, Talon completed a successful placement of \$720,000 to sophisticated investors to assist with its growth plans. The Company currently holds around \$2.4 million in cash.

2. Production Profile

Production from the Company's MR Olmos Project, McMullen County, Texas, USA for the quarter is detailed in the table below:

Quarter ended 31 March 2018	Gross	Net (Talon share) ⁽¹⁾
Gas (mcf)	4,435	327
Oil (bbl)	2,358	250
Total (boe ⁽²⁾)	3,097	304

⁽¹⁾ Talon's beneficial NRI share (after royalties).

⁽²⁾ Gas is converted to boe on the basis that 6 mcf of gas are equivalent to 1 boe.



Contact Information

For further information, please contact Matt Worner: matt@talonpetroleum.com.au

Glossary

bbl:	barrels
boe:	barrels of oil equivalent (including gas converted to oil equivalent barrels on basis of 6 mcf to 1 barrel of oil equivalent)
bscf:	billion standard cubic feet
mcf:	thousand cubic feet
mmbbl:	one million barrels of oil
mboe:	one million barrels of oil equivalent

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

TALON PETROLEUM LIMITED

ABN

88 153 229 086

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	21	84
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(90)	(147)
	(d) staff costs	(68)	(203)
	(e) administration and corporate costs	(69)	(241)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	13
1.5	Interest and other costs of finance paid	(1)	(3)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(202)	(497)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-

+ See chapter 19 for defined terms

1 September 2016

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(10)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(300)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(310)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,958	2,564
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(202)	(497)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(310)
4.5	Effect of movement in exchange rates on cash held	(3)	(4)
4.6	Cash and cash equivalents at end of period	1,753	1,753

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	1,748	1,953
5.2	Call deposits	5	5
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)	1,753	1,958

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

55

-

Director's fees and reimbursement of corporate administrative costs

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

NIL

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

NIL

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	-
9.2	Development	-
9.3	Production	(6)
9.4	Staff costs	(72)
9.5	Administration and corporate costs	(65)
9.6	Other	-
9.7	Total estimated cash outflows	(143)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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.

Sign here: Peter Love
Director

Date: 31 October 2018

Print name: Peter Love

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.