

Quarterly Report for the Period Ending 31 March 2020

Talon Petroleum Limited (ASX: TPD) (“**Talon**” or “**Company**”) is pleased to present its March 2020 quarterly report.

1. UK North Sea farmout process

Talon is continuing with its farmout efforts on the Skymoos, Rocket and Vantage prospects. Despite the challenging macro-economic and workplace environment due to the COVID-19 pandemic, the level of engagement and interest with interested parties remains strong. In addition to already interested parties, Talon was pleased to see new entrants to the farmout process in recent weeks.

Talon is committed to securing a transaction as expeditiously as possible; however, timing remains fluid as potential partners attempt to complete review and approval processes in changed workplace conditions.

As a result of these timing issues, Talon has made application to the UK Oil and Gas Authority (OGA) for work phase extensions to its Rocket and Skymoos Licences. These extension applications are a prudent step by the Company, which if granted, will allow Talon to continue with the farmout process in the knowledge that tenure to these highly prospective licences is secure.

2. New exploration licence applications

Consistent with its strategy, Talon has submitted multiple applications for new exploration licences in its core focus area of the UK Central North Sea as part of the OGA’s 32nd Seaward Licensing Round.

If the Company is successful in its applications, any new licences awarded will provide Talon’s portfolio with a significant prospective resource addition.

Importantly, the submitted initial work programs are low-cost over an initial period of 3 years. The OGA expects to announce the results of the licensing round during this coming Quarter.

Talon also recognises the almost unprecedented challenges facing the oil and gas industry at present. Against this backdrop, the Company is reviewing its portfolio mix to ensure that it is well placed to weather these challenges and provide optimum opportunity for shareholder return. Talon continues to look for opportunities which will position the Company to thrive upon an upward change in the cycle.

3. Current cash position and savings measures

Talon remains in a strong financial position with \$1.6m cash at bank at the end of the period. Notwithstanding, the Board recognises that maintaining a strong cash balance is an important part of planning for Talon’s next stage of growth. As announced, the Company has implemented a range of sensible cost saving initiatives, including significant reductions to Director fees, to preserve funds over the coming period. The Company’s estimated expenditure for the coming Quarter is approximately \$140,000.

4. Appendix

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

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

Project	Location	Block	Status	Beneficial Interest
Curlew-A	North Sea	29/7b	Granted	10%
Rocket	North Sea	28/8b & 28/9b	Granted	100%
Skymoos	North Sea	14/29a & 14/30a	Granted	100%
Thelma, Louise, Buffalo	North Sea	14/30b	Granted	100%
Vantage	North Sea	12/26a & 12/27a	Granted	100%

No oil and gas blocks were disposed of during the quarter.

In accordance with Section 6.1 & 6.2 of the March 2020 quarter Appendix 5B, Talon provides the following information in relation to payments made during the period to related parties and their associates:

Description	\$A'000
Director fees, reimbursement of corporate administrative costs, and exploration and evaluation expenditure	108

--Ends--

Authorised for lodgement by the Board.

Contact Information

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

Appendix 5B

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

Name of entity

TALON PETROLEUM LIMITED (ASX CODE: TPD)

ABN

88 153 229 086

Quarter ended ("current quarter")

31 MARCH 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	17	17
1.2 Payments for		
(a) exploration & evaluation (if expense)	(81)	(81)
(b) development	-	-
(c) production	(11)	(11)
(d) staff costs	(125)	(125)
(e) administration and corporate costs	(74)	(74)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
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	(269)	(269)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-

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 (3 months) \$A'000
(d) exploration & evaluation (if capitalised)	-	-
(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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
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	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,851	1,851
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(269)	(269)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	8	8
4.6	Cash and cash equivalents at end of period	1,590	1,590

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	285	382
5.2	Call deposits	1,305	1,469
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)	1,590	2,236

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	108
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	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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.

NIL

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(269)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(269)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,590
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,590
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	6

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: N/A

- 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: N/A

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

Answer: 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.

Date: 30 April 2020

[Authorised for lodgement by Matt Worner, Managing Director]

Authorised by:

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 – eg 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.