



ASX ANNOUNCEMENT

3 NOVEMBER 2023

Scheme Booklet Registered with ASIC

- **Talon Energy Limited is pleased to announce the registration of the Scheme Booklet with ASIC**

Talon Energy Limited (ASX: TPD) (**Talon** or the **Company**) refers to its ASX announcements:

- released on 11 October 2023 in relation to the execution of the amended and restated Scheme Implementation Deed with Strike Energy Limited (ASX: STX) (**Strike**) under which Strike proposed to acquire all the shares in Talon by way of a scheme of arrangement (**Scheme**) for consideration of 0.4828 new Strike shares for every 1 Talon share held by Talon shareholders (**Talon Shareholders**) on the Record Date;¹ and
- released on 3 November 2023 in relation to the orders made by the Federal Court of Australia (sitting in Perth) (**Court**) that Talon convene a meeting of Talon Shareholders to consider and vote on the Scheme (**Scheme Meeting**) and approving the dispatch of an explanatory statement providing information about the Scheme, together with the notice of the Scheme Meeting (together, the **Scheme Booklet**), to Talon Shareholders.

Scheme Booklet

Talon confirms that the Australian Securities and Investments Commission (**ASIC**) has today registered the Scheme Booklet. A copy of the Scheme Booklet is **attached** to this announcement and will also be made available on Talon's website at www.talonenergy.com.au. For details of how you will receive the Scheme Booklet, please refer to the Company's previous announcement made on 3 November 2023.

Talon Shareholders should carefully read and consider the Scheme Booklet in its entirety, including the materials accompanying it, before deciding how to vote at the Scheme Meeting.

If after reading the Scheme Booklet you have any questions about the Scheme Booklet or the Scheme, please call the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between 8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry

¹ Other than Ineligible Foreign Shareholders (being those Talon Shareholders whose address is shown in the Talon Share Register (as at the Record Date) as being in a place outside of Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom, other than any Talon Shareholder in respect of whom Strike reasonably determines (at its sole and absolute discretion) that it is lawful and not unduly onerous to issue that Talon Shareholder with new Strike shares when the Scheme becomes effective) or Cash Out Shareholders (being those Talon Shareholders (other than Ineligible Foreign Shareholders) who, based on their holding of Talon shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of new Strike shares (assessed by reference to the last traded price of Strike shares on ASX on the trading day prior to the Record Date), who will receive their respective pro rata proportion of the net sale proceeds of the new Strike shares to which they would otherwise be entitled under the Scheme in accordance with the sale nominee process. Refer to section 5.8 of the Scheme Booklet for more details.

at bhenry@allianceadvisors.com. If you are in any doubt about what action you should take, please consult your broker or financial, legal, taxation or other professional advisor immediately.

Independent Expert's Report

The Scheme Booklet includes a copy of the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (**Independent Expert**). The Independent Expert has concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable and therefore in the best interests of Talon Shareholders. The Independent Expert's conclusion should be read in the context of the full Independent Expert's Report and the Scheme Booklet.

Recommendation of the Talon Directors

The Talon Directors unanimously recommend that Talon Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.

Subject to those same qualifications, each of the Talon Directors will vote, or procure the voting of, all Talon shares in which they have a relevant interest in favour of the Scheme.²

Scheme Meeting

The Scheme Meeting will be held in person at The Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 commencing at 12.00pm (Perth time) on 7 December 2023. All Talon Shareholders registered as at 4.00pm (Perth time) on 5 December 2023 will be eligible to vote at the Scheme Meeting and are encouraged to do so. Further information on how to participate in and vote at the Scheme Meeting is set out in the Scheme Booklet.

These dates are indicative only and, among other things, are subject to the Court approval process and the satisfaction or waiver (where permitted) of the conditions to the Scheme set out in section 12.2 of the Scheme Booklet. Talon reserves the right to vary the times and dates set out above subject to the approval of such variation by Strike, the Court and ASIC where required. Any changes to the above times and dates will be announced to the ASX and notified on the Talon website at <https://www.talonenergy.com.au>. Talon will continue to update Talon Shareholders as to any material developments in relation to the Scheme as the timetable progresses.

This announcement has been approved and authorised for release by the Board of Talon Energy Limited.

For further information, please contact:

Talon Energy Limited
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info@talonenergy.com.au

Talon Energy Limited
Shannon Coates
Company Secretary
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² In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following sections of the Scheme Booklet: (1) The section titled "Important Information Regarding Directors' Recommendation" (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All invested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to section 14.2).



Talon Energy Limited
ACN 153 229 086

SCHEME BOOKLET

for a scheme of arrangement in relation to the proposed acquisition of all of your fully paid ordinary shares in Talon Energy Limited (ACN 153 229 086) by Strike Energy Holdings Pty Ltd (ACN 616 372 117), a wholly owned subsidiary of Strike Energy Limited (ACN 078 012 745)

VOTE IN FAVOUR

THE TALON DIRECTORS UNANIMOUSLY RECOMMEND¹ THAT YOU VOTE IN FAVOUR OF THE SCHEME, IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTERESTS OF TALON SHAREHOLDERS

The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable therefore in the best interests of Talon Shareholders.

This is an important document and requires your immediate attention. You should read it in its entirety before you decide how to vote on the Scheme. If you are in doubt as to what you should do, you should consult your financial, legal, taxation or other professional adviser without delay.

Legal Advisor to Talon

STEINPREIS PAGANIN 
Lawyers & Consultants

Financial Advisors to Talon

 **RBC** Capital Markets

 **STERNSHIP**
ADVISERS

Legal Advisor to Strike

 **DLA PIPER**

¹In respect of the recommendations of the Talon Directors, Talon Shareholders should have regard to the fact that, if the Scheme is implemented, the Talon Directors will each receive various personal benefits as further detailed in the Section titled "Important Information Regarding Directors' Recommendation" on page vi of this Scheme Booklet.

Important Information

Nature and purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if the Scheme Conditions are satisfied or waived (where permitted)), and to provide such information as is prescribed or otherwise material for Talon Shareholders when deciding whether or not to vote in favour of the Scheme. This document includes the explanatory statement required by section 412(1) of the Corporations Act in relation to the Scheme. You should read this document in its entirety before making a decision on whether or not to vote in favour of the Scheme.

If you have sold your Talon Shares, please disregard this Scheme Booklet.

Not investment advice

The information contained in this Scheme Booklet does not contain or constitute financial product advice or investment advice. This Scheme Booklet is for Talon Shareholders collectively and does not take into account an individual's investment objectives, financial situation, taxation position or other particular needs.

The information in this Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to the Scheme, Talon Shares or New Strike Shares. If you are in any doubt about what you should do, you should seek independent financial, legal, taxation or other professional advice before making any investment decision in relation to the Scheme.

Responsibility for information

The information concerning the Talon Group contained in this Scheme Booklet, including financial information and information as to the views and recommendations of the Talon Directors, has been provided by Talon and is the responsibility of Talon. Neither Strike, nor its advisers, nor the advisers of Talon assume any responsibility for the accuracy or completeness of that information and disclaim any liability in this regard.

The Strike Information has been provided by Strike and is the responsibility of Strike. Neither Talon, nor its advisers, nor the advisers of Strike assume any responsibility for the accuracy or completeness of that information and disclaim any liability in this regard.

BDO Corporate Finance (WA) Pty Ltd has prepared the Independent Expert's Report set out in Annexure A of this Scheme Booklet and takes responsibility for that report. Talon, Strike and their respective advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report and disclaim any liability in this regard.

Role of ASIC, ASX and the Court

A copy of this Scheme Booklet has been examined by ASIC pursuant to section 411(2)(b) of the Corporations Act and lodged with, and registered by, ASIC under section 412(6) of the Corporations Act. Talon has requested ASIC to provide statements, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides those statements, they will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has been lodged with ASX.

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Scheme Booklet.

The Court is not responsible for the contents of this Scheme Booklet and, the fact that under section 411(1) of the Corporations Act, the Court ordered on 3 November 2023 that a meeting of Talon Shareholders be convened by Talon to consider and vote on the Scheme and has approved this Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how Talon Shareholders should vote (on this matter, Talon Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for, the content of this Scheme Booklet.

Forward-looking statements

This Scheme Booklet contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. These statements may generally be identified by the use of forward-looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets, estimates of petroleum reserves, contingent resources and prospective resources, production targets or guidance and future costs of Talon, Strike and/or the Combined Group or potential synergies are, or may be, forward-looking statements. The statements contained in this Scheme Booklet about the advantages and disadvantages expected to result from the Scheme are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performances or achievements of Talon, Strike and/or the Combined Group to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business

strategies and the environment in which Talon, Strike and the Combined Group will operate in the future, including the price of commodities, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements include, among others, customer risks, commodity price volatility, discrepancies between actual and estimated costs or production, estimates of petroleum reserves, contingent resources and prospective resources being inaccurate or changing over time, operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, exploration and production, the global economic climate, dilution, share price volatility, competition, loss of key directors and employees, additional funding requirements and defective title to licences/permits or property. The operations and financial performance of Talon, Strike and/or the Combined Group and the change of a Talon Scheme Shareholder's ownership of Talon Shares in exchange for New Strike Shares are subject to various risks that are summarised in Section 10 of this Scheme Booklet and that may be beyond the control of Talon, Strike and/or the Combined Group. Forward-looking statements should, therefore, be construed in light of such non-exhaustive list of risk factors and uncertainties.

As a result, Talon's actual results of operations and earnings and those of Strike and the Combined Group following implementation of the Scheme, as well as the actual advantages and disadvantages of the Scheme, may differ significantly from those that are anticipated in respect of timing, amount or nature and may never be achieved. Talon Shareholders should note the historical performance of Talon and Strike is no assurance of their or the Combined Group's future performance.

The forward-looking statements included in this Scheme Booklet reflect views only as of the date of this Scheme Booklet. None of Talon, Strike, the Talon Directors, the Strike Directors or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Scheme Booklet will actually occur and you are cautioned not to place undue reliance on such forward-looking statements.

All written and oral forward-looking statements attributable to Talon, Strike or any person acting on their behalf are qualified by this cautionary statement. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, neither Talon nor Strike give any undertaking to update or revise any such statements after the date of this Scheme Booklet to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

ASX Listing Rule Chapter Five Disclosures

This Scheme Booklet contains estimates of petroleum reserves, contingent resources and prospective resources of Talon. Talon confirms that it is not aware of any new information or data that materially affects the information included in the releases referenced in Section 6.3. All material assumptions and technical parameters underpinning the petroleum reserves, contingent resources and prospective resources estimates continue to apply and have not materially changed.

This Scheme Booklet contains estimates of petroleum reserves, contingent resources and prospective resources of Strike. Strike confirms that it is not aware of any new information or data that materially affects the information included in the releases referenced in Section 7.3(d). Whilst Strike has received new data from the drilling of the South Erregulla 2 well (refer Section 7.2(a)), as at the Last Practicable Date, that data has not been processed or analysed and, as such, Strike is not able to confirm or advise the effect of that information on the South Erregulla reserve and resource estimates as set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery". All material assumptions and technical parameters underpinning the petroleum reserves, contingent resources and prospective resources estimates continue to apply and have not materially changed.

Foreign jurisdictions

This Scheme Booklet has been prepared having regard to Australian disclosure requirements. Other countries may have different legislative and regulatory requirements.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories. Talon Shareholders who are not residents of Australia and its external territories should refer to Sections 5.7 and 5.8 of this Scheme Booklet for further information.

No action has been taken to register or qualify the New Strike Shares or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

Based on the information available to Talon, Talon Shareholders whose addresses are shown in the Talon Share Register on the Record Date for the Scheme as being in the following jurisdictions will be entitled to receive this Scheme Booklet and have New Strike Shares issued to them under the Scheme subject to any qualification set out below in respect of that jurisdiction:

- Australia;
- Germany, where (i) the Talon Shareholder is a "qualified investor" (as defined in Article 2(e) of

the Prospectus Regulation) or (ii) the number of other Talon Shareholders is less than 150;

- Hong Kong;
- New Zealand;
- United Kingdom; and
- any other person or jurisdiction in respect of which Talon reasonably believes that it is not prohibited and not unduly onerous or impractical to issue New Strike Shares to a Talon Shareholder with a registered address in such jurisdiction.

Nominees and custodians who hold Talon Shares on behalf of a beneficial owner resident outside Australia, Hong Kong, New Zealand and the United Kingdom may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of Talon, except nominees and custodians may forward this Scheme Booklet to any beneficial shareholder in Germany who is a “qualified investor” (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union).

Notice to Talon Shareholders in Germany

This Scheme Booklet is not a prospectus under Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**). Therefore, this Scheme Booklet has not been, and will not be, registered with or approved by any securities regulator in Germany or elsewhere in the European Union. Accordingly, this Scheme Booklet may not be made available, nor may the New Strike Shares be offered for sale or exchange, in Germany except in circumstances that do not require the obligation to publish a prospectus under the Prospectus Regulation.

In accordance with Article 1(4) of the Prospectus Regulation, an offer of New Strike Shares in Germany is limited:

- to persons who are “qualified investors” (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 other natural or legal persons; and
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Notice to Talon Shareholders in Hong Kong

WARNING: The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a

prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are “professional investors” (as defined in the Securities and Futures Ordinance and any rules made thereunder) or in other circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Scheme Booklet is for the exclusive use of Talon Shareholders in connection with the Scheme. No steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Scheme by Talon Shareholders.

Notice to Talon Shareholders in New Zealand

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law. The offer of New Strike Shares under the Scheme is being made to existing Talon Shareholders in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 and, accordingly, this Scheme Booklet may not contain all the information

that a disclosure document is required to contain under New Zealand law.

Notice to Talon Shareholders in the United Kingdom

Neither this Scheme Booklet nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Strike Shares.

This Scheme Booklet does not constitute an offer of transferable securities to the public within the meaning of the UK Prospectus Regulation or the FSMA. Accordingly, this Scheme Booklet does not constitute a prospectus for the purposes of the UK Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Strike Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Talon or Strike. In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Scheme Booklet relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Scheme Booklet.

Privacy

Personal information may be collected by Talon and Strike in the process of implementing the Scheme. This information may include the name, contact details, security holding details of Talon Shareholders, and the names of individuals appointed to act as proxy, attorney or corporate representative by a Talon Shareholder at the Scheme Meeting. The primary purpose for collecting this personal information is to assist Talon and Strike to conduct the Scheme Meeting and implement the Scheme.

Talon Shareholders who appoint an individual as their proxy, attorney or corporate representative to vote at the Scheme Meeting should inform that individual of the matters outlined above. Any personal information collected may be disclosed to the Talon Registry and the Strike Registry and the respective advisers, print and mail service providers and related bodies of Talon and Strike to the extent necessary to effect the Scheme.

Talon Shareholders are entitled under section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Talon Shareholders should contact the Talon Registry in the first instance if they wish to access their personal information.

Notice of Second Court Hearing

On the Second Court Date, the Court will consider whether to approve the Scheme following the votes at the Scheme Meeting. Any Talon Shareholder may appear at the Court on the Second Court Date. Any Talon Shareholder who wishes to oppose the approval of the Scheme by the Court on the Second Court Date may do so by filing with the Court, and serving on Strike, a notice of appearance in the prescribed form together with any affidavit on which the Talon Shareholder proposes to rely.

External websites

Unless expressly stated otherwise, the content of Talon's website and Strike's website do not form part of this Scheme Booklet and Talon Shareholders should not rely on any such content.

Defined terms

Capitalised terms and certain other terms used in this Scheme Booklet are defined in the Glossary of defined terms in Section 15.

The Independent Expert's Report set out in Annexure A has its own defined terms and those terms are sometimes different to the defined terms in the Glossary.

Currency

All references in this Scheme Booklet to "\$", "AUD", "A\$" or "dollar" are references to Australian currency, unless otherwise indicated.

Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, their actual calculation may differ from the calculations set out in this Scheme Booklet.

Implied value

All references in this Scheme Booklet to the value or implied value of the Scheme Consideration should not be taken as an indication that Talon Scheme Shareholders will receive cash. The implied value of the Scheme Consideration is not fixed. Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will receive New Strike Shares as consideration for their Talon Scheme Shares under the Scheme. Consequently, the implied value of the Scheme Consideration will depend on the price at which Strike Shares trade on ASX after issue of the New Strike Shares under the Scheme. There can be no guarantee of that price.

This also applies to Ineligible Foreign Shareholders and Cash Out Shareholders, whose Scheme Consideration will be remitted to the Sale Nominee to sell through the Sale Nominee Process. Any cash remitted to Ineligible Foreign Shareholders and Cash Out Shareholders under the Scheme will depend on the market price of Strike Shares at the time of sale by the Sale Nominee.

Please refer to Section 10 for a non-exhaustive list of risk factors relevant to Strike and the Combined Group.

Financial data

The financial information in this Scheme Booklet is presented in an abbreviated form and does not contain all the disclosures that are usually provided

for in an annual report prepared in accordance with the Corporations Act.

Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale.

Reference to time

All references in this Scheme Booklet to time relate to the time in Perth, Western Australia, unless otherwise specified.

Date of this Scheme Booklet

This Scheme Booklet is dated 3 November 2023.

IMPORTANT INFORMATION REGARDING DIRECTORS' RECOMMENDATION**Greg Columbus**

Talon notes that Mr Greg Columbus, Talon's Non-Executive Chairman, has a Relevant Interest in 2,413,794 Talon Shares, 2,000,000 Talon Performance Rights (which will automatically vest and convert into Talon Shares on a one for one basis on the Court making the Scheme Order) and 2,000,000 Talon Options (which may either be exercised by Mr Columbus (and his Associates) and converted into Talon Shares prior to the Record Date or retained by Mr Columbus (and his Associates)). In addition, it is also noted that Mr Columbus has a Relevant Interest in 31,080,954 Strike Shares.

The Talon Board (in the absence of Mr Columbus) has determined that Mr Columbus can, and should, if he wishes to do so, make a recommendation on the Scheme notwithstanding the nature of the benefits (being the aggregate Scheme Consideration of 2,130,980 New Strike Shares (assuming that the 2,000,000 Talon Options are not exercised by Mr Columbus (and his Associates)), equating to an approximate benefit of \$831,082)¹ which will be received by Mr Columbus if the Scheme is implemented and Mr Columbus' Relevant Interest in 31,080,954 Strike Shares.

In relation to Mr Columbus' Relevant Interest in 31,080,954 Strike Shares, it is noted that Mr Columbus' interest is economic only and that he does not have any relationship with Strike other than as a Strike Shareholder. Specifically, it is noted that Mr Columbus is not a controlling shareholder of Strike (his interest represents only 1.22% of the total Strike Shares on issue at the date of this Scheme Booklet) and that Mr Columbus is not an employee of, or adviser to, Strike. Mr Columbus acquired a Relevant Interest in Strike Shares under Strike's former takeover bid for Warrego Energy Limited (at which time Mr Columbus was the Non-Executive Chairman of Warrego Energy Limited).

Colby Hauser

Talon notes that Mr Colby Hauser, Talon's Managing Director and CEO, has a Relevant Interest in 6,033,742 Talon Shares and 5,000,000 Talon Performance Rights (which will automatically vest and convert into Talon Shares on a one for one basis on the Court making the Scheme Order).

The Talon Board (in the absence of Mr Hauser) has determined that Mr Hauser can, and should, if he wishes to do so, make a recommendation on the Scheme notwithstanding the nature of the benefits (being the aggregate Scheme Consideration of 5,327,091 New Strike Shares, equating to an approximate benefit of \$2,077,565)¹ which will be received by Mr Hauser if the Scheme is implemented.

Matt Worner

Talon notes that Mr Matt Worner, a Non-Executive Director of Talon, has a Relevant Interest in 2,076,667 Talon Shares and 2,000,000 Talon Options (which may either be exercised by Mr Worner (and his Associates) and converted into Talon Shares prior to the Record Date or retained by Mr Worner (and his Associates)).

The Talon Board (in the absence of Mr Worner) has determined that Mr Worner can, and should, if he wishes to do so, make a recommendation on the Scheme notwithstanding the nature of the benefits (being the aggregate Scheme Consideration of 1,002,615 New Strike Shares (assuming that the 2,000,000 Talon Options are not exercised by Mr Worner (and his Associates)), equating to an approximate benefit of \$391,020)¹ which will be received by Mr Worner if the Scheme is implemented.

David Casey

Talon notes that Mr David Casey, a Non-Executive Director of Talon, has a Relevant Interest in 10,381,896 Talon Shares and 2,000,000 Talon Options (which may either be exercised by Mr Casey (and his Associates) and converted into Talon Shares prior to the Record Date or retained by Mr Casey (and his Associates)). In addition, it is also noted that Mr Casey has a Relevant Interest in 1,675,619 Strike Shares.

The Talon Board (in the absence of Mr Casey) has determined that Mr Casey can, and should, if he wishes to do so, make a recommendation on the Scheme notwithstanding the nature of the benefits (being the aggregate Scheme Consideration of 5,012,379 New Strike Shares (assuming that the 2,000,000 Talon Options are not exercised by Mr Casey (and his Associates)), equating to an approximate benefit of \$1,954,828)¹ which will be received by Mr Casey if the Scheme is implemented and Mr Casey's Relevant Interest in 1,675,619 Strike Shares.

¹ Calculated based on the closing price of Strike Shares of \$0.39 as at the Last Practicable Date.

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Reasons to vote in favour of or against the Scheme

Reasons why you should vote in favour of the Scheme

- By becoming a shareholder in Strike, Talon Scheme Shareholders will gain exposure to a more diverse portfolio of assets in the Perth Basin with a combination of reliable cash-flow and a strong pipeline of development and exploration assets.
- The Scheme Consideration of 0.4828 New Strike Shares per Talon Share is a best and final offer, in the absence of a Superior Proposal, and represents an attractive premium to recent historical trading prices of Talon Shares.
- The Combined Group will have a strong balance sheet, with larger expected cash flow, as well as wider access to financing to fund development projects and to support exploration, reducing the likelihood of relying on additional equity capital.
- Talon Shareholders will gain exposure to the value created from corporate and operational synergies associated with bringing the project interests and companies together.
- The Independent Expert has concluded that the Scheme is in the best interests of Talon Shareholders, in the absence of a Superior Proposal.
- The Talon Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Talon Shareholders.
- No Superior Proposal has emerged since the Scheme Implementation Deed was announced on 14 August 2023.
- Talon Shareholders may be eligible for CGT roll-over relief on the Scheme Consideration.
- Talon Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges.

These reasons are discussed in more detail in Section 1.

Reasons why you may not want to vote in favour of the Scheme

- You may not agree with the Talon Directors' unanimous recommendation and the Independent Expert's conclusion.
- You may consider that there is potential for a Superior Proposal to emerge. As at the date of this Scheme Booklet, the Talon Board is not aware of any Superior Proposal.
- You may believe it is in your best interests to maintain your current investment and risk profile by holding shares in Talon.
- Your percentage interest in the Combined Group will be less than your current interest in Talon.
- The exact value of the Scheme Consideration is not certain and will depend on the price at which Strike Shares trade on ASX after the Implementation Date.
- The tax consequences of the Scheme may not suit your financial situation.

These reasons are discussed in more detail in Section 2.

Gurvantes Transaction

As announced on 11 October 2023, Talon has entered into a binding heads of agreement with TMK Energy Limited (ASX: TMK) (**TMK**) (the **Gurvantes Transaction Agreement**), pursuant to which TMK will retain Talon's 33% earned interest in the Gurvantes XXXV Project via the acquisition of Talon's wholly owned subsidiary, Talon Energy Pte. Ltd. (the **Gurvantes Transaction**).

In consideration for the Gurvantes Transaction, TMK is to issue up to 1,100,000,000 fully paid ordinary shares in TMK (**TMK Consideration Shares**) and up to 550,000,000 listed TMKOB options (exercisable at \$0.025 on or before 30 April 2026) (**TMK Consideration Options**) (together, the **TMK Consideration Securities**).

Following completion of settlement of the Gurvantes Transaction, Talon is to undertake an in-specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to Talon Shareholders on a record date to be determined by Talon (**Distribution**).

The final number of TMK Consideration Securities to be distributed in-specie to Talon Shareholders under the Distribution will be subject to any adjustment required at settlement in accordance with the terms of the Gurvantes Transaction Agreement.

90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options will be retained by Talon, some of which may be distributed to Talon's advisers to satisfy certain transaction costs resulting from the Gurvantes Transaction.

Under the Gurvantes Transaction, Talon is to commit up to \$850,000 in cash (less costs incurred in connection with the disposal of Talon's interest in the Gurvantes Project or the Gurvantes Transaction and certain other costs and funding provided for the benefit of Talon's Mongolian operations and assets, including the Gurvantes Project, by Talon) to satisfy Talon's obligations to contribute to any funding for expenditure or other commitments under the project agreements associated with the Gurvantes Project for the period commencing on 1 September 2023 and ending on completion of settlement of the Gurvantes Transaction.

The TMK Consideration Securities to be distributed in-specie to Talon Shareholders under the Distribution implies an approximate value of \$0.019 per Talon Share².

The Gurvantes Transaction is subject to and conditional on the following conditions precedent being satisfied or waived:

- (a) the parties obtaining all necessary shareholder approvals required to allow the parties to lawfully complete the Gurvantes Transaction, including:
 - (i) TMK obtaining shareholder approval for the issue of the TMK Consideration Securities; and
 - (ii) Talon obtaining shareholder approval for the Distribution; and
- (b) the parties obtaining all necessary corporate, governmental, regulatory and third-party approvals, consents and waivers to allow the parties to lawfully complete the Gurvantes Transaction.

If any of the conditions precedent are not satisfied (or waived) on or before 5.00pm (Perth time) on 1 December 2023, then either TMK or TPD may terminate the Gurvantes Transaction Agreement by notice in writing.

² Based on the last closing price, prior to the announcement on 11 October 2023, of TMK shares of \$0.011 per share and TMKOB options of \$0.003 per option. Based on Talon's undiluted ordinary shares of 646,997,893. Assumes approximately 1.009 billion TMK Consideration Shares and approximately 504.5 million TMK Consideration Options are distributed in-specie to Talon Shareholders under the Distribution.

Talon will seek the approval of Talon Shareholders for the Distribution at an extraordinary general meeting to be held on 1 December 2023, which is separate to the Scheme Meeting.

The Scheme is not conditional on completion of the Gurvantes Transaction or the Distribution, which will occur (or not occur, as the case may be) independently of the Scheme becoming Effective.

Talon Shareholders should refer to the Company's ASX announcement released on 11 October 2023 and the Company's notice of extraordinary general meeting dated 29 October 2023 for further details of the Gurvantes Transaction and the Distribution.

For completeness, in respect to the 90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options to be retained by Talon, it is proposed that³:

- (a) Sternship Advisors will receive 16,500,000 TMK Consideration Shares and 8,250,000 TMK Consideration Options, with a notional value of \$132,000 and \$16,500 respectively (total of \$148,500) in lieu of cash fees payable for professional advisory services provided by Sternship Advisors in respect of the Gurvantes Transaction;
- (b) Sternship Advisors will receive 40,000,000 TMK Consideration Shares and 20,000,000 TMK Consideration Options, with a notional value of \$320,000 and \$40,000 respectively (total of \$360,000), in lieu of cash fees payable for professional advisory services provided by Sternship Advisors in respect of the Scheme, subject to successful implementation of the Scheme, otherwise these TMK Consideration Securities will be retained by Talon; and
- (c) 34,482,760 TMK Consideration Shares and 17,241,380 TMK Consideration Options with a notional value of \$275,862 and \$34,483 respectively (total of \$310,345), to be retained by Talon (and which will be for the benefit of Strike where the Scheme is implemented).

³ Values based on a TMK Share price of \$0.008 and TMKOB Option price of \$0.002 as at the market close on the Last Practicable Date.

Overview of this document

What is the proposal?

On 14 August 2023, Talon and Strike announced that they had entered into the Scheme Implementation Deed, under which it is proposed that Strike will acquire all of the issued shares in Talon pursuant to a scheme of arrangement under Part 5.1 of the Corporations Act. A summary of the Scheme Implementation Deed is included at Section 13 and a full copy of the Scheme Implementation Deed can also be obtained from the ASX website (www.asx.com.au).

The Scheme is to be implemented via the scheme of arrangement procedure which is a Court-supervised process, under which Talon Shareholders will have the opportunity to vote for or against the Scheme. If the Scheme is approved by Talon Shareholders and by the Court, the Scheme will be binding on Talon and all Talon Shareholders.

If the Scheme is implemented, Strike Energy Holdings, a wholly owned subsidiary of Strike, will acquire all of the Talon Scheme Shares held by Talon Scheme Shareholders and Talon will become a wholly owned subsidiary of Strike. Subject to the Scheme becoming Effective, Talon will request that ASX remove Talon from the official list of ASX on the Business Day after the Implementation Date.

The Scheme is subject to various Scheme Conditions being satisfied or waived (where permitted), including (amongst other things), approval by the Requisite Majorities at the Scheme Meeting, and approval by the Court in accordance with section 411(4)(b) of the Corporations Act on the Second Court Date. Further details of the Scheme Conditions to the Scheme are set out in Section 12.2.

If the Scheme becomes Effective, Strike will issue the Scheme Consideration (being, 0.4828 New Strike Shares for each Talon Scheme Share held on the Record Date) to Talon Scheme Shareholders (or, in the case of Ineligible Foreign Shareholders and Cash Out Shareholders, to the Sale Nominee) on the Implementation Date.

New Strike Shares to which Ineligible Foreign Shareholders and Cash Out Shareholders would otherwise be entitled will be dealt with in accordance with the Sale Nominee Process set out in Section 5.8.

Under the Scheme:

- all existing Talon Options that have not been exercised by the Talon Optionholder to result in the issue of the Talon Shares on exercise before the Record Date, so that the Talon Optionholder can participate as a Talon Scheme Shareholder in the Scheme, will remain on issue in Talon following implementation of the Scheme; and
- Talon must procure that all Talon Performance Rights on issue at the time the Scheme becomes Effective will vest in accordance with their terms and be exercised (if applicable) subject to the Scheme becoming Effective, and will result in the issue of Talon Shares before the Record Date so that the holders of the Talon Performance Rights can participate as Talon Scheme Shareholders in the Scheme.

If the Scheme is not approved, Talon will continue to operate as a standalone entity, listed on the ASX.

On 10 October 2023, the Scheme Implementation Deed was amended and restated to reflect and enable the Gurvantes Transaction.

Pursuant to the terms of the Scheme Implementation Deed, the Scheme is not conditional on completion of the Gurvantes Transaction, which will occur (or not occur, as the case may be) independently of the Scheme becoming Effective.

What is this document for?

For the Scheme to proceed, the Scheme Resolution must be approved by the Requisite Majorities at the Scheme Meeting.

This Scheme Booklet contains information relevant to the Scheme and to the decision of Talon Shareholders as to whether to vote for or against the Scheme.

The Scheme Meeting will be held at **The Celtic Club, 48 Ord Street, West Perth WA 6005 at 12.00pm (Perth time) on 7 December 2023.**

Why should you vote?

As a Talon Shareholder, you have a say in whether the Scheme is implemented or not – **this is your opportunity to play a role in deciding the future of the Company in which you have a stake.**

Is the Scheme in the best interests of Talon Shareholders?

The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and therefore in the best interests of Talon Shareholders.

The Talon Directors unanimously recommend⁴ that Talon Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.

Before making a decision about the Scheme, Talon Shareholders should read this Scheme Booklet in its entirety and if you are in doubt about what action you should take, contact your professional adviser. For further details regarding the recommendation of the Talon Directors, please refer to Section 5.4.

What you should do next:

- **Step 1: Read this document in full**

You should read and carefully consider the information included in this Scheme Booklet in full to help you make an informed decision as to how to vote in relation to the Scheme. If you have any doubt as to what action you should take, please contact your financial, legal, taxation or other professional adviser immediately.

- **Step 2: Vote on the Scheme**

As a Talon Shareholder, it is your right to vote on whether the Scheme should be approved, and therefore, whether the Scheme should proceed. You should note that the Scheme is subject to the Scheme Conditions. Even if Talon Shareholders approve the Scheme, it is possible that the Scheme will not be implemented if the other Scheme Conditions are not satisfied or waived (where permitted).

You can vote at the Scheme Meeting scheduled for **12.00pm (Perth time) on 7 December 2023**, or by returning a validly completed Proxy Form by no later than **12.00pm (Perth time) on 5 December 2023**.

Full details of how to vote are set out in the 'Meeting details and how to vote' Section on page xx of this document.

⁴ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

Further information

If you require any further information, please call the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between 8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry at bhenry@allianceadvisors.com.

Important dates and times

Key events and the expected timing in relation to the approval and implementation of the Scheme are set out in the table below.

Event	Date
Latest time and date for lodgement of completed Proxy Forms for the Scheme Meeting	12.00pm (Perth time) on 5 December 2023
Time and date for determining eligibility to attend and vote at the Scheme Meeting	4.00pm (Perth time) on 5 December 2023
Scheme Meeting to be held at The Celtic Club, 48 Ord Street, West Perth WA 6005	12.00pm (Perth time) on 7 December 2023
If the Scheme is approved by the Requisite Majorities, the expected timetable for implementing the Scheme is:	
Second Court Date for approval of the Scheme	13 December 2023
Effective Date of the Scheme and last day of trading of Talon Shares on ASX	14 December 2023
Suspension of trading of Talon Shares on ASX	Close of trading on 14 December 2023
Trading in New Strike Shares issued as Scheme Consideration to commence on a deferred settlement basis	15 December 2023
Record Date for determining entitlements to the Scheme Consideration	7.00pm (Perth time) on 18 December 2023
Implementation Date for the issue of Scheme Consideration to Talon Scheme Shareholders (excluding Ineligible Foreign Shareholders and Cash Out Shareholders)	27 December 2023
Trading in New Strike Shares issued as Scheme Consideration to commence on a normal (T+2) basis	28 December 2023
Termination of official quotation of Talon Shares on ASX	5.00pm (Perth time) on 28 December 2023 (or as otherwise determined by ASX)

The above dates and times are indicative only and, amongst other things, are subject to the time at which each Scheme Condition is satisfied or waived (where permitted) and the dates on which all necessary Court and regulatory approvals are obtained. Talon has the right to vary any or all of these dates and times, subject to the approval of such variation by ASX, the Court and Strike, where required.

Any variation to the above dates and times will be announced to ASX (and accordingly, details of any variations will be available on the ASX website (www.asx.com.au)) and will be published on Talon's website (www.talonenergy.com.au).

Letter from the Chairman of Talon

3 November 2023

Dear Talon Shareholders

On behalf of the Talon Board, I am very pleased to provide you with this Scheme Booklet pertaining to the proposed scheme of arrangement with Strike Energy Limited.

Background to the proposal

On 19 July 2023, Talon Energy Limited (**Talon** or the **Company**) received a non-binding indicative proposal from Strike Energy Limited (**Strike**) through which Talon would demerge its Mongolian Assets and Strike would acquire all the shares in Talon for a consideration of 0.4586 Strike shares for every Talon share. This offer was subsequently withdrawn.

On 26 July 2023, Talon received a revised proposal of 0.4828 New Strike Shares for every Talon shares under which Talon's Mongolian assets would again be demerged. This revised proposal was withdrawn, however, Talon and Strike remained in negotiations and on 14 August 2023, Talon Energy Limited (**Talon** or the **Company**) announced that it had entered into a Scheme Implementation Deed with Strike Energy Limited (**Strike**) under the terms of which Strike will acquire all of the issued shares in the Company by way of a Court approved scheme of arrangement, for consideration of 0.4828 New Strike Shares for every Talon Share held by a Talon Scheme Shareholder.⁵ Should the Scheme be implemented, Talon Shareholders will hold approximately 11% of the Combined Group (on an undiluted basis).

Implementation of the Scheme is also subject to satisfaction or waiver (where permitted) of customary conditions, including approval by Talon Shareholders and the Court, which are summarised in Section 12.2 of this Scheme Booklet.

The purpose of this Scheme Booklet is to provide you with information about the Scheme to assist you in deciding how to vote on the Scheme at the Scheme Meeting.

Gurvantes Transaction

On 11 October 2023, Talon announced it had entered into a binding heads of agreement with TMK Energy Limited (ASX: TMK), pursuant to which TMK will retain Talon's 33% earned interest in the Gurvantes XXXV Project via the acquisition of Talon's wholly owned subsidiary, Talon Energy Pte. Ltd.

Further information on this transaction is provided in the Gurvantes Transaction Section at pages ix to x of this Scheme Booklet. Talon Shareholders should also refer to the Company's ASX announcement released on 11 October 2023 and the Company's notice of extraordinary general meeting dated 29 October 2023 for further details on this transaction.

This transaction, if approved, will provide Talon Shareholders with consideration for their interest in the project in a liquid ASX listed company while providing certainty over the treatment of these assets prior to considering the Scheme with Strike.

The Talon Board unanimously recommends the Scheme

The Talon Board considered a range of strategic options prior to entering the Scheme Implementation Deed, including maintaining the status quo by continuing to maintain Talon's interests in its assets in the highly prospective Perth Basin and Mongolia. The Talon Board however concluded that the offer provided compelling value to Talon Shareholders by way of an attractive premium to recent historical trading prices of Talon Shares while maintaining ongoing exposure to

⁵ Other than Ineligible Foreign Shareholders and Cash Out Shareholders, who will receive their respective pro rata proportion of the Net Sale Proceeds of the New Strike Shares which would otherwise have been issued to them under the Scheme.

the current Perth Basin assets by way of an all scrip transaction which will consolidate ownership and provide access to a larger, more diverse investment proposition.

We believe that the Scheme is in the best interests of Talon Shareholders and unanimously recommend that you vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Talon Shareholders. Subject to those same qualifications, each member of the Talon Board will vote, or procure the voting of, all Talon Shares in which they have a Relevant Interest in favour of the Scheme.⁶

Despite these interests in the outcome of the Scheme, each of the Talon Directors consider that, given the importance of the Scheme and their role as Directors of Talon, it is important and appropriate for them to provide a recommendation to Talon Shareholders in relation to voting on the Scheme.

Independent Expert's conclusion

The Talon Board appointed BDO as the Independent Expert to assess the merits of the Scheme. BDO appointed ERCE Energy as the Independent Technical Expert to prepare the Independent Technical Report contained in the Independent Expert's Report, with the scope of work performed by ERCE Energy determined by BDO.

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Talon Shareholders, in the absence of a Superior Proposal.

A complete copy of the Independent Expert's Report is included at Annexure A. You are encouraged to read the Independent Expert's Report in its entirety.

Risk factors

The Talon Board considers that it is appropriate for Talon Shareholders, in considering the Scheme, to be aware that there are a number of risk factors which could materially adversely affect the future operating and financial performance of Talon and the value of Talon Shares. These risk factors are set out in detail in Section 10. If the Scheme proceeds, Talon Shareholders will receive the Scheme Consideration and, from implementation of the Scheme, will cease to be Talon Shareholders and will no longer be directly exposed to some of the risks related to being a Talon Shareholder. However, as the Scheme Consideration consists of Strike Shares, Talon Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will become Strike Shareholders and will continue to be indirectly exposed to Talon's assets as well as additional risks associated with an investment in the Combined Group through their holding of Strike Shares. If the Scheme does not proceed, the Talon Board intends to maintain the current oil and gas focused strategy, however, note that Talon Shareholders will be exposed to the risks and challenges of delivering future growth and value over the medium to long term.

The Scheme Meeting

Your vote is important as the outcome will directly impact the future of your company. I encourage all shareholders to vote in order to have your voice heard. If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme.

This Scheme Booklet will be dispatched to Talon Shareholders shortly after its release to the ASX. Talon Shareholders who have elected to receive electronic communications will receive an email containing instructions about how to view or download a copy of this Scheme Booklet, as well as

⁶ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

instructions on how to lodge their proxies for the Scheme Meeting. Talon Shareholders who have elected to receive communications via post will receive a printed copy of this Scheme Booklet together with a personalised Proxy Form. All other Talon Shareholders will receive a letter, together with a personalised Proxy Form, with instructions about how to view or download a copy of this Scheme Booklet.

Please refer to the '*Meeting details and how to vote*' Section of this Scheme Booklet on page xx and the Notice of Scheme Meeting at Annexure D for more instructions on how to attend the Scheme Meeting and how to cast your vote.

Further information

I would again encourage you to read this document carefully and in its entirety as it will assist you in making an informed decision on how to vote. If required, I would encourage you to seek independent financial, legal and taxation advice before making any investment decision in relation to your Talon Shares.

If you require any further information, please call the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between 8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry at bhenry@allianceadvisors.com

On behalf of the Talon Board, I would like to thank you for your support of Talon. I look forward to your participation in the Scheme Meeting and encourage you to vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.

Yours sincerely,



Greg Columbus
Non-Executive Chairman
Talon Energy Limited

Letter from the Chairman of Strike

3 November 2023

Dear Talon Shareholder,

On behalf of the Board of Strike Energy Limited, I am delighted to provide Talon Shareholders with the opportunity to participate in this consolidation with Strike and in the anticipated continuing success of Strike as a growing and substantial producer into the Western Australian energy system.

Strike is a leading Australian independent gas explorer, developer and producer focused on its large and high-quality conventional gas resources in the Perth Basin. Strike's primary objective is to provide sustainable, low-cost, and reliable gas to the domestic market in order to support the Western Australian energy transition away from coal fired power and enable the growth of the critical minerals industry.

The consolidation is unique, strategically compelling and logical, and creates exciting opportunities for both sets of shareholders.

The consolidation of Talon with Strike is compelling for Talon's shareholders given the potential for strategic and financial benefits, which include:

- ownership of a ASX300 top-5 ASX listed E&P business in Australia and the corresponding increased investor awareness across both specialist energy and generalist investors that is brought with the increase in scale;
- ownership of the only pure-play Perth Basin energy company with a combination of near-term cash-flow and a strong pipeline of appraised growth and development assets;
- removal of significant costs via corporate and operational synergies with the collapsing of the L23/EP447 joint venture;
- a strengthened balance sheet with a resultant increased ability to access debt markets and self-fund development projects along with the combined exploration portfolio;
- the application of Strike's proven Perth Basin operating and development expertise to Talon's broader Perth Basin portfolio of assets; and
- an impressive aggregate 1,022 PJ of independently certified Perth Basin conventional gas 2P Reserves and 2C Resources.⁷

The Scheme is unanimously endorsed by the Talon Board⁸, subject to no competing proposal for Talon emerging and the Independent Expert has also concluded that the Scheme is fair and reasonable and in the best interests of Talon Shareholders in the absence of a superior proposal for Talon.

I am confident that the combination of Strike and Talon will add value and create benefits for shareholders, employees and the communities engaged by the Combined Group.

Following the successful implementation of the Scheme, I look forward to welcoming you as a shareholder of Strike as we embark together on the next chapter of growth for the Combined Group and Strike Energy.

⁷ Consisting of 2P gas reserves of 396 PJe (net to the Combined Group) and gross 2C contingent resource of 627 PJe (net to the Combined Group). Refer to Section 8.2 (*Reserves and Resources of the Combined Group*) for additional information.

⁸ In relation to the recommendation of the Talon Directors in respect of the Scheme, Talon Shareholders should have regard to the interests of the Talon Directors in the outcome of the Scheme which may differ from those of other Talon Shareholders, as further disclosed on pages 7 and 8 of this Scheme Booklet and in Section 6.5.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Poynton AO', written over a horizontal line.

John Poynton AO
Chairman
Strike Energy Limited

Meeting details and how to vote

Voting on the Scheme

For the Scheme to be implemented, it is necessary that the Requisite Majorities vote in favour of passing the resolution to approve the Scheme at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll.

Details on how to vote are outlined in the table below. Further details are set out in the Notice of Scheme Meeting contained in Annexure D.

Strike excluded from voting

Strike is excluded from voting on the Scheme by reason of the fact that it is the proponent of the Scheme. As at the date of this Scheme Booklet, neither Strike nor any of its Associates hold any Talon Shares.

How to vote

Means of participation	Voting instructions
In Person	<p>If you wish to vote in person, you must attend the Scheme Meeting commencing at 12.00pm (Perth Time) on 7 December 2023 at The Celtic Club, 48 Ord Street, West Perth WA 6005.</p> <p>All persons entitled to vote must register their attendance by disclosing their name at the point of entry to the Scheme Meeting.</p>
By Proxy	<p>To appoint a proxy to vote on your behalf in respect of the Scheme, you can complete the enclosed personalised Proxy Form in accordance with the instructions and return it to Computershare Investor Services Pty Limited (Computershare), the Talon Registry, in the envelope enclosed. Alternatively, you can lodge your proxy online in accordance with the instructions set out on the Proxy Form or scan the QR Code on your Proxy Form and follow the prompts.</p> <p>If your proxy is signed by an attorney, please also enclose the authority under which the proxy is signed (or a certified copy of the authority).</p> <p>Proxy Forms (and powers of attorney) must be received by Computershare by no later than 12.00pm (Perth time) on 5 December 2023 (or if the Scheme Meeting is adjourned, at least 48 hours before the resumption of the Scheme Meeting). Proxy Forms (and powers of attorney) received after this time will not be valid. Accordingly, you should ensure that it is posted, delivered or lodged online in sufficient time for it to be received by Computershare by that time.</p> <p>A proxy need not be a Talon Shareholder.</p> <p>If you are entitled to cast two or more votes, you may appoint two proxies. You must specify the names and the proportion or the number of votes that each proxy is appointed to exercise. If numbers or proportions of votes are not specified, each proxy may exercise half of the votes you are entitled to cast. Fractions of votes will be disregarded.</p> <p>If you hold Talon Shares jointly with one or more other persons, in order for your proxy appointment to be valid, each of you must sign the Proxy Form.</p> <p>Appointing a proxy will not preclude you from attending the Scheme Meeting in person and voting at the Scheme Meeting instead of your proxy. In this scenario the appointment of your proxy is not revoked but your proxy must not speak or vote at the Scheme Meeting while you are so present.</p>
By Power of Attorney	<p>Your vote may be cast by a duly authorised attorney. An attorney need not be a Talon Shareholder.</p>

Means of participation	Voting instructions
	<p>If you intend to appoint an attorney to attend the Scheme Meeting and vote on your behalf, you may do so by providing a power of attorney duly executed by you, and specifying your name, the Company (that is, Talon Energy Limited), and the attorney, and also specify the meeting at which the appointment may be used. The appointment may be a standing one.</p> <p>A certified copy of the power of attorney must be received by Computershare by no later than 12.00pm (Perth time) on 5 December 2023.</p> <p>A certified copy of the power of attorney must be attached to the Proxy Form and delivered to Computershare in accordance with the instructions set out on the Proxy Form.</p> <p>Your appointment of an attorney does not preclude you from attending in person and voting at the Scheme Meeting. The appointment of your attorney is not revoked merely by your attendance and taking part in the Scheme Meeting, but if you vote on a resolution, the attorney is not entitled to vote, and must not vote, as your attorney on that resolution.</p>
By Corporate Representative	<p>A Talon Shareholder that is a body corporate may appoint an individual to act as its representative at the Scheme Meeting.</p> <p>To vote by corporate representative at the Scheme Meeting, a corporate Talon Shareholder should obtain an "Appointment of Corporate Representative" form from Computershare and complete that form in accordance with its instructions.</p> <p>Corporate representative appointment forms should be provided to Computershare by no later than 12.00pm (Perth time) on 5 December 2023, or alternatively brought to the Scheme Meeting.</p>
Talon Shareholder Information Line	<p>If you require any further information, please call the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between 8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry at bhenry@allianceadvisors.com.</p>

Address for return of voting forms

Talon Shareholders should mail, lodge or fax their Proxy Forms (and accompanying powers of attorney or corporate representative appointment forms, as applicable) to Computershare, the Talon Registry, as set out below:

By Mail: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

Online: www.investorvote.com.au

By Mobile: Scan the QR Code on your Proxy Form and follow the prompts

Custodian: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

Fax: 1800 783 447 (within Australia)
+61 (03) 9473 2555 (outside Australia)

Proxy Forms, powers of attorney and corporate representative appointment forms must be received by **12.00pm (Perth Time) on 5 December 2023**.

Questions on this Scheme Booklet

Talon Shareholders with any questions in relation to the Scheme, should call the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between

8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry at bhenry@allianceadvisors.com, or consult their legal, financial, taxation or other professional adviser without delay.

1. Reasons why you should vote in favour of the Scheme

This Section summarises the key reasons why the Talon Directors recommend⁹ that Talon Shareholders vote in favour of the Scheme.

This Section should be read in conjunction with Sections 2, 3 and 10, which describe the disadvantages, other considerations and risks associated with the Scheme, risks associated with the Combined Group and an investment in New Strike Shares, and implications if the Scheme does not proceed.

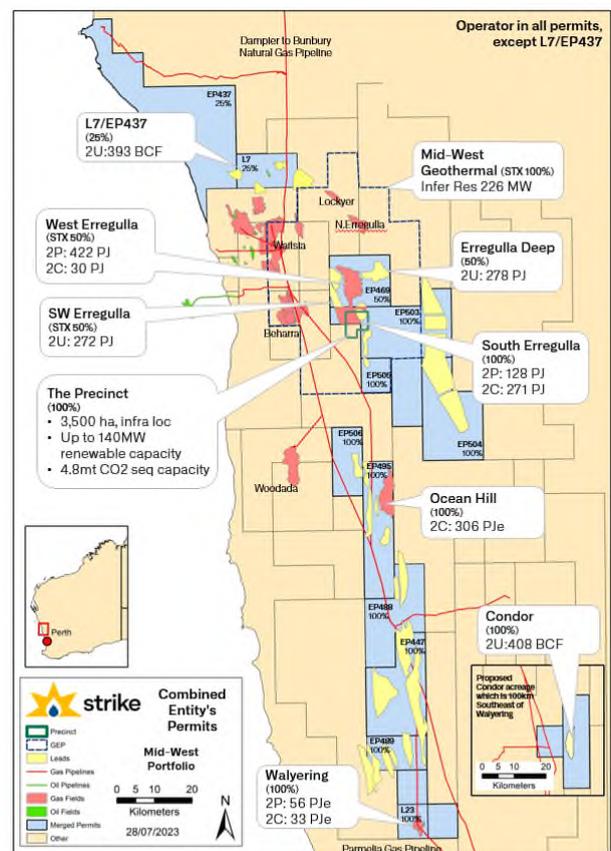
Reason 1: By becoming a shareholder in Strike, Talon Scheme Shareholders will gain exposure to a more diverse portfolio of assets in the Perth Basin with a combination of reliable cash-flow and a strong pipeline of development and exploration assets.

The Combined Group will have the largest Reserve and Resource position in the Perth Basin, with a combined 1,022 PJ of independently certified conventional gas 2P Reserves and 2C Resources,¹⁰ positioning the group to be a major producer of energy in the fast growing West Australian gas market.

The Combined Group will be the operator of several near-term developments, including:

- Walyering – 100% owner and operator
- West Erregulla – 50% owner and operator
- South Erregulla – 100% owner and operator

As operator, the Combined Group will have greater control over the timing and scope of developments, as well as benefiting from diversity of production, revenues and cash flows allowing it to better manage any asset specific operational issues. The Combined Group will have the capacity to generate a combined estimated annualised cashflow from Walyering alone in excess of \$82 million per annum¹¹.



Prospective Resource (2U) Estimate Information & Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future exploration and development project(s) relate to undiscovered accumulations. These estimates are un-risked, probabilistically determined, and have both an associated risk of discovery (POS 42% for Erregulla Deep, 54% for Southwest Erregulla, 15% for Condor and 22% for L7) and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

⁹ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2)

¹⁰ Consisting of 2P gas reserves of 396 PJe (net to the Combined Group) and gross 2C contingent resource of 627 PJe (net to the Combined Group). Refer to Section 8.2 (*Reserves and Resources of the Combined Group*) for additional information regarding the resource estimates.

¹¹ \$82 million per annum projection assumes production and sales from the Walyering Field at 33 TJ/day and 250bbl/day with as available gas sold asset to Santos at the 'as available rate' and condensate at A\$104bbl (US\$70bbl FX 0.67). Projected revenue is for a 5-year period based on current Reserves.

The Combined Group will also benefit from corporate and operational synergies (outlined in Reason 4) which will further improve the revenue and cash flow profile.

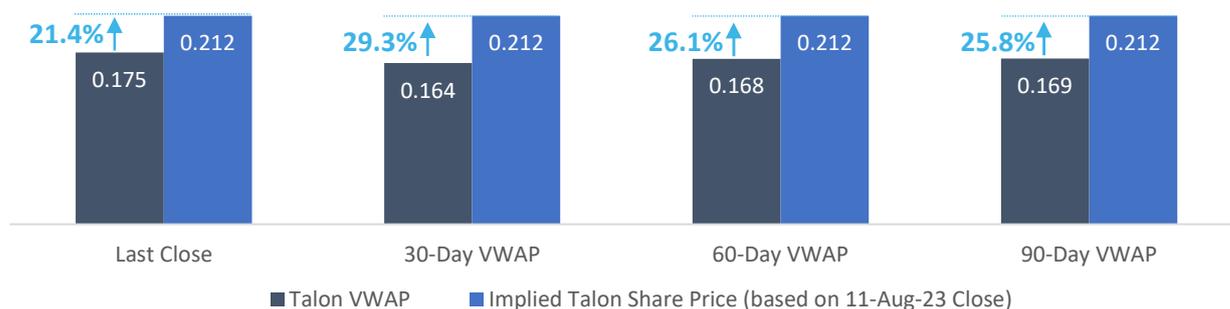
This contrasts to Talon's non-operated position in just one development, being Walyering, where substantial cash generation has been committed to other exploration projects which have uncertain outcomes.

Reason 2: The Scheme Consideration of 0.4828 New Strike Shares per Talon Share is a best and final offer, in the absence of a Superior Proposal, and represents an attractive premium to recent historical trading prices of Talon Shares.

Premium unadjusted for the Gurvantes Transaction

The Scheme Consideration of 0.4828 New Strike Shares per Talon Share is a best and final offer, in the absence of a Superior Proposal, and represents an attractive premium, relative to share trading in Talon Shares up to and including 11 August 2023 (being the trading day prior to the Announcement Date), of:

- 21.4% to the closing price of \$0.175 per Talon Share;
- 29.3% to the 30-day VWAP of \$0.164 per Talon Share;
- 26.1% to the 60-day VWAP of \$0.168 per Talon Share; and
- 25.8% to the 90-day VWAP of \$0.169 per Talon Share.



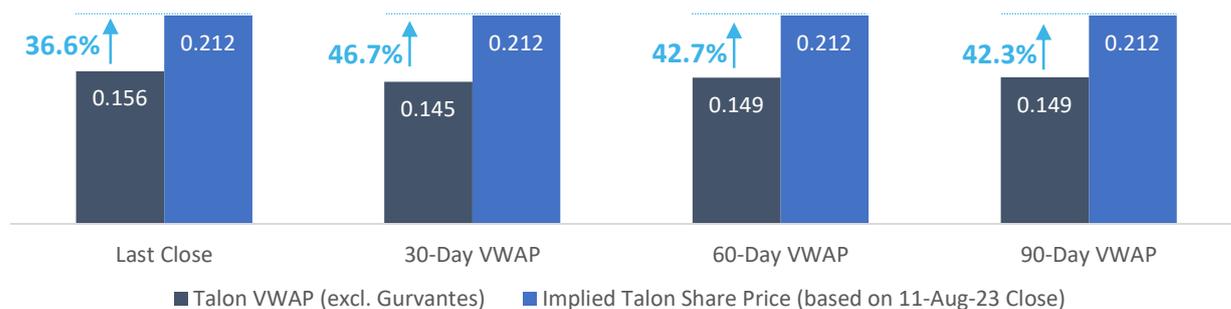
Premium adjusted for the Gurvantes Transaction

As part of the Gurvantes Transaction, Talon Shareholders will receive TMK Consideration Securities under the Distribution with an approximate value of \$0.019 per Talon Share.

The premiums outlined below have been calculated up to 11 August 2023 (being the trading day prior to the Announcement Date)¹² taking into account the anticipated value Talon Shareholders will receive under the Gurvantes Transaction:

- 36.6% to the adjusted closing price of \$0.156 per Talon Share;
- 46.7% to the adjusted 30-Day VWAP of \$0.145 per Talon Share;
- 42.7% to the adjusted 60-Day VWAP of \$0.149 per Talon Share; and
- 42.3% to the adjusted 90-Day VWAP of \$0.149 per Talon Share.

¹² Adjusted values calculated as unadjusted VWAP less \$0.019 value of TMK Consideration Securities.



Talon Shareholders should refer to pages ix to x of this Scheme Booklet, the Company's ASX announcement released on 11 October 2023 and the Company's notice of extraordinary general meeting dated 29 October 2023 for further details of the Gurvantes Transaction and the Distribution.

The effect of Strike stating that its offer is 'best and final' in the absence of a Superior Proposal is that Strike will not be able to increase the Scheme Consideration to be received by Talon Scheme Shareholders, unless there is a Superior Proposal for Talon.

Reason 3: The Combined Group will have a strong balance sheet, with larger expected cash flow, as well as wider access to financing to fund development projects and to support exploration, reducing the likelihood of relying on additional equity capital.

Strike is a larger organisation than Talon with a market capitalisation of approximately \$990 million as at the Last Practicable Date. The balance sheet of the Combined Group is expected to be stronger due to larger pro-forma liquidity.

The Combined Group's diverse operations, larger expected cash flows and increased scale provides greater access to debt markets than Talon would have as a standalone entity, reducing the possibility of future equity capital raises. The Combined Group's cash flows from Walyering will further strengthen the ability to self-fund projects or unlock additional debt capacity.

Reason 4: Talon Shareholders will gain exposure to the value created from corporate and operational synergies associated with bringing the project interests and companies together.

Strike's acquisition of Talon is expected to unlock operational and corporate synergies and, in turn, efficiencies, including:

- integration of procurement, contracting and development;
- reduction of corporate overheads, listing, audit, board, information technology, insurance and borrowing costs; and
- leveraging operations and maintenance capability across the portfolio.

Further information on potential synergies, their value and expected timeframe for realisation following implementation of the Scheme can be found in Sections 8.3 and 9.2.

Reason 5: The Independent Expert has concluded that the Scheme is in the best interests of Talon Shareholders, in the absence of a Superior Proposal.

The Talon Directors appointed BDO as the Independent Expert to assess the merits of the Scheme (and for this purpose, ERCE Energy was engaged as the Independent Technical Expert to prepare the Independent Technical Report for inclusion in the Independent Expert's Report).

The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Talon Shareholders, in the absence of a Superior Proposal. A complete copy of the Independent Expert's Report (including the Independent Technical Report) is included as Annexure A to this Scheme Booklet.

Reason 6: The Talon Directors unanimously recommend¹³ that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Talon Shareholders.

Before agreeing the terms of the Scheme as set out in the Scheme Implementation Deed between Talon and Strike, the Talon Directors considered:

- the merits and challenges of continuing to operate Talon as a standalone entity;
- the merits and strategic rationale of the merger with Strike (including the benefits expected to be realised as outlined in this Section 1); and
- the potential for a Superior Proposal for Talon to arise at a future time.

The Talon Directors consider that the reasons to vote in favour of the Scheme outweigh the potential disadvantages of the Scheme. Therefore, your Talon Directors unanimously recommend that Talon Shareholders vote in favour of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.

The decision of the Talon Directors to recommend the Scheme follows a comprehensive assessment by Talon of Strike and consideration of potential benefits and risks of the Scheme. The Talon Directors consider that the Scheme has the potential to deliver greater benefits to Talon Shareholders than any other strategic alternatives currently available, including Talon continuing as a standalone entity.

Each Talon Director intends, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders, to vote to approve the Scheme in respect of any Talon Shares held or controlled by them at the time of the Scheme Meeting.

Reason 7: No Superior Proposal has emerged since the Scheme Implementation Deed was announced on 14 August 2023.

Since the announcement of the Scheme Implementation Deed between Talon and Strike to the ASX on 14 August 2023 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Talon Directors are not aware, as at the date of this Scheme Booklet, of any superior or any alternative proposal that is likely to emerge.

Reason 8: Talon Shareholders may be eligible for CGT roll-over relief on the Scheme Consideration.

Talon Scheme Shareholders who make a capital gain from the disposal of their Talon Scheme Shares may be eligible to choose CGT scrip for scrip roll-over relief (provided certain conditions are met). Broadly, CGT scrip for scrip roll-over relief enables Talon Scheme Shareholders to disregard the capital gain they make from the disposal of their Talon Scheme Shares under the Scheme. Further detail is contained in Section 11.

¹³ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

Reason 9: The price of Talon Shares may decline if the Scheme is not implemented and no Superior Proposal emerges.

If the Scheme is not implemented, the Talon Shares will remain quoted on the ASX and will continue to be subject to market volatility. If the Scheme is not implemented, the price at which Talon Shares trade may fall, including to a price that is materially below the implied value of the Scheme Consideration of \$0.212 per Talon Share per Talon's ASX announcement released on 14 August 2023. In the last 12 months prior to 11 August 2023 (being the trading day prior to the Announcement Date), Talon Shares have traded as low as \$0.14 per Talon Share and as high as \$0.19 per Talon Share.

The closing price of Talon Shares on 11 August 2023, being the trading day prior to the announcement of the Strike proposal, was \$0.175 per Talon Share. Refer to Reason 2 above for the VWAP of Talon Shares over the 30, 60 and 90 day periods up to and including 11 August 2023.



2. Reasons why you may not want to vote in favour of the Scheme

This Section summarises the potential disadvantages and risks to Talon Scheme Shareholders if the Scheme becomes Effective and the Scheme is successfully implemented.

Notwithstanding the reasons set out below, the Talon Directors consider that these disadvantages and risks are outweighed by the advantages of the Scheme (as set out in Section 1), and that the Scheme is in the best interests of Talon Scheme Shareholders.

Further details of the potential disadvantages and risks associated with the Scheme, risks associated with the Combined Group and an investment in New Strike Shares, and implications if the Scheme does not proceed are set out in Section 10.

Reason 1: You may not agree with the Talon Directors' unanimous recommendation and the Independent Expert's conclusion.

Despite the unanimous recommendation of the Talon Directors and the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable and in the best interests of Talon Shareholders in the absence of a Superior Proposal, you may believe that the Scheme is not in the best interests of Talon Shareholders or not in your individual interests. Refer to Annexure A for a copy of the Independent Expert's Report.

You may take the view that the ratio implied by the Scheme Consideration does not give existing Talon Shareholders an appropriate share of the Combined Group and the benefits of combining the two businesses. The Scheme Consideration implied that on implementation of the Scheme, existing Talon Shareholders would own approximately 11% of the Combined Group and existing Strike Shareholders would own approximately 89%.

Reason 2: You may consider that there is potential for a Superior Proposal to emerge.

It is possible that, if Talon were to continue as an independent listed entity, a corporate control proposal for Talon could materialise in the future, such as a takeover bid with a higher offer price. Implementation of the Scheme will mean that Talon Shareholders would not receive the benefit of any such proposal.

However, as stated in Section 1, since the announcement of the Scheme Implementation Deed between Strike and Talon to the ASX on 14 August 2023 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the Talon Directors are not aware of any superior or any alternative proposal that is likely to emerge.

The Scheme Implementation Deed prohibits Talon from soliciting or otherwise encouraging a Competing Proposal. However, Talon is permitted to respond to any Competing Proposal should the Talon Directors determine that failing to do so would be reasonably likely to constitute a breach of their fiduciary duties or statutory obligations (and after having obtained written advice from Talon's external legal and financial advisers). Further details of the key terms of the Scheme Implementation Deed are provided in Section 13.

Reason 3: You may believe it is in your best interests to maintain your current investment and risk profile by holding shares in Talon.

You may wish to maintain your investment in Talon in order to have an investment in a publicly listed company with the specific characteristics and profile of Talon in terms of factors such as size, industry, operational profile, capital structure and geographical exposure.

Implementation of the Scheme may result in a disadvantage to those who wish to maintain their investment profile. Talon Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of Talon and they may incur transaction costs in undertaking any new investment.

Reason 4: Your percentage interest in the Combined Group will be less than your current interest in Talon.

Although the Scheme is expected to provide additional value through the combination of the two businesses, given the proportional shareholding of Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) in the Combined Group (approximately 11%), the larger portion of this value will flow to Strike's existing shareholders. However, while a larger share of the benefits will flow to Strike's existing shareholders, in the absence of the Scheme, no value from synergies and benefits that may be delivered by the Scheme will flow for the benefit of Talon Scheme Shareholders.

Reason 5: The exact value of the Scheme Consideration is not certain and will depend on the price at which Strike Shares trade on ASX after the Implementation Date.

The future trading price of the Strike Shares that form the Scheme Consideration is not certain and the effective value that you receive for your Talon Scheme Shares under the Scheme may not reflect the market value of Strike Shares as at the date of this Scheme Booklet, the Scheme Meeting or the Record Date of the Scheme.

Conversely, if there is an increase in the trading price of Strike Shares between the date of this Scheme Booklet and the time you receive the Scheme Consideration, the effective value you receive for your Talon Scheme Shares will be more favourable compared to the market value of the Strike Shares as at the date of this Scheme Booklet.

Reason 6: The tax consequences of the Scheme may not suit your financial position.

The tax consequences of the Scheme will depend on your personal situation. A general guide to the Australian taxation implications of the Scheme is set out in Section 11. This guide is expressed in general terms only and Talon Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

3. Other Considerations

You should also take into account the following additional considerations in deciding whether to vote in favour of the Scheme.

Consideration 1: Implications for Talon Shareholders who do not vote, or vote against the Scheme, if the Scheme is implemented.

Even if you do not vote on the Scheme, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities and by the Court. If this occurs and you are a Talon Scheme Shareholder, your Talon Scheme Shares will be transferred to Strike Energy Holdings (a wholly owned subsidiary of Strike) and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

Consideration 2: Implications for Talon Shareholders if the Scheme is not implemented.

Talon has already incurred, and will incur, significant costs in respect of the proposal to implement the Scheme. These costs include negotiation with Strike, retention of advisers, provision of information to Strike, facilitating Strike's access to due diligence, engagement of the Independent Expert and the Independent Technical Expert and the preparation of this Scheme Booklet. If the Scheme is not implemented because the Scheme is not approved by the Requisite Majorities and in circumstances where no Superior Proposal emerges and is completed, Talon will not receive any material value for the costs it has incurred in connection with the Scheme.

As at the date of this Scheme Booklet, Talon has incurred approximately \$725,000 in transaction costs. Talon expects approximately \$1,020,000 (excluding GST and disbursements) in transaction costs will be paid irrespective of whether the Scheme becomes Effective (and is implemented).

Further, if the Scheme is not implemented, Talon Shareholders will retain their Talon Shares and will not receive the Scheme Consideration. Talon will remain listed on the ASX and continue to operate as a standalone entity, and the Talon Board and Talon's management will continue to operate Talon's business. Talon Shareholders will therefore continue to be exposed to the risks and benefits of owning Talon Shares.

In addition, if the Scheme is not implemented, then in order for Talon to develop or enhance its project portfolio (in addition to satisfying its obligations under the secured convertible debt facility with Strike), it would need to raise additional funds, which may include an equity issue. There can be no assurance that such funding will be available on satisfactory terms, or at all.

It should also be noted that, if the Scheme is not implemented, the Gurvantes Transaction may still complete as the Scheme and the Gurvantes Transaction are not inter-conditional. In this situation, Talon will continue to operate without the benefit of the Gurvantes Project and Talon Shareholders will retain exposure to the Gurvantes Project through holding TMK Consideration Shares and TMK Consideration Options to be distributed to Talon Shareholders via the Distribution (subject to completion of settlement of the Gurvantes Transaction occurring).

Consideration 3: Strike's public statement that it will call all existing drawn funds under the secured convertible debt facility if the Scheme is not successfully implemented.

Strike stated in its ASX announcement dated 28 August 2023 that if the Scheme is not successfully implemented and the Scheme Implementation Deed is terminated, Strike will call all existing drawn funds from the secured convertible debt facility that was established for Talon to meet its commitments during the Scheme process, and require the repayment of

all outstanding amounts. Talon has drawn \$4.65 million of the \$6 million secured convertible debt facility as at the Last Practicable Date. Refer to Section 6.8 for a summary of the secured convertible debt facility.

In the circumstances described above, and following termination of the Scheme Implementation Deed, Talon has 60 days to repay all amounts owing under the secured convertible debt facility at the relevant time. If all drawn funds and interest are not repaid within 60 days, Strike may enforce its security over Talon's interest in the Walyering gas project. The Talon Board considers that this 60-day period is sufficient for Talon to complete any refinancing or capital raising required to repay any amounts owing under the secured convertible debt facility. The Talon Board notes that Talon was in advanced negotiations for alternative sources of additional funding prior to reaching an agreement on the terms of the Scheme Implementation Deed with Strike.

Consideration 4: Warranties.

If the Scheme becomes Effective, each Talon Scheme Shareholder will be deemed to have given certain warranties in favour of Strike, including that:

- (a) all of their Talon Scheme Shares (including all rights and entitlements attaching to them as at the Implementation Date) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and transfer their Talon Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) to Strike under the Scheme.

Refer to Section 5.14 for further information.

Consideration 5: No brokerage will be payable on the transfer of the Talon Scheme Shares pursuant to the Scheme.

Talon Scheme Shareholders will not be required to pay brokerage or stamp duty on the transfer of their Talon Scheme Shares under the Scheme. The proceeds of sale received by Ineligible Foreign Shareholders and Cash Out Shareholders under the Sale Nominee Process will be net of any applicable brokerage, duty and other selling costs, taxes and charges incurred.

Refer to Section 5.8 for further information.

Consideration 6: Implications for Talon Shareholders if the Scheme is Implemented and the Gurvantes Transaction does not proceed.

There is a risk that the Gurvantes Transaction does not complete and that the Gurvantes Transaction Agreement is terminated. This may occur if any of the conditions precedent to completion of the Gurvantes Transaction are not satisfied or waived. In those circumstances, Talon will retain its interest in the Gurvantes Project and, if the Scheme is implemented, Strike will also acquire all of Talon's interest in the Gurvantes Project for the Scheme Consideration, by virtue of acquiring Talon under the Scheme. However, Talon Scheme Shareholders will not receive any additional consideration under the Scheme above the Scheme Consideration, to reflect Talon's interest in the Gurvantes Project.

Refer to the *Gurvantes Transaction* section on pages ix to x of this Scheme Booklet for further information.

4. Frequently asked questions

This Section provides summary answers to some basic questions that Talon Shareholders may have in relation to the Scheme, but must be read in conjunction with the more detailed information in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

<p>Why has this Scheme Booklet been made available to you?</p>	<p>This Scheme Booklet has been made available to you because you are a Talon Shareholder and Talon Shareholders are being asked to vote on the Scheme at the Scheme Meeting, which, if approved and the Scheme Conditions to the Scheme are satisfied or waived (where permitted), will result in Strike Energy Holdings (a wholly owned subsidiary of Strike) acquiring all of the Talon Scheme Shares for the Scheme Consideration. This Scheme Booklet is intended to help you consider and decide how to vote (should you wish to) on the Scheme.</p> <p>If you have sold your Talon Shares, please disregard this Scheme Booklet.</p>
<p>What is the Scheme?</p>	<p>The Scheme is a proposed acquisition by Strike of Talon to be implemented by way of a scheme of arrangement under Part 5.1 of the Corporations Act between Talon and the Talon Scheme Shareholders.</p> <p>A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used to enable one company to acquire or merge with another company (typically known as the “target” company). In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the “Requisite Majorities”.</p> <p>If the Scheme becomes Effective, Strike Energy Holdings, a wholly owned subsidiary of Strike, will acquire all of the Talon Scheme Shares held by Talon Scheme Shareholders for the Scheme Consideration, and Talon will become a wholly owned subsidiary of Strike.</p> <p><i>Refer to Sections 5 and 12 for further information.</i></p>
<p>Why has the transaction been structured as a scheme of arrangement?</p>	<p>Effecting the transaction via a scheme of arrangement is believed to be the most efficient structure to implement the Scheme and also reflects the co-operative nature of the Scheme.</p> <p><i>Refer to Sections 1 and 2 for the key reasons why you should vote in favour of the Scheme and the key reasons why you may not want to vote in favour of the Scheme respectively.</i></p>
<p>Who is Strike?</p>	<p>Strike Energy Limited (ASX: STX) is a leading Australian independent gas explorer, developer and producer focused on its large and high-quality conventional gas resources in the Perth Basin. Strike’s primary objective is to provide sustainable, low-cost, and reliable gas to the domestic market in order to support the Western Australian energy transition away from coal fired power and enable the growth of the critical minerals industry.</p> <p><i>Refer to Section 7 for further information.</i></p>
<p>What is the Scheme Consideration?</p>	<p>If the Scheme proceeds, each Talon Scheme Shareholder (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will receive 0.4828 New Strike Shares for each Talon Scheme Share held by the Talon Scheme Shareholder on the Record Date.</p> <p>Ineligible Foreign Shareholders and Cash Out Shareholders will ultimately receive their proportion of the Net Sale Proceeds as consideration for their Talon Scheme Shares in lieu of New Strike Shares under the Sale Nominee Process.</p> <p><i>Refer to Sections 5.2 and 12 for further information.</i></p>
<p>What are the New Strike Shares being issued as Scheme Consideration?</p>	<p>The New Strike Shares being issued as Scheme Consideration are new fully paid ordinary shares in Strike which will rank equally in all respects with all existing Strike Shares.</p> <p><i>Refer to Sections 5.2 and 12 for further information.</i></p>

<p>How will fractional entitlements to New Strike Shares be treated?</p>	<p>Any entitlements to a fraction of a New Strike Share will be rounded as follows:</p> <ul style="list-style-type: none"> • if the fractional entitlement is less than 0.5, it will be rounded down to the nearest whole number of New Strike Shares; and • if the fractional entitlement is equal to or more than 0.5, it will be rounded up to the nearest whole number of New Strike Shares. <p><i>Refer to Sections 5.8 and 5.12 for further information.</i></p>
<p>What will be the effect of the Scheme?</p>	<p>If the Scheme becomes Effective:</p> <ul style="list-style-type: none"> • all Talon Scheme Shares will be transferred to Strike Energy Holdings (a wholly owned subsidiary of Strike); • in exchange, Talon Scheme Shareholders will receive the Scheme Consideration of 0.4828 New Strike Shares for each Talon Share held (other than Ineligible Foreign Shareholders and Cash Out Shareholders, who instead will ultimately receive their proportion of the Net Sale Proceeds in lieu of New Strike Shares), irrespective of whether they voted for or against the Scheme, or abstained from voting on the Scheme; and • Talon will become a wholly owned subsidiary of Strike, and will be delisted from the ASX. <p><i>Refer to Sections 5.1 and 12 for further information.</i></p>
<p>What is the opinion of the Independent Expert?</p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Talon Shareholders.</p> <p>The reasons why the Independent Expert reached its conclusion are set out in the Independent Expert's Report, a copy of which is included in Annexure A of this Scheme Booklet. Your Talon Directors encourage you to read the Independent Expert's Report in full before deciding how to vote on the Scheme.</p> <p><i>Refer to the Independent Expert's Report set out in Annexure A of this Scheme Booklet</i></p>
<p>What do your Talon Directors recommend?</p>	<p>Your Talon Directors unanimously recommend¹⁴ that all Talon Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.</p> <p>The decision of the Talon Directors to recommend¹⁴ the Scheme follows a comprehensive assessment by Talon of Strike and consideration of potential benefits and risks of the Scheme. Your Talon Directors consider that the Scheme has the potential to deliver greater benefits to Talon Shareholders than any other strategic alternatives currently available, including Talon continuing as a standalone entity.</p> <p><i>Refer to Sections 1 to 3 and 5.4 for further information on the reasons for the Talon Directors' recommendation¹⁴.</i></p>
<p>How do your Talon Directors intend to vote?</p>	<p>Each Talon Director who holds or controls Talon Shares intends to vote all Talon Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.</p> <p><i>Refer to Sections 1 to 3 and 5.4 for further information on the reasons for the Talon Directors' recommendation¹⁵.</i></p>

¹⁴ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

¹⁵ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of

<p>Who is entitled to participate in the Scheme?</p>	<p>Talon Shareholders on the Talon Share Register as at 7.00pm (Perth time) on the Record Date are entitled to participate in the Scheme.</p> <p>If the Scheme is approved and implemented, Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will receive the Scheme Consideration of 0.4828 New Strike Shares for each Talon Share held.</p> <p>Ineligible Foreign Shareholders and Cash Out Shareholders will ultimately receive their proportion of the Net Sale Proceeds as their Scheme Consideration in lieu of New Strike Shares under the Sale Nominee Process.</p> <p>Strike is excluded from voting on the Scheme by reason of the fact that it is the proponent of the Scheme. As at the date of this Scheme Booklet, neither Strike nor any of its Associates hold any Talon Shares.</p> <p><i>Refer to Sections 5.2, 5.7 and 14.5 for further information.</i></p>
<p>What happens to Talon Options?</p>	<p>Talon has a total of 12,000,000 Talon Options on issue, of which 6,000,000 Talon Options are held by Talon Directors.</p> <p>All existing Talon Options that have not been exercised by the Talon Optionholder to result in the issue of the Talon Shares on exercise before the Record Date, so that the Talon Optionholder can participate as a Talon Scheme Shareholder in the Scheme, will remain on issue in Talon following implementation of the Scheme.</p> <p><i>Refer to Section 5.10 for further information.</i></p>
<p>What happens to Talon Performance Rights?</p>	<p>Talon has a total of 12,500,000 Talon Performance Rights on issue, of which 7,000,000 Talon Performance Rights are held by Talon Directors.</p> <p>On the Court making the Scheme Order, all unvested Talon Performance Rights will automatically vest in accordance with their terms. Prior to the Record Date of the Scheme, Talon will procure that all Talon Performance Rights on issue are exercised (if applicable) and the resulting Talon Shares are issued to the holders.</p> <p><i>Refer to Section 5.11 for further information.</i></p>
<p>What happens if the market price of Strike Shares increases or decreases?</p>	<p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the price of Strike Shares.</p> <p>Irrespective of movements in the price of Strike Shares, on the Implementation Date, you (or the Sale Nominee, if you are an Ineligible Foreign Shareholder or a Cash Out Shareholder) will receive the Scheme Consideration, being 0.4828 New Strike Shares for each Talon Share held by you on the Record Date.</p> <p><i>Refer to Section 7.12 for more information on the trading history of Strike Shares during the 12 months ending on the Last Practicable Date.</i></p>
<p>What is the timetable for the transaction?</p>	<p>The Scheme Meeting is currently scheduled to be held at 12.00pm (Perth Time) on 7 December 2023. If Talon Shareholders approve the Scheme and Court approval is obtained, the Scheme is expected to be implemented on 27 December 2023. This is based on the current scheduled timetable of key dates as set out on page 6 of this Scheme Booklet, which is subject to change.</p> <p><i>Refer to the Important dates and times Section on page 6 of this Scheme Booklet for further information.</i></p>
<p>When and where will the Scheme Meeting be held?</p>	<p>The Scheme Meeting will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 at 12.00pm (Perth time) on 7 December 2023.</p> <p><i>Refer to the Notice of Scheme Meeting set out in Annexure D of this Scheme Booklet for further information.</i></p>

Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

Who is entitled to vote on the Scheme?	<p>Talon Shareholders who are recorded as the holder of Talon Shares on the Talon Share Register as at 4.00pm (Perth Time) on 5 December 2023, are entitled to vote at the Scheme Meeting.</p> <p><i>Refer to the 'Meeting details and how to vote' Section on page xx of this Scheme Booklet for further information.</i></p>
Is voting compulsory?	<p>Voting is not compulsory. However, your vote is important in deciding whether the Scheme is approved. Talon Shareholders are strongly encouraged to vote.</p> <p>Talon Shareholders who cannot attend the Scheme Meeting may complete and return the personalised Proxy Form (enclosed with this Scheme Booklet) or alternatively appoint a representative with a power of attorney.</p> <p><i>Refer to the 'Meeting details and how to vote' Section on page xx of this Scheme Booklet for further information.</i></p>
How do I vote?	<p>Details of how to vote are set out in the 'Meeting details and how to vote' Section on page xx of this Scheme Booklet and are also included in the Notice of Scheme Meeting set out in Annexure D of this Scheme Booklet.</p> <p><i>Refer to the 'Meeting details and how to vote' Section on page xx of this Scheme Booklet for further information and the Notice of Scheme Meeting set out in Annexure D of this Scheme Booklet.</i></p>
What are the reasons to vote in favour of the Scheme?	<p>Reasons why you should consider voting in favour of the Scheme include:</p> <ul style="list-style-type: none"> • By becoming a shareholder in Strike, Talon Shareholders will gain exposure to a more diverse portfolio of assets in the Perth Basin with a combination of reliable cash-flow and a strong pipeline of development and exploration assets. • The Scheme Consideration of 0.4828 New Strike Shares per Talon Share is a best and final offer, in the absence of a Superior Proposal, and represents an attractive premium to recent historical trading prices of Talon Shares. • The Combined Group will have a strong balance sheet, with larger expected cash flow, as well as wider access to financing to fund development projects and to support exploration, reducing the likelihood of relying on additional equity capital. • Talon Shareholders will gain exposure to the value created from corporate and operational synergies associated with bringing the project interests and companies together. • The Independent Expert has concluded that the Scheme is in the best interests of Talon Shareholders, in the absence of a Superior Proposal. • The Talon Directors unanimously recommend¹⁶ that you vote in favour of the Scheme, in the absence of a Superior Proposal and provided that the Independent Expert continues to conclude that the Scheme is in the best interests of Talon Shareholders. • No Superior Proposal has emerged since the Scheme Implementation Deed was announced on 14 August 2023. • Talon Shareholders may be eligible for CGT roll-over relief on Scheme Consideration. • Talon Shares might trade at a lower price if the Scheme is not implemented and no Superior Proposal emerges. <p><i>Refer to Section 1 for further information.</i></p>

¹⁶ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

<p>What are the reasons to vote against the Scheme?</p>	<p>Reasons why you might consider voting against the Scheme include:</p> <ul style="list-style-type: none"> • You may not agree with the Talon Directors' unanimous recommendation¹⁷ and the Independent Expert's conclusion. • You may consider that there is potential for a Superior Proposal to emerge. As at the date of this Scheme Booklet, the Talon Board is not aware of any Superior Proposal. • You may believe it is in your best interests to maintain your current investment and risk profile by holding shares in Talon. • Your percentage interest in the Combined Group will be less than your current interest in Talon. • The exact value of the Scheme Consideration is not certain and will depend on the price at which Strike's Shares trade on ASX after the Implementation Date. • The tax consequences of the Scheme may not suit your financial situation. <p><i>Refer to Section 2 for further information.</i></p>
<p>What voting majorities are required to approve the Scheme?</p>	<p>For the Scheme to proceed, the Scheme Resolution must be passed by the Requisite Majorities, which are:</p> <ul style="list-style-type: none"> • (headcount test) unless the Court orders otherwise, a majority in number (more than 50%) of Talon Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney, or in the case of corporate Talon Shareholders, by corporate representative); and • (voting test) at least 75% of the total number of votes cast on the Scheme Resolution by Talon Shareholders at the Scheme Meeting. <p>Even if the Scheme is approved at the Scheme Meeting, the Scheme is still subject to other outstanding Scheme Conditions, including the approval of the Court.</p> <p><i>Refer to the 'Meeting details and how to vote' Section on page xx of this Scheme Booklet for further information.</i></p>
<p>What happens if I vote against the Scheme or do not vote at all?</p>	<p>If, despite your Talon Directors' unanimous recommendation¹⁷ and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against or abstain from voting on the Scheme at the Scheme Meeting.</p> <p>If the Scheme is approved by the Requisite Majorities and by the Court, and all other Scheme Conditions to the Scheme are satisfied or waived (where permitted), your Talon Scheme Shares will be transferred to Strike Energy Holdings, a wholly owned subsidiary of Strike, in consideration for the Scheme Consideration. This will occur even if you voted against or abstained from voting on the Scheme at the Scheme Meeting.</p> <p><i>Refer to Section 3 for further information.</i></p>
<p>What happens if the Scheme is not approved?</p>	<p>If the Scheme is not approved by the Requisite Majorities or by the Court, the Scheme will not become Effective and will not be implemented. In these circumstances, Talon will continue to operate as a standalone entity listed on ASX and you will remain a Talon Shareholder.</p> <p>The consequences of the Scheme not being implemented include (but are not limited to) the following:</p> <ul style="list-style-type: none"> • you will retain your Talon Shares and continue to be exposed to the risks associated with an investment in Talon; • you will not receive the Scheme Consideration; • the Talon Board and Talon's management will continue to operate Talon's business;

¹⁷ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

	<ul style="list-style-type: none"> the expected benefits of the Scheme as set out in Section 1 will not be realised; and the price of Talon Shares traded on ASX may fall, to the extent that the market price of Talon Shares as at the date of this Scheme Booklet and the date of the Scheme Meeting reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty). <p><i>Refer to Sections 3 and 5.15 for further information.</i></p>
What happens if the Scheme is implemented but the Gurvantes Transaction does not complete?	<p>Where the Scheme proceeds, but the Gurvantes Transaction fails, Strike will also acquire all of Talon's interest in the Gurvantes Project, by virtue of acquiring Talon under the Scheme.</p> <p>Talon Shareholders will not however, receive any additional consideration under the Scheme above the Scheme Consideration, to reflect Talon's interest in the Gurvantes Project.</p>
Is a Superior Proposal likely? What happens if a Superior Proposal emerges?	<p>At the date of this Scheme Booklet, no Superior Proposal for Talon has emerged and the Talon Directors are not aware, as at the date of this Scheme Booklet, of any superior or any alternative proposal that is likely to emerge. Until the Scheme becomes Effective, there is nothing preventing third parties from making unsolicited Competing Proposals for Talon.</p> <p>The Scheme Implementation Deed contains certain exclusivity arrangements. For example, it restricts certain Talon actions, obliges Talon to disclose certain information to Strike in the event a Competing Proposal emerges and also gives Strike a right to match a Superior Proposal in certain circumstances. It is possible that, if Talon were to continue as an independent company, a Superior Proposal for Talon may materialise in the future.</p> <p><i>Refer to Sections 3 and 13 for further information.</i></p>
What are the Scheme Conditions?	<p>The Scheme Conditions are detailed in Sections 12.2 and 13.1. The Scheme will only be implemented if, amongst other things:</p> <ul style="list-style-type: none"> the Requisite Majorities approve the Scheme; the Court approves the Scheme; and the remainder of the Scheme Conditions are satisfied or waived (where permitted). <p>At the date of this Scheme Booklet the Talon Directors are not aware of any Scheme Condition that is likely to prevent the Scheme becoming Effective.</p> <p><i>Refer to Sections 12.2 and 13.1 for further information.</i></p>
What happens if one or more of the Scheme Conditions are not satisfied or waived?	<p>If any of the Scheme Conditions are not satisfied or waived (where permitted) by the relevant time, the Scheme Implementation Deed may be terminated and the Scheme will not be implemented.</p> <p>In these circumstances, Talon will continue to operate as a standalone entity listed on ASX and you will remain a Talon Shareholder. Talon and Strike will remain separate entities, with each company bearing its own costs incurred in connection with the Scheme.</p> <p>The Scheme is not conditional on completion of the Gurvantes Transaction (and neither is the Gurvantes Transaction conditional on implementation of the Scheme). The Scheme may proceed irrespective of the outcome of the Gurvantes Transaction and the Gurvantes Transaction may proceed irrespective of the outcome of the Scheme.</p> <p><i>Refer to Section 3 for further information.</i></p>

<p>Under what scenarios can Talon or Strike terminate the transaction?</p>	<p>The Scheme Implementation Deed provides for situations where either Talon or Strike have the right to terminate it and the Scheme.</p> <p>These include where the Scheme is not approved by the Requisite Majorities, the Court determines not to approve the Scheme or any of the other Scheme Conditions are not satisfied or waived (where permitted) by the relevant time.</p> <p><i>Refer to Section 13.7 for further information.</i></p>
<p>What are the exclusivity and break fee arrangements?</p>	<p>The Scheme Implementation Deed includes exclusivity arrangements which apply from the date of the Scheme Implementation Deed until the earlier of termination of the Scheme Implementation Deed, the Implementation Date and 13 February 2024.</p> <p>Under the Scheme Implementation Deed, a break fee of \$1,422,228 (plus GST, if applicable) may become payable by Talon to Strike, or by Strike to Talon, if certain events occur. The failure to pass the Scheme Resolution by the Requisite Majorities will not trigger the payment of the break fee by Talon or Strike.</p> <p><i>Further information in relation to the exclusivity arrangements and break fee is set out in Sections 13.2 to 13.5.</i></p>
<p>What are the risks if the Scheme is implemented?</p>	<p>Talon Shareholders should be aware that there are a number of risks, both general and specific, associated with the Scheme.</p> <p>Under the Scheme, Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will acquire New Strike Shares and consequently there will be a change to those Talon Scheme Shareholders' overall investment risk profile.</p> <p>There are a range of factors, both specific to the Combined Group and which apply more generally to the energy sector and equity market participants, which may, individually or in combination, affect the business, future operating and financial performance, reputation or prospects of the Combined Group and/or the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of the Combined Group, its directors and management.</p> <p>In a number of instances, risk factors for the Combined Group are also risks factors which apply or may apply, to varying degrees, to Talon as a standalone entity.</p> <p>Section 10 outlines a number of the risk factors considered to be material risks associated with the Scheme and the Combined Group.</p> <p><i>Refer to Section 10 for further information.</i></p>
<p>Who is classified as an Ineligible Foreign Shareholder and what are the consequences?</p>	<p>Strike has determined that Talon Scheme Shareholders whose addresses are shown in the Talon Share Register (as at the Record Date) as being within Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom will not be Ineligible Foreign Shareholders and will be entitled to receive New Strike Shares under the Scheme.</p> <p>Accordingly, a Talon Scheme Shareholder whose address is shown in the Talon Share Register (as at the Record Date) as being in a place outside of Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom will, unless Strike determines otherwise (in its sole and absolute discretion), be an Ineligible Foreign Shareholder for the purposes of the Scheme and this Scheme Booklet should be read accordingly.</p> <p>If you are an Ineligible Foreign Shareholder, the New Strike Shares to which you would otherwise be entitled under the Scheme will be issued to the Sale Nominee, who will deal with those New Strike Shares in accordance with the Sale Nominee Process set out in Section 5.8.</p> <p><i>Refer to Section 5.7 for further information.</i></p>
<p>What are the consequences if I am a Talon Shareholder holding less than a</p>	<p>If you are a Talon Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Talon Scheme Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a "marketable parcel" (which, as at the date of this Scheme Booklet, means \$500 worth) of New Strike Shares (assessed by</p>

<p>“marketable parcel” of Talon Shares?</p>	<p>reference to the last traded price of Strike Shares on ASX on the trading day prior to the Record Date), you are a Cash Out Shareholder.</p> <p>If you are a Cash Out Shareholder, the New Strike Shares to which you would otherwise be entitled under the Scheme will be issued to the Sale Nominee, who will deal with those New Strike Shares in accordance with the Sale Nominee Process set out in Section 5.8.</p> <p><i>Refer to Section 5.7 for further information.</i></p>
<p>What will Ineligible Foreign Shareholders and Cash Out Shareholders receive under the Scheme?</p>	<p>Ineligible Foreign Shareholders and Cash Out Shareholders will not receive New Strike Shares pursuant to the Scheme.</p> <p>If you are an Ineligible Foreign Shareholder or a Cash Out Shareholder, all New Strike Shares to which you would otherwise have been entitled to receive under the Scheme will be issued to the Sale Nominee for sale by the Sale Nominee on ASX or another prescribed financial market on your behalf and at your risk as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date.</p> <p>You will receive such proportion of the net proceeds of sale (after deducting any applicable brokerage, duty and other selling costs, taxes and charges) pro rata to the total number of the New Strike Shares sold via the Sale Nominee (rounded down to the nearest cent) under the Sale Nominee Process, in full satisfaction of your rights to the Scheme Consideration.</p> <p><i>Refer to Section 5.8 for further information.</i></p>
<p>What warranties do I give under the Scheme?</p>	<p>If the Scheme is implemented, each Talon Scheme Shareholder is taken to have warranted to Talon and Strike that:</p> <ul style="list-style-type: none"> • all of the Talon Scheme Shares (including all rights and entitlements attaching to them as at the Implementation Date) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all Encumbrances; and • the Talon Scheme Shareholder has full power and capacity to sell and transfer those Talon Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) to Strike under the Scheme. <p><i>Refer to Sections 5.14 and 12.7 for further information.</i></p>
<p>Will I have to pay brokerage fees or stamp duty?</p>	<p>Talon Scheme Shareholders will not be required to pay brokerage or stamp duty on the transfer of their Talon Scheme Shares under the Scheme.</p> <p>The proceeds of sale received by Ineligible Foreign Shareholders and Cash Out Shareholders under the Sale Nominee Process will be net of any applicable brokerage, duty and other selling costs, taxes and charges incurred.</p> <p><i>Refer to Section 5.8 for further information.</i></p>
<p>How will the Scheme be implemented?</p>	<p>If the Scheme becomes Effective, no further action is required on the part of the Talon Scheme Shareholders in order to implement the Scheme. Under the Scheme, Talon is given authority to effect a valid transfer of all Talon Scheme Shares to Strike Energy Holdings and to enter the name of Strike Energy Holdings in the Talon Share Register as holder of all Talon Scheme Shares. If the Scheme becomes Effective, each Talon Scheme Shareholder (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will be deemed to have agreed to become a holder of Strike in accordance with the Scheme and to have accepted the New Strike Shares issued to that holder under the Scheme subject to, and to be bound by, Strike’s constitution.</p> <p><i>Refer to Section 12 for further information.</i></p>

Can I attend the Court and oppose the Court approval of the Scheme?	If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on Talon, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Talon at least one Business Day (in Perth, Western Australia) before the Second Court Date.
When will I receive my Scheme Consideration?	If the Scheme becomes Effective, Strike will issue the Scheme Consideration (comprising New Strike Shares) to Talon Scheme Shareholders (or, in the case of Ineligible Foreign Shareholders and Cash Out Shareholders, to the Sale Nominee) on the Implementation Date, which is expected to be 27 December 2023. Ineligible Foreign Shareholders and Cash Out Shareholders will receive their proportion of the Net Sale Proceeds as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date. <i>Refer to Section 5.2 for further information.</i>
Can I sell my Talon Shares now?	Talon Shareholders may sell their Talon Shares at the prevailing market price, on-market at any time before the close of trading on ASX on the Effective Date, which is expected to be 14 December 2023 (after which time trading of Talon Shares on ASX will be suspended). If Talon Shareholders sell their Talon Shares before the Effective Date, they will not be able to participate in the Scheme and will not receive New Strike Shares. <i>Refer to the Scheme of Arrangement set out in Annexure B of this Scheme Booklet for further information.</i>
Can I split my shares?	If Strike is of the opinion (acting reasonably) that two or more Talon Scheme Shareholders have, before the Record Date, been party to share splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Strike may give notice to such Talon Scheme Shareholders, and the Talon Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Talon Scheme Shares will, for the purposes of the Scheme, be taken to hold all of those Talon Scheme Shares and each of the other Talon Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the Scheme, be taken to hold no Talon Scheme Shares. If the Scheme is not approved by Talon Shareholders at the Scheme Meeting, by reason only of the non-satisfaction of the headcount test and Talon or Strike considers that share splitting may have caused or contributed to the headcount test not having been satisfied then Talon must apply for an order of the Court to disregard the headcount test and seek Court approval of the Scheme, notwithstanding that the headcount test has not been satisfied. <i>Refer to Section 5.13 for further information.</i>
When can I start trading my New Strike Shares on ASX?	Deferred settlement trading of New Strike Shares is expected to be available from 15 December 2023. Trading on ASX of New Strike Shares is expected to commence on a normal settlement basis on market open on 28 December 2023. <i>Refer to Sections 12.6 and 12.8 for further information.</i>
Will the Scheme be a taxable transaction for Australian tax purposes?	Section 11 provides a description of the general Australian tax consequences of the Scheme for certain Talon Scheme Shareholders. You should consult with your own tax adviser regarding the consequences of disposing of Talon Scheme Shares under the Scheme, in light of current tax laws and your particular personal circumstances. <i>Refer to Section 11 for further information.</i>

What are the benefits of Strike acquiring Talon to form the Combined Group?	Refer to Section 1 for the reasons why Talon Directors recommend ¹⁸ that you vote in favour of the Scheme and Section 8 for a profile of the Combined Group.
What will be the strategy of the Combined Group?	<p>If the Scheme is implemented, the strategy of the Combined Group will be to:</p> <ul style="list-style-type: none"> • maintain strong base business operations to explore for, and develop, high-quality conventional gas resources across the Combined Group's portfolio of assets; • maintain focus on safe, reliable and low-cost development and operatorship of the Combined Group's portfolio of assets; • pursue targeted final investment decisions for material development projects; • leverage operatorship across its growth portfolio to optimise capital allocation and project timing; • leverage both corporate and operational synergies to further improve the revenue and cash flow profile of the Combined Group's portfolio of assets; • review the most efficient capital allocation to drive future growth in the Combined Group's portfolio; • conduct an evaluation of internal and external opportunities to maximise value for the Combined Group's shareholders; • set and pursue a carbon neutral Scope 1 and 2 emissions by 2030 target for the Combined Group; and • continue to positively contribute to the communities in which the Combined Group operates by providing employment, local partnerships and sponsorship programmes. <p><i>Refer to Section 9.2 for further information.</i></p>
What will the Combined Group be called?	The Combined Group will operate under the name of Strike Energy Limited, and Talon will be a wholly owned subsidiary of Strike.
Are there expected to be any changes to the Strike Board or staffing as a result of the Scheme?	<p>No changes to the Strike Board or staffing are intended as a result of the Scheme.</p> <p><i>Refer to Section 9.4 for further information.</i></p>
Who will the substantial holders of the Combined Group be?	<p>If the Scheme is implemented, Talon Scheme Shareholders will own approximately 11% of the Combined Group, with Strike Shareholders owning the remaining 89%.</p> <p>If the Scheme is successfully implemented, and assuming no change to the substantial shareholders of Talon and Strike as at the Implementation Date, the Combined Group will not have any shareholders that have a substantial holding (within the meaning of the Corporations Act) in the Combined Group immediately after the issue of the Scheme Consideration.</p> <p><i>Refer to Section 8.6 for further information.</i></p>
What will the dividend policy of Strike be?	<p>Following the implementation of the Scheme, Strike does not intend to pay ordinary dividends.</p> <p><i>Refer to Section 9.6 for further information.</i></p>
What is the Gurvantes Transaction?	As announced on 11 October 2023, Talon has entered into the Gurvantes Transaction Agreement with TMK Energy Limited (ASX: TMK), pursuant to which TMK will retain Talon's 33% earned interest in the Gurvantes

¹⁸ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

	<p>XXXV Project via the acquisition of Talon's wholly owned subsidiary, Talon Energy Pte. Ltd..</p> <p>In consideration for the Gurvantes Transaction, TMK is to issue up to 1,100,000,000 TMK Consideration Shares and up to 550,000,000 TMK Consideration Options.</p> <p>Following completion of settlement of the Gurvantes Transaction, Talon is to undertake an in-specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to Talon Shareholders on a record date to be determined by Talon.</p> <p>The final number of TMK Consideration Securities to be distributed to Talon Shareholders will be subject to any adjustment required at settlement in accordance with the terms of the Gurvantes Transaction.</p> <p>90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options will be retained by Talon, some of which may be distributed to Talon's advisers to satisfy certain transaction costs resulting from the Gurvantes Transaction.</p> <p><i>Refer to the Gurvantes Transaction section at pages ix to x of this Scheme Booklet for further information.</i></p>
<p>What other information is available?</p>	<p>If you require any further information, please call the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between 8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry at bhenry@allianceadvisors.com.</p> <p>If you are in doubt as to what you should do, you should consult your financial, legal, taxation or other professional adviser.</p>

5. Overview of the Scheme

5.1 Summary of the proposed Scheme

The Scheme is a scheme of arrangement between Talon and the Talon Scheme Shareholders.

A scheme of arrangement is a statutory procedure in the Corporations Act that is commonly used to enable one company to acquire or merge with another company (typically known as the “target” company). In addition to requiring Court approval under the Corporations Act, a scheme of arrangement must be approved at a scheme meeting by the shareholders of the target company by passing a resolution to implement the scheme of arrangement. The resolution must be passed by specific majorities of votes mandated under the Corporations Act, referred to in this Scheme Booklet as the “Requisite Majorities”.

If implemented, the Scheme will have the following effect:

- (a) all Talon Scheme Shares will be transferred from existing Talon Scheme Shareholders to Strike Energy Holdings, a wholly owned subsidiary of Strike, in exchange for the Scheme Consideration;
- (b) Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will become Strike Shareholders, by virtue of being issued the Scheme Consideration;
- (c) Ineligible Foreign Shareholders and Cash Out Shareholders will ultimately receive their proportion of the Net Sale Proceeds as consideration for their Talon Scheme Shares in lieu of New Strike Shares under the Sale Nominee Process;
- (d) Talon will become a wholly owned subsidiary of Strike, and will be delisted from the ASX; and
- (e) the strategic direction of Talon’s operations and the development of its projects will be under the control of the Strike Board.

Implementation of the Scheme is subject to various Scheme Conditions being satisfied or waived (where permitted), including (amongst other things), approval by the Requisite Majorities at the Scheme Meeting, and approval by the Court in accordance with section 411(4)(b) of the Corporations Act on the Second Court Date. A summary of the Scheme Conditions and the steps necessary to implement the Scheme is set out in Section 12.2.

5.2 Scheme Consideration

If the Scheme becomes Effective, each Talon Scheme Shareholder (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will receive the Scheme Consideration, being 0.4828 New Strike Shares for every Talon Share they hold as at 7.00 pm (Perth time) on the Record Date (subject to any fractional entitlements as set out in Section 5.12).

The New Strike Shares being issued as Scheme Consideration are new fully paid ordinary shares in Strike which will rank equally in all respects with all existing Strike Shares. A summary of the rights attaching to New Strike Shares is set out in Section 14.6.

The Scheme Consideration will be issued by Strike on the Implementation Date, which is expected to be 27 December 2023.

Ineligible Foreign Shareholders and Cash Out Shareholders will not be issued New Strike Shares under the Scheme. Instead, the New Strike Shares to which the Ineligible Foreign Shareholders and Cash Out Shareholders would otherwise have been entitled under the Scheme will be issued to the Sale Nominee (or its nominees) for sale by the Sale Nominee

on ASX or another prescribed financial market on behalf of, and at the risk of, Ineligible Foreign Shareholders and Cash Out Shareholders under the Sale Nominee Process. Ineligible Foreign Shareholders and Cash Out Shareholders will ultimately receive their proportion of the Net Sale Proceeds as their Scheme Consideration in lieu of New Strike Shares under the Sale Nominee Process.

Further details of the Scheme Consideration to be received by Ineligible Foreign Shareholders and Cash Out Shareholders under the Scheme are set out at Section 5.7.

If you hold one or more parcels of Talon Shares as trustee or nominee for, or otherwise on account of, another person, you may establish separate and distinct holdings for each of your beneficiaries (for the purposes of calculating the Scheme Consideration to which you are entitled, each such parcel of Talon Shares will be treated as though it were held by a separate Talon Shareholder). However, you may not accept instructions from a beneficiary unless it is in respect of all parcels of Talon Shares held by you on behalf of that beneficiary. Trustees or nominees who would like further information should contact the Talon Shareholder Information Line on 1300 748 960 (within Australia) or +61 1300 748 960 (outside Australia) between 8.00am and 5.00pm (Perth time) Monday to Friday, excluding public holidays, or via email to Brendan Henry at bhenry@allianceadvisors.com.

5.3 Scheme Meeting

On 3 November 2023, the Court ordered that the Scheme Meeting be convened in accordance with the Notice of Scheme Meeting.

The Scheme Meeting will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 at 12.00pm (Perth time) on 7 December 2023.

The fact that the Court has ordered that the Scheme Meeting be convened is not, and should not be treated as, an endorsement of, or expression of opinion on, the Scheme by the Court and is no indication that the Court has a view as to the merits of the Scheme or as to how Talon Shareholders should vote at the Scheme Meeting. Talon Shareholders must make their own decision on these matters.

5.4 Unanimous recommendation of the Talon Directors¹⁹

The Talon Directors unanimously recommend¹⁹ that Talon Shareholders vote in favour of the Scheme at the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert maintaining its conclusion that the Scheme is in the best interests of Talon Shareholders.

The Talon Directors believe that the benefits of the Scheme for Talon Shareholders outweigh the potential disadvantages of the Scheme.

In making their recommendation¹⁹ and determining how to vote on the Scheme, the Talon Directors have considered:

- (a) the advantages and disadvantages of the Scheme, as summarised in Section 1 and Section 2 respectively;
- (b) the other considerations and implications of the Scheme not being implemented, as summarised in Section 3;

¹⁹ In considering the unanimous recommendation and intentions of the Talon Board to vote in favour of the Scheme, Talon Shareholders should have regard to the following Sections of this Scheme Booklet: (1) the Section titled "Important Information Regarding Directors' Recommendation"; (2) Section 1, in relation to the unanimous recommendation of the Talon Directors; (3) Sections 5.10 and 5.11, which concern the treatment of Talon Options some of which are held by Greg Columbus, Matt Worner and David Casey and the treatment of Talon Performance Rights some of which are held by Greg Columbus and Colby Hauser in connection with the Scheme. All unvested Talon Performance Rights held by Greg Columbus and Colby Hauser will automatically vest should the Court make the Scheme Order; and (4) Greg Columbus and David Casey each have an indirect (pre-existing) interest in Strike Shares (refer to Section 14.2).

- (c) the opinion of the Independent Expert (refer to Section 5.5), that the Scheme is fair and reasonable to Talon Shareholders and therefore in the best interests of Talon Shareholders; and
- (d) the alternative strategic options to the Scheme that might have otherwise been available to Talon.

In addition, as per Talon's ASX announcement dated 14 August 2023, each of the Talon Directors intends to vote in favour of the Scheme in respect of all Talon Shares they hold or control, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Talon Shareholders.

5.5 Independent Expert's conclusion

Talon commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on whether the Scheme is in the best interests of Talon Shareholders.

The Independent Expert has reviewed the terms of the Scheme and concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable to Talon Shareholders.

The Independent Expert has concluded that the Scheme is therefore in the best interests of Talon Shareholders.

The Independent Expert's Report is set out in Annexure A to this Scheme Booklet. The Talon Directors recommend that Talon Shareholders read the Independent Expert's Report in full including the assumptions on which the conclusions are based.

5.6 Tax consequences of the Scheme and trading and holding New Strike Shares for Australian resident Talon Scheme Shareholders

If the Scheme becomes Effective, there may be tax consequences for Talon Scheme Shareholders which may include tax being payable on any gain or disposal of their Talon Scheme Shares.

Talon Scheme Shareholders may be able to obtain capital gains tax (CGT) roll-over relief on any capital gains as a result of the Scheme becoming Effective.

Talon Scheme Shareholders are urged to seek their own independent tax advice regarding the specific tax consequences of the Scheme, which may differ depending on the nature and characteristics of each Talon Scheme Shareholder.

A general guide to the Australian tax consequences of the Scheme for certain Talon Scheme Shareholders who participate in the Scheme and who are Australian tax residents is set out in Section 11. However, this guide is not intended to provide specific tax advice in respect of the individual circumstances of any Talon Scheme Shareholder, and Talon Scheme Shareholders should not rely on this guide in substitution for specific tax advice on their own affairs.

5.7 Ineligible Foreign Shareholders and Cash Out Shareholders

(a) Ineligible Foreign Shareholders

Restrictions in certain foreign countries may make it impracticable or unlawful for New Strike Shares to be offered, or issued, under the Scheme to Talon Scheme Shareholders in those countries.

Strike is under no obligation to issue, and will not issue, any New Strike Shares to any Ineligible Foreign Shareholder, being a Talon Scheme Shareholder whose address as shown in the Talon Share Register (as at the Record Date) is in a place which

Strike reasonably determines is a place that it is unlawful or unduly onerous to issue that Talon Scheme Shareholder with New Strike Shares when the Scheme becomes Effective (provided that this does not include any Talon Scheme Shareholder whose address shown in the Talon Share Register is within Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom).

Strike has determined that Talon Scheme Shareholders whose addresses are shown in the Talon Share Register (as at the Record Date) as being within Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom will not be Ineligible Foreign Shareholders and will be entitled to receive New Strike Shares under the Scheme.

Accordingly, a Talon Scheme Shareholder whose address is shown in the Talon Share Register (as at the Record Date) as being in a place outside of Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom will, unless Strike determines otherwise (in its sole and absolute discretion), be an Ineligible Foreign Shareholder for the purposes of the Scheme and this Scheme Booklet should be read accordingly.

Ineligible Foreign Shareholders will not receive New Strike Shares under the Scheme. The New Strike Shares to which Ineligible Foreign Shareholders would otherwise be entitled under the Scheme will be issued to the Sale Nominee on the Implementation Date. The Sale Nominee is to then deal with those New Strike Shares in accordance with the Sale Nominee Process set out in Section 5.8, and Ineligible Foreign Shareholders will instead receive their proportion of the Net Sale Proceeds.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which, or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories.

No action has been taken to register or qualify the New Strike Shares or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

Refer to Section 14.21 and the 'Important Information' Section for further information.

As at the Last Practicable Date, Talon had 12 Ineligible Foreign Shareholders, holding an aggregate interest in Talon of 0.16%.

(b) **Cash Out Shareholders**

A Talon Scheme Shareholder (other than an Ineligible Foreign Shareholder) who, based on their holding of Talon Scheme Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a "marketable parcel" (which, as at the date of this Scheme Booklet, means \$500 worth) of New Strike Shares (assessed by reference to the last traded price of Strike Shares on ASX on the trading day prior to the Record Date) is a Cash Out Shareholder.

Strike is under no obligation, and will not issue, any New Strike Shares to any Cash Out Shareholder, and instead, Strike must procure that the New Strike Shares that each Cash Out Shareholder would otherwise be entitled to receive as Scheme Consideration are dealt with in accordance with the Sale Nominee Process set out in Section 5.8.

As at the Last Practicable Date, Talon has 366 Talon Shareholders, holding an aggregate interest in Talon of 0.07%, who would be considered Cash Out Shareholders.

5.8 Sale Nominee Process

As outlined in Section 5.7, Ineligible Foreign Shareholders and Cash Out Shareholders will not receive New Strike Shares under the Scheme. Instead, the New Strike Shares to which the Ineligible Foreign Shareholders and Cash Out Shareholders would otherwise have been entitled under the Scheme will be issued to the Sale Nominee (or its nominees).

Strike will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Sale Nominee:

- (a) sells on ASX or another prescribed financial market all of the New Strike Shares which would otherwise have been issued to Ineligible Foreign Shareholders and Cash Out Shareholders in such manner, at such price and on such other terms as the Sale Nominee determines in good faith; and
- (b) remits to Talon the net proceeds of sale (after deducting any applicable brokerage, duty and other selling costs, taxes and charges) (**Net Sale Proceeds**).

Promptly after receiving the Net Sale Proceeds, Talon will then pay to each Ineligible Foreign Shareholder and each Cash Out Shareholder the Net Sale Proceeds attributable to the New Strike Shares to which that Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable) would otherwise have been entitled (pro rata to the total number of such New Strike Shares sold via the Sale Nominee), as determined in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

Where:

- A is the amount of the Net Sale Proceeds to be received by that Ineligible Foreign Shareholder or Cash Out Shareholder;
- B is the number of New Strike Shares that would otherwise have been issued to that Ineligible Foreign Shareholder or Cash Out Shareholder had it not been an Ineligible Foreign Shareholder or Cash Out Shareholder and which were issued to the Sale Nominee;
- C is the total number of New Strike Shares which would otherwise have been issued to all Ineligible Foreign Shareholders and Cash Out Shareholders and which were issued to the Nominee; and
- D is the Net Sale Proceeds.

Payments received by Ineligible Foreign Shareholders and Cash Out Shareholders under the Sale Nominee Process in the manner set out above will be in full satisfaction of the Ineligible Foreign Shareholders and the Cash Out Shareholders (as applicable) right to Scheme Consideration.

None of Strike, Talon or the Sale Nominee gives any assurance as to the price that will be achieved for the sale of New Strike Shares by the Sale Nominee. The sale of the New Strike Shares by the Sale Nominee will be at the risk of each Ineligible Foreign Shareholder and each Cash Out Shareholder and the Net Sale Proceeds that Ineligible Foreign Shareholders and Cash Out Shareholders receive may be more or less than the current market value of Strike Shares.

Under the Scheme, each Ineligible Foreign Shareholder and each Cash Out Shareholder appoints Talon as its agent to receive on its behalf any financial services guide or other notices (including any updates to those documents) that the Sale Nominee is required to

provide to each Ineligible Foreign Shareholder and each Cash Out Shareholder under the Corporations Act.

Ineligible Foreign Shareholders and Cash Out Shareholders are not required to make an election to participate in the Sale Nominee Process.

5.9 Other ineligible Talon Scheme Shareholders

Where the issue of New Strike Shares to which a Talon Scheme Shareholder (other than an Ineligible Foreign Shareholder or a Cash Out Shareholder) would otherwise be entitled under the Scheme would result in a breach of law:

- (a) Strike will issue the maximum possible number of New Strike Shares to that Talon Scheme Shareholder without giving rise to such a breach (provided that such number of shares to be issued is a marketable parcel (as that term is defined in the ASX Listing Rules)); and
- (b) any further New Strike Shares to which that Talon Scheme Shareholder is entitled, but the issue of which to the Talon Scheme Shareholder would give rise to such a breach, will instead be issued to the Sale Nominee and dealt with under the Sale Nominee Process set out in Section 5.8, as if:
 - (i) references to “Ineligible Foreign Shareholders” or “Cash Out Shareholders” (as applicable) also included that relevant Talon Scheme Shareholder; and
 - (ii) references to “New Strike Shares” also included any of that relevant Talon Scheme Shareholder’s New Strike Shares that have been issued to the Sale Nominee.

5.10 Treatment of Talon Options

Talon has a total of 12,000,000 Talon Options on issue, of which 6,000,000 Talon Options are held by Talon Directors.

If the Scheme proceeds, Strike Energy Holdings will acquire all the Talon Scheme Shares, but Talon Optionholders will continue to hold their Talon Options following implementation of the Scheme. In those circumstances, Talon would be delisted from the ASX and wholly controlled by Strike, meaning there is unlikely to be an active market for any Talon Shares issued to Talon Optionholders on any exercise of their Talon Options.

In addition, any Talon Optionholders who exercise their Talon Options following implementation of the Scheme will become minority shareholders in Talon and face the common risks associated with being a minority shareholder.

Talon Optionholders may however, exercise their Talon Options to result in the issue of the Talon Shares on exercise before the Record Date, so that the Talon Optionholder can participate as a Talon Scheme Shareholder in the Scheme.

In the event that any Talon Options remain on issue following implementation of the Scheme, those Talon Options, as well as any Talon Shares issued to Talon Optionholders on exercise of any of those Talon Options, may be acquired by Strike using the compulsory acquisition provisions under Part 6A.2 of the Corporations Act (which can only be for a cash sum).

Under Part 6A.2 of the Corporations Act, a person may compulsorily acquire all the shares and securities convertible into shares in a company where the person’s voting power in the company is at least 90% and the person holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all the securities of the company that are either shares or convertible into shares. The consideration paid under compulsory acquisition must represent fair value as assessed by an independent expert nominated by ASIC.

If Strike seeks to exercise its compulsory acquisition rights, the Corporations Act sets out procedures and safeguards for Talon Optionholders. If people who hold at least 10% of the Talon Options and/or Talon Shares validly object to the compulsory acquisition, Strike will need to apply to the Court for approval of the compulsory acquisition, and such approval may only be granted by the Court where Strike establishes that the Talon Optionholders will receive fair value for their Talon Options and/or Talon Shares. In accordance with the Corporations Act, Strike is required to bear the legal costs of any proper and reasonable objection made by a Talon Optionholder.

5.11 Treatment of Talon Performance Rights

Talon has a total of 12,500,000 Talon Performance Rights on issue, of which 7,000,000 Talon Performance Rights are held by Talon Directors.

Under the Scheme, Talon must procure that all Talon Performance Rights on issue at the time the Scheme becomes Effective will vest in accordance with their terms and be exercised (if applicable) subject to the Scheme becoming Effective, and will result in the issue of Talon Shares before the Record Date so that the holders of the Talon Performance Rights can participate as Talon Scheme Shareholders in the Scheme.

On the Court making the Scheme Order, all unvested Talon Performance Rights will automatically vest in accordance with their terms. Prior to the Record Date of the Scheme, Talon will procure that all Talon Performance Rights on issue are exercised (if applicable) and the resulting Talon Shares are issued to the holders.

The classes of the Talon Performance Rights on issue at the date of this Scheme Booklet are set out below:

Class	Number on issue	Vesting Conditions	Expiry Date
Q	2,500,000	(a) Talon Shares achieving a 20-day VWAP exceeding 175% of the 20-day VWAP of Talon Shares as at 8 March 2022 (\$0.2729), after 31 January 2023 and prior to 30 June 2024 (Class Q Vesting Condition); and (b) continued employment 2 years from 8 March 2022; or (c) all the Class Q Performance Rights held by the holder immediately vest on the occurrence of a change of control occurring (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).	30 June 2028
S	2,500,000	(a) The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class S Vesting Condition); and (b) continued employment 2 years from 8 March 2022 (Class S Employment Condition); or (c) all the Class S Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement). Commercial Production means production of natural gas or condensate or any combination of these from the Walyering Gas Project located in EP447 (excluding production for testing purposes) and delivery of the same at the relevant delivery point under a program of regular production and sale.	30 June 2028
U	1,250,000	(a) The 20-day VWAP of Talon's Shares exceeds Vesting Price U at any time after 1 October 2022 but prior to 30 June 2024. Vesting Price U is 175% of the 20-day VWAP of Talon's Shares as at 1 October 2022 (Class U Vesting Condition); and (b) the holder of Class U Performance Rights is employed or otherwise continues to be engaged as the Exploration Manager of Talon as at the date which is 2 years from 1 October 2022 (Class U Employment Condition); or (c) all the Class U Performance Rights held by the holder immediately vest on the occurrence of a change of control	30 June 2028

Class	Number on issue	Vesting Conditions	Expiry Date
		(including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).	
V	250,000	<p>(a) The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class V Vesting Condition); and</p> <p>(b) the holder of Class V Performance Rights is employed or otherwise continues to be engaged as the Exploration Manager of Talon as at the date which is 2 years from 1 October 2022 (Class V Employment Condition); or</p> <p>(c) all the Class V Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p> <p>Commercial Production means production of natural gas or condensate or any combination of these from the Walyering Gas Project located in EP447 (excluding production for testing purposes) and delivery of the same at the relevant delivery point under a program of regular production and sale.</p>	30 June 2028
W	1,000,000	<p>(a) The achievement of finalising an Unconditional Farm-in on a new permit prior to 31 December 2024 (Class W Vesting Condition) or acquisition of a new corporate entity; and</p> <p>(b) the holder of Class W Performance Rights is employed or otherwise continues to be engaged as the Exploration Manager of Talon as at the date which is 2 years from 1 October 2022 (Class V Employment Condition); or</p> <p>(c) all the Class W Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p> <p>Unconditional Farm-in means when the permit or company officially moves to Talon (for the avoidance of doubt this excludes permits or entities related to the Condor and Gurvantes XXXV Projects).</p>	30 June 2028
X	500,000	<p>(a) The holder of Class X Performance Rights is employed or otherwise continues to be engaged as the Chief Financial Officer of the Company as at the date which is 12 months from 28 November 2022 (Employment Condition); or</p> <p>(b) all the Class X Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p>	31 December 2027
Y	1,250,000	<p>(a) The 20-day VWAP of Talon's Shares exceeds Vesting Price Y at any time after 28 November 2022 but prior to 31 December 2024. Vesting Price Y is 175% of the 20-day VWAP of the Company's Shares at 28 November 2022 (Class Y Vesting Condition); and</p> <p>(b) the holder of Class Y Performance Rights is employed or otherwise continues to be engaged as the Chief Financial Officer of the Company as at the date which is 2 years from 28 November 2022 (Employment Condition); or</p> <p>(c) all the Class Y Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p>	31 December 2028
Z	250,000	<p>(a) The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (Class Z Vesting Condition); and</p> <p>(b) the holder of Class Z Performance Rights is employed or otherwise continues to be engaged as the Chief Financial Officer of Talon as at the date which is 2 years from 28 November 2022 (Class Z Employment Condition); or</p> <p>(c) all the Class Z Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p> <p>Commercial Production means production of natural gas or condensate or any combination of these from the Walyering Gas Project located in EP447 (excluding production for testing purposes) and delivery of the same at the relevant delivery point under a program of regular production and sale.</p>	31 December 2028

Class	Number on issue	Vesting Conditions	Expiry Date
AA	1,000,000	<p>(a) The achievement of finalising an Unconditional Farm-in on a new permit prior to 31 December 2024 (Class AA Vesting Condition) or acquisition of a new corporate entity; and</p> <p>(b) The holder of Class AA Performance Rights is employed or otherwise continues to be engaged as the Chief Financial Officer of Talon as at the date which is 2 years from 28 November 2022 (Class V Employment Condition); or</p> <p>(c) All the Class AA Performance Rights held by the holder immediately vest on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p> <p>Unconditional Farm-in means when the permit or company officially moves to Talon (for the avoidance of doubt this excludes permits or entities related to the Condor and Gurvantes XXXV Projects).</p>	31 December 2028
AB	1,000,000	<p>(a) Talon achieving a 20-day VWAP of Talon Shares of at least \$0.245; or</p> <p>(b) all the Class AA Performance Rights held by the holder immediately vest and will automatically convert on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p>	9 June 2028
AC	1,000,000	<p>(a) Talon achieving a 20-day VWAP of Talon Shares of at least \$0.29; or</p> <p>(b) all the Class AC Performance Rights held by the holder immediately vest and will automatically convert on the occurrence of a change of control (including a court approving, under Section 411(4)(b) of the Corporations Act, a proposed arrangement).</p>	9 June 2028

5.12 Fractional entitlements

If the calculation of the aggregate Scheme Consideration to be provided to a Talon Scheme Shareholder would result in that Talon Scheme Shareholder becoming entitled to a fraction of a New Strike Share, the entitlement will be rounded as follows:

- (a) if the fractional entitlement is less than 0.5, it will be rounded down to the nearest whole number of New Strike Shares; and
- (b) if the fractional entitlement is equal to or more than 0.5, it will be rounded up to the nearest whole number of New Strike Shares.

5.13 Warning against Talon Share splitting

If Strike is of the opinion (acting reasonably) that two or more Talon Scheme Shareholders (each of whom holds a number of Talon Scheme Shares that results in rounding in accordance with Section 5.12) have, before the Record Date, been party to share splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Strike may give notice to those Talon Scheme Shareholders:

- (a) setting out their names and registered addresses as shown in the Talon Share Register;
- (b) stating that opinion; and
- (c) attributing the Talon Scheme Shares held by all of them to one of them as specifically identified in the notice,

and, after such notice has been given, the Talon Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Talon Scheme Shares will, for the purposes of the Scheme, be taken to hold all of those Talon Scheme Shares and each of the other Talon Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the Scheme, be taken to hold no Talon Scheme Shares. Strike,

in complying with the other provisions of the Scheme relating to it in respect of the Talon Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Talon Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Talon Scheme Shareholders names in the notice under the terms of the Scheme.

5.14 Warranties given by Talon Scheme Shareholders

The Scheme provides that each Talon Scheme Shareholder is taken to have warranted to Talon and Strike that:

- (a) all of the Talon Scheme Shares (including all rights and entitlements attaching to them as at the Implementation Date) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all Encumbrances; and
- (b) that Talon Scheme Shareholder has full power and capacity to sell and transfer those Talon Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) to Strike under the Scheme.

Talon undertakes that it will provide the warranties set out above to Strike as agent and attorney of each Talon Scheme Shareholder. However, Talon will not be responsible for the accuracy or completeness of these warranties.

5.15 Implications if the Scheme is not implemented

If the Scheme is not implemented:

- (a) unless Talon Shareholders choose to sell their Talon Shares on the ASX, Talon Shareholders will continue to hold their Talon Shares and will be exposed to general risks as well as risks specific to Talon, including those set out in Section 3;
- (b) Talon Shareholders will not receive the Scheme Consideration;
- (c) Talon may be liable to pay a break fee of \$1,422,228 (plus GST, if applicable) to Strike, in certain circumstances. Those circumstances do not include the failure of Talon Shareholders to pass the Scheme Resolution at the Scheme Meeting. Further details regarding the break fee is set out in Section 13.5;
- (d) Transaction-related costs of approximately \$1,020,000 (excluding GST and disbursements) are expected to be incurred by Talon irrespective of whether or not the Scheme ultimately proceeds. Further details regarding estimated fees and expenses in relation to the Scheme are set out in Section 14.24;
- (e) Talon will continue to operate as a standalone, ASX listed entity (particularly, in the absence of a Superior Proposal) with Talon's management continuing to implement the business plan and financial and operating strategies that it had in place prior to the Announcement Date; and
- (f) the price at which Talon Shares trade on ASX may fall below their current or recent market price (or the value attributed to Talon Shares by the Independent Expert), particularly to the extent that the market price of Talon Shares reflects an assumption that the Scheme will be implemented (although this is difficult to predict with any degree of certainty).

Further information about the risks to Talon Shareholders if the Scheme is not implemented are set out in Section 10.5.

5.16 Suspension of trading of Talon Shares and delisting of Talon from ASX

Talon will apply to ASX to suspend trading on the ASX in Talon Shares with effect from the close of trading on the Effective Date. On a date after the Implementation Date to be determined by Strike, Talon will apply for termination of the official quotation of Talon Shares on the ASX and to have itself removed from the official list of the ASX.

6. Information about Talon

This Section contains information in relation to Talon as at the date of this Scheme Booklet. Additional information is included in the Independent Expert's Report set out in Annexure A to this Scheme Booklet.

6.1 Corporate profile

Talon is an oil and gas exploration, development and production company based in Australia with a portfolio of assets in Australia and Mongolia. The Company was incorporated in September 2011 and was listed on the ASX in February 2013.

Detailed information about Talon is available on its website www.talonenergy.com.au and on the ASX website www.asx.com.au (ASX: TPD).

6.2 Talon Group structure

The Talon Group includes parent company, Talon Energy Limited, and the wholly-owned subsidiaries listed as follows:

- Texon I Pty Ltd
- Rubox Pty Ltd
- Talon (Aust) Pty Ltd
- Talon (Aust) Holding Pty Ltd
- Talon Energy Pte Ltd
- Talon Energy Mongolia LLC
- Talon (SG) Holding Pty Ltd
- Talon (L7) Holding Pty Ltd
- Talon (L7) Pty Ltd
- Talon (EP437) Holding Pty Ltd
- Talon (EP437) Pty Ltd
- Talon Petroleum (UK) Ltd

6.3 Summary of Talon's portfolio

Talon has interests in several projects, detailed as follows:

L23 and EP447 – Walyering Joint Venture (Talon 45%, Strike 55% and Operator)

The Walyering gas field, located within the L23 permit, is situated around 140 km north of Perth in the Perth Basin and comprises an area of approximately 10 km². In January 2023, the WA Department of Mines, Industry Regulation and Safety (**DMIRS**) granted production licence L23 over the Walyering gas field, excising the permit out from the existing exploration permit EP447. Talon has a 45% non-operated participating interest in the Walyering joint venture, with Strike holding 55% as operator.

On 15 August 2022, the Walyering joint venture made final investment decision to proceed with the commercial development of the Walyering Project. In December 2022, the joint venture entered into a long-term gas supply agreement with Santos WA Energy Limited (**Santos**), to supply 36.5 PJ of gas for a period of 5 years (**Supply Agreement**). In May 2023, the joint venture executed agreements to deliver, process and sell condensate produced from the Walyering gas field to the Santos operated processing and storage facility in Port Bonython, South Australia.

The operator advised that on 25 September 2023 at 1.00pm the Walyering gas field commenced export of sales gas into the Parmelia Gas Pipeline under its commissioning arrangements with Santos.

On 9 October 2023, the operator advised that following successful commissioning, the joint venture commenced firm gas sales to Santos on 1 October 2023, where the Walyering gas field has operated with a high reliability delivering a stabilised 20TJ/d.

A gross total of ~52 TJs of commissioning gas was sold at varying rates during the startup of the Walyering gas field, where these sales have now been invoiced. On 1 October 2023, at 8.00am, the Walyering gas field commenced stabilised export of sales gas into the Parmelia Gas Pipeline under the Supply Agreement with Santos where a high reliability in the performance of the facility has been observed measuring at an uptime of more than 97%. The Supply Agreement is for the supply of 36.5 PJ over a period of 5 years on a firm, take-or-pay basis at 20 TJ per day with arrangements for supply of additional gas on an 'as available basis'. At this time, it is important to recognise that both sales of gas into the Santos contract and condensate sales are denominated in US-dollars.

On 5 October 2023, the first offloading of condensate to its point of sale at Port Bonython occurred. Condensate production has been within forecast rates of ~200 barrels per day since firm gas supply commenced.

The joint venture will commence safely ramping up the field towards its nameplate capacity of 33 TJ/d over the coming quarter now that stabilised rates have been achieved for the firm contracted production. Achieving this rate is subject to various conditions including market dynamics and facility/upstream performance.

The Walyering Reserves and Resources Report issued by RISC Advisory (**RISC**) includes a Gross 2P Reserves of 54.2 PJ (Talon net: 24.4 PJ), and a potential 3P upside of 82.4 PJ (Talon net: 37.1 PJ). An additional 31.9 PJ of Gross 2C Contingent Resource (Talon net: 14.4 PJ) and 15.9 PJ of gross 2U Prospective Resource (Talon net: 7.2 PJ) were also assigned to Walyering gas field, providing the joint venture with quantifiable upside potential for the development of this asset.

The Walyering Project's Reserves and Resources have been independently evaluated and certified by RISC in accordance with the definitions of Reserves, Contingent Resources and Prospective Resources and guidelines set out in the Society of Petroleum Engineers Petroleum Resources Management System (SPE-PRMS, 2018). The Walyering Reserves and Resources Report are reported as at 1 July 2022 and are summarised in the tables below.

Walyering (L23) Reserves and Resource Estimates:

	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

Walyering (L23) Unrisked Contingent Resource:

	Gross Contingent Resource (100%)			Talon Net Contingent Resource (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	0.22

Walyering (L23) Unrisked Prospective Resource:

	Gross Prospective Resource (100%)			Talon Net Prospective Resource (45% Share)		
	1U	2U	3U	1U	2U	3U
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

Notes to tables above:

1. Talon's Net Reserves & Resources stated at its working interest of 45%.
2. Sales Gas Reserves & Resources include low levels of inerts and have been adjusted for 2.1%(Reserves)/1%(Resources) condensate shrinkage.
3. Probabilistic evaluation methods have been used.
4. Sales Gas conversion (HHV) is 1.12PJ/Bcf.
5. On Contingent and Prospective Resources, RISC estimate a raw gas recovery factor of 65 to 85% with a mid-case of 75% with between 40 to 80% chance of success across the four reservoir intervals, and a 60% chance of development, subject to productivity and economics.
6. 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 appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

L7 and EP437 (Talon 25%, Triangle 50% and Operator, New Zealand Oil & Gas 25%)

On 1 March 2023, Talon and Triangle Energy (Global) Limited (ASX: TEG) (**Triangle**) formally completed the farm-in to production licence L7 and exploration permit EP437 located in the North Perth Basin. As consideration for its 25% interest in each permit, Talon will pay Triangle ~\$1.9 million towards past expenditure on the recently acquired Bookara 3D seismic data, with \$1 million paid on 1 March 2023, and the balance of ~\$0.9 million payable before 31 December 2023 (**Upfront Costs**). In addition to the Upfront Costs, Talon will fund a promoted share of the costs for three exploration wells, with forecast expenditure of ~\$7.3 million, net

to Talon, paid as costs are incurred. The three wells are planned to be drilled in 2024, subject to rig availability.

On 9 October 2023, the joint venture announced that the casing and well heads for the upcoming wells in permits L7 and EP437 had been ordered and the applications for environmental permits had been submitted, with discussions progressing on rig availability. Additionally, the formal transfer of Talon's 25% farm-in interest was approved by the regulator.

The L7 permit contains over ten identified prospects and leads in the highly prospective Kingia Fm reservoir. Volumetric assessment of the 'top three' prospects in L7 across both the Early Permian Kingia Fm and Late Permian Dongara Sst reservoirs have a range of gross prospective resource from a low estimate of 167 Bcf to a high estimate of 753 Bcf, with a most likely (best) estimate of 393 Bcf, of which Talon holds 25%.

The farm-in forms a key component of Talon's strategy to build a portfolio of highly prospective acreage in the Perth Basin in close proximity to existing gas transmission infrastructure that can be easily monetised, as demonstrated by the Walyering discovery.

L7 Unrisked Prospective Resource Estimates for three key prospects:

Prospect	Gross Unrisked Prospective Resources (100%)			Talon net Unrisked Prospective Resources (25%)		
	Low (P90)	Best (P50)	High (P10)	Low (P90)	Best (P50)	High (P10)
Booth (Bcf)	113	279	540	28.3	69.8	135
Huntswell Deep (Bcf)	30	61	115	7.5	15.3	28.8
Mountain Bridge South (Bcf)	24	53	98	6.0	13.3	24.5
Sales Gas (Bcf)	167	393	753	41.8	98.4	188.3
Sales Gas (PJs)	174	410	786	43.6	102.7	196.5

Notes to table above:

1. Sales gas determined from 5% inerts and 1% condensate shrinkage with a conversion rate of 1.11 PJ/Bcf based intermediate case between Waitsia, Lockyer Deep and West Erregulla gas fields.
2. The Booth and Mountain Bridge South prospects have a best prospective resource located within L7, with further resources located in adjacent acreage.
3. The prospect target intervals include the Dongara Sandstone, Kingia Formation and High Cliff Sandstone where they are within the structural closure of the prospect.
4. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk to development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The estimates shown in this document are unrisked, however Talon notes that the prospects are considered moderate risk.

Blocks 7977, 8049 and 8121 (within EP494), SPA 34 AO (EP511) – Condor (Option for Talon to acquire 100%)

As announced on 3 February 2021, Talon has entered into a non-binding option agreement with Macallum Group Limited (**Macallum Group**) to acquire a 100% interest in the area covering the Condor Structure located on EP494 and SPA-0081 (**Condor Structure**) in the onshore Perth Basin.

Talon entered into the option agreement with Macallum Group following a strategic review undertaken to identify opportunities in the Perth Basin to appraise and explore for

conventional, wet gas reservoirs close to gas transport infrastructure. With the successful appraisal drilling program at Walyering, the option over the Condor Structure provides Talon with significant exposure to what could be the Perth Basin's largest untested Jurassic wet gas structure. The structure of the transaction allows the Company to undertake low-cost initial exploration work to better define the hydrocarbon potential at Condor.

The binding agreement with Macallum Group was formalised and became binding on both companies in March 2021. In conjunction with formalising the terms for Talon to acquire the Condor Project, on 17 March 2021, Talon announced a Maiden Prospective Resource for the high relief Condor Structure. The assessment of such a significant Prospective Resource at Condor represented another important step forward for Talon in building its Perth Basin asset portfolio (refer to the table below).

Talon continues to work with Macallum Group to transfer the Condor tenure to Talon. The Condor Project consists of two adjacent permits, the recently awarded EP511 (converted from a SPA) and three blocks (7977, 8049 and 8121) from within EP494. The application submitted to excise the three blocks from EP494 is with DMIRS, awaiting assessment.

Around mid-2023, Macallum Group was provided with an indicative offer for excising the three blocks from EP494 by DMIRS, however negotiations by Macallum Group on permit tenure and the conditions of grant ultimately led to the resubmission of the application by Macallum Group to DMIRS. As such, the transfer of the Condor tenure to Talon remains contingent primarily on satisfaction of this condition. Talon and Macallum Group are continuing to work towards effecting the transfer during the December 2023 quarter.

Condor Structure Unrisked Prospective Resources (Talon 100%)

	Unrisked Prospective Resources (Talon 100%)			
	Low (P90)	Best (P50)	High (P10)	Mean
Sales Gas (Bcf)	202.0	408.0	710.0	433.0
Sales Gas (PJ)	217.2	438.7	763.4	465.6
Cond. (MMbbl)	9.5	20.2	39.0	22.6

Notes to table above:

1. Sales gas determined from 2% inerts and 2% condensate shrinkage with a conversion rate of 1.12 PJ/Bcf based intermediate case between Walyering, Gingin and Red Gully gas field equivalent gas composition.
2. 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 appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

EP495 – Ocean Hill (First Right of Refusal)

As part of Talon's farm-in to the Walyering Project, Talon also secured a first right of refusal to farm into EP495 located in the Perth Basin, which contains the Ocean Hill gas discovery. Ocean Hill is a Jurassic wet gas play currently 100% owned by Strike and has a gross 2C Contingent Resource of 360 Bcf (Gas) and 1.18 MMbbl (Condensate). Additional information about the above Contingent Resource can be found in Talon's ASX release dated 24 July 2020 titled 'Perth Basin Resource Numbers'²⁰.

Discussions were held in 2022 between Talon and Strike regarding the opportunity for Talon to farm-in to an interest in EP495, however the parties were unable to agree on commercial terms.

²⁰ Talon confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that all the material assumptions and technical parameters underpinning the estimates contained in that announcement have not materially changed and continue to apply.

As a result, Strike continues to retain its 100% interest in EP495, and Talon retains a limited first right of refusal should Strike seek to conclude a farm-in transaction with a third party on terms more favourable than those discussed with Talon.

Gurvantes XXXV (Talon 33%, TMK 67% and Operator)

The Gurvantes XXXV PSA covers a significant area of 8,400km² in the South Gobi Basin in Mongolia, which is considered one of the most prospective coal seam gas basins globally. Gurvantes XXXV is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network. It is also proximate to several large-scale mining operations with high energy needs.

As announced on 3 February 2021, Talon entered into an agreement with Telmen Resources LLC, an entity 100% owned by TMK Energy Limited (ASX: TMK) (**TMK**) to earn a 33% interest in a proposed PSA over the Gurvantes XXXV Project, with the PSA being approved by the Mongolian Government in early July 2021.

Following a successful 2022 exploration drilling program, TMK engaged NSAI to certify the Contingent Resource estimate for the Nariin Sukhait area of the Gurvantes XXXV exploration permit, incorporating data collected from the recently completed Stage 1 core hole drilling program, which resulted in an independently certified 2C resource of 1.2 Tcf over the 70km² Nariin Sukhait area.

The successful conclusion of the initial exploration program was the catalyst for Talon to elect to exercise its option to acquire a 33% economic interest in the Gurvantes Project, formalising the joint venture with TMK, the operator.

The joint venture has since completed the Pilot Well Program in 2023, consisting of three wells and achieved permanent gas flow from each of the wells in mid-2023. The joint venture is also planning to drill eight exploration wells to further expand the current Resource estimate.

It should be noted that Talon's interest in the Gurvantes Project is the subject of the Gurvantes Transaction. Talon Shareholders should read the above information on the Gurvantes Project having regard to the *Gurvantes Transaction* section at pages ix to x of this Scheme Booklet and Section 3, which include further information on the Gurvantes Transaction.

Unrisked Gross (100%) Contingent Gas Resource (Bcf)¹ for the Gurvantes XXXV Project

Depth Range	Low Estimate 1C	Best Estimate 2C	High Estimate 3C
150 – 750 metres	398	722	1,346
750 – 1,000 metres	0 ²	492	1,015
Total (Bcf)	398	1,214	2,361
Total Sales Gas (PJ)	416.6	1,270.7	2,471.3

Notes to table above:

1. Gas volumes are expressed in billions of cubic feet (Bcf) at standard temperatures and pressure bases.
2. There is no low estimate Contingent Gas Resource for this depth range as of 31 October 2022, due to lack of data.
3. The low estimate and best estimate for the Upper Coal Seam at these depths, as of 31 October 2022, are zero due to lack of pilot wells and conclusive permeability data.
4. Sales gas determined from 3% inerts and 1% condensate shrinkage with a conversion rate of 1.09 PJ/Bcf based on Snow Leopard well data.

Gross (100%) Prospective Gas Resources (Bcf) across Gurvantes XXXV Permit

Region	Low Estimate 1C / 1U	Best Estimate 2C / 2U	High Estimate 3C / 3U
Prospect Area (Nariin Sukhait)	416	774	1,011
Prospect Area (Other)	330	515	863
Total (Bcf)	746	1,289	1,874
Total Sales Gas (PJ)	781	1,349	1,962

Notes to table above:

1. Updated Prospective Resources Estimates based on the 2022 exploration program after allowing for conversion of Prospective Resources now re-classified as Contingent Resources, as of 31 October 2022.
2. Prospective Resource Estimates (not updated) for prospect areas outside the Nariin Sukhait area and previously identified Lead Areas assessed by NSAI as of 16 August 2021. These estimates are totals of unrisks prospective resources beyond the prospect and lead levels and are not reflective of volumes that can be expected to be recovered and are shown for convenience only.
3. Sales gas determined from 3% inerts and 1% condensate shrinkage with a conversion rate of 1.09 PJ/Bcf based on Snow Leopard well data. The Prospective Resources for the Nariin Sukhait area reflect the results of exploration in 2022 and the conversion of some of the Prospective Resources to Contingent Resources. The Prospective Resources for Nariin Sukhait presented in the table above are exclusively from the lower coal seam identified at Nariin Sukhait. Prospective Resources for other regions within the Gurvantes XXXV Project area are unchanged from those previously reported by the Operator, TMK (see TMK's ASX announcement dated 16 December 2021).
4. 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 appraisal and evaluation is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

UK North Sea

In February 2022, following an internal review of operations, the Company decided to exit the portfolio of UK North Sea exploration assets to focus on its more advanced projects in the Perth Basin and Mongolia. This decision was made with a strategic view to focus on near-term opportunities where the Talon team can participate and add value.

Subsequently, after negotiations with Finder Energy Holdings Limited (ASX: FDR) (**Finder**), during 2022 license P2527 containing the White Bear Prospect was sold for a right to 12.5% of gross income received by Finder in relation to P2527 (for example, any cash received for farmout or divestment). This converts to a royalty of 3% of Finder's retained net share of produced petroleum during production.

Information relating to reserve and resource estimates

Unless otherwise stated, references in this Scheme Booklet to:

- The Walyering petroleum reserves, contingent resources and prospective resources estimates are set out in the ASX announcement dated 21 July 2022 entitled 'Maiden Perth Basin Gas Reserve Reported';
- The Gurvantes XXXV contingent and prospective resources estimates are set out in the ASX announcements dated 9 November 2022 entitled 'Maiden Contingent CSG Resource Estimate – Gurvantes XXXV' and 18 August 2021 entitled 'Gurvantes XXXV Maiden Prospective Resource';

- The Condor prospective resources estimate is set out in the ASX announcement dated 17 March 2021 entitled 'Maiden Best (P50) Resource of 408 Bcf at Condor'; and
- The L7 prospective resources estimate is set out in the ASX announcement dated 27 March 2023 entitled 'L7 Perth Basin Volumes Update'.

The above announcements are available to view on Talon's website at www.talonenergy.com.au. Talon confirms it is not aware of any new information or data that materially affects the information included in the referenced announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply.

Talon prepares its reserves and resources estimates in accordance with the SPE-PRMS. Unless otherwise stated, all references to reserves and resources quantities in this Scheme Booklet are Talon's net share. Reserves are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.

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.

6.4 Directors and senior management of Talon

(a) Directors

The Directors of Talon as at the date of this Scheme Booklet are as follows:

- Greg Columbus – Non-Executive Chairman
- Colby Hauser – Managing Director/CEO
- Matt Worner – Non-Executive Director
- David Casey – Non-Executive Director

Mr Columbus has over 30 years of experience in energy and oil & gas including technical, commercial, executive, and non-executive roles. He is an experienced company director with commercial, strategy, corporate finance, and legal experience. During this time, he has gained valuable business experience in delivering large, complex energy and oil & gas projects and has throughout the course of his career, also demonstrated strong strategic vision in leadership roles. Greg has also been involved in numerous M&A activities, most recently as the Independent Non-Executive Chairman of Warrego Energy Limited. Greg is also a director of Clarke Energy, D3 Energy Limited, Noble Helium Limited, Galilee Energy Limited and Port Adelaide Football Club.

Mr Hauser is an experienced energy executive with a broad range of experience in senior corporate, commercial, and project / business development roles in the energy sector, and most recently held the position of General Manager, Commercial at Strike Energy Limited. Working in both Australia and overseas Colby has developed a specialised skill set including corporate strategy, gas sales and marketing, joint venture representation, project development, as well as investor and government/stakeholder relations. He has significant long-term experience in the Perth Basin and is well known in the Perth energy community where he was formerly the President and is now a Life Member of the Energy Club of WA (formerly Petroleum Club of WA). Colby graduated with a degree in International Business from MacEwan

University (Edmonton) and a Master of Business Administration (Finance Specialisation) at the University of Western Australia.

Mr Worner is an experienced oil and gas executive who has worked with ASX and London listed E&P companies in various legal, commercial and new ventures/business development roles. He has overseen the completion of multiple asset acquisitions and divestments the world over, including Asia, Africa, US and Australasia as well as significant experience dealing with joint venture partners, host governments and NOCs in these regions. Matt has strong capital markets experience in Australia and London including ASX and AIM IPOs and capital raising activity. Through this work, Matt maintains solid contacts and relationships with brokers, funds and NOMADs in both Australia and the UK. Matt is a director of D3 Energy Limited and was previously a director of Patriot Lithium Limited and Lykos Metals Limited.

Mr Casey was formerly the Managing Director and CEO of Talon, transitioning to his current Non-Executive Director role in January 2022. Mr Casey graduated with an Honours degree in Geology from the University of Sydney in 1991 and has spent the past thirty years working in the oil and gas industry, both in Australia and overseas. Mr Casey has been actively involved overseeing the start-up, development and sale of a number of successful exploration and production projects. David has been involved in the management and evaluation of all aspects of conventional and unconventional oil and gas exploration projects, from initial reservoir characterisation and fairway identification, through to drilling, testing and production operations. He has substantial experience managing ASX-listed entities, and is well known to the Australian institutional investment community. David recently resigned as managing director of Galilee Energy Limited.

(b) Talon senior management

The senior management personnel of Talon as at the date of this Scheme Booklet are as follows:

- Chris Kohne – Chief Financial Officer
- Darren Ferdinando – Exploration Manager
- Shannon Coates – Joint Company Secretary
- Joan Dabon – Joint Company Secretary

6.5 Interests of Talon Directors in Talon securities

As at the date of this Scheme Booklet, the Talon Directors have Relevant Interests in the following Talon securities:

Director	Talon Shares	Talon Options	Talon Performance Rights	Percentage interest in Talon Shares (undiluted basis)
Greg Columbus ¹	2,413,794	2,000,000	2,000,000	0.37%
Colby Hauser ²	6,033,742	-	5,000,000	0.93%
Matt Worner ³	2,076,667	2,000,000	-	0.32%
David Casey ⁴	10,381,896	2,000,000	-	1.60%

Notes to table above:

1. Mr Columbus' Relevant Interest in Talon securities includes 2,413,794 Talon Shares, 1,000,000 Class AB Talon Performance Rights, 1,000,000 Class AC Talon Performance Rights and 2,000,000 Talon Options

(exercisable at \$0.26 on or before 12 June 2028) held indirectly through Discovery Investments Pty Ltd, an entity controlled by Mr Columbus.

2. Mr Hauser's Relevant Interest in Talon securities includes 6,033,742 Talon Shares, 2,500,000 Class Q Performance Rights and 2,500,000 Class S Performance Rights held directly by Mr Colby Todd Hauser <Aurora Investment Trust>, Mr Hauser is the trustee and beneficiary of the trust.
3. Mr Worner's Relevant Interest in Talon securities includes 2,076,667 Talon Shares and 2,000,000 Talon Options (exercisable at \$0.12 on or before 28 February 2024) held directly by Mr Matthew McNeill Worner <MM Worner Family A/C>. Mr Worner is the trustee and beneficiary of the trust.
4. Mr Casey's Relevant Interest in Talon securities includes 10,381,896 Talon Shares and 2,000,000 Talon Options (exercisable at \$0.20 on or before 4 July 2024) held indirectly through Hayrow Pty Ltd <David Casey Superannuation Fund> and D.A. Casey & Associates Pty Limited <David Casey Family A/C>. Mr Casey is a director of the trustee, Hayrow Pty Ltd, and a beneficiary of the trust. Mr Casey is a director of the trustee, D.A. Casey & Associates Pty Limited, and a beneficiary of the trust.

6.6 Talon securities and capital structure

(a) Talon securities on issue

As at the date of this Scheme Booklet, the capital structure of Talon comprises of the following securities:

Type of security	Number on issue
Talon Shares	646,997,893
Talon Options	12,000,000
Talon Performance Rights	12,500,000
Terms of Talon Options	Number on issue
Options expiring 28-Feb-2024 EX \$0.12	3,000,000
Options expiring 05-May-2025 EX \$0.20	5,000,000
Options expiring 04-Jul-2024 EX \$0.20	2,000,000
Options expiring 12-Jun-2028 EX \$0.26	2,000,000
Total of Options	12,000,000

Refer to Sections 5.10 and 5.11 for further information about the treatment of the Talon Options and the Talon Performance Rights under the Scheme.

It should be noted that the Distribution under the Gurvantes Transaction will result in the exercise price of each Talon Option being reduced by the amount of capital returned to Talon Shareholders in relation to each Talon Share under the Distribution. Refer to the Company's notice of extraordinary general meeting dated 29 October 2023 for further details of the Gurvantes Transaction and the Distribution, including the effect of the Distribution on Talon Options.

(b) Substantial Talon Shareholders

Based on publicly available information as at the Last Practicable Date, the Talon Shareholders who have a substantial holding (within the meaning of the Corporations Act) in Talon are:

	Name	Number of Talon Shares	Percentage shareholding
1.	Morgan Stanley and its subsidiaries, Morgan Stanley & Co. International plc, Morgan Stanley Australia	33,013,204	5.10%

	Name	Number of Talon Shares	Percentage shareholding
	Securities Limited and Morgan Stanley Smith Barney LLC.		
2.	Mitsubishi UFJ Financial Group, Inc.	33,013,204	5.10%

(c) **Top 20 Talon Shareholders**

Based on the Talon Share Register as at the Last Practicable Date, the top 20 Talon Shareholders held approximately 39.94% of the Talon Shares, as set out in the following table:

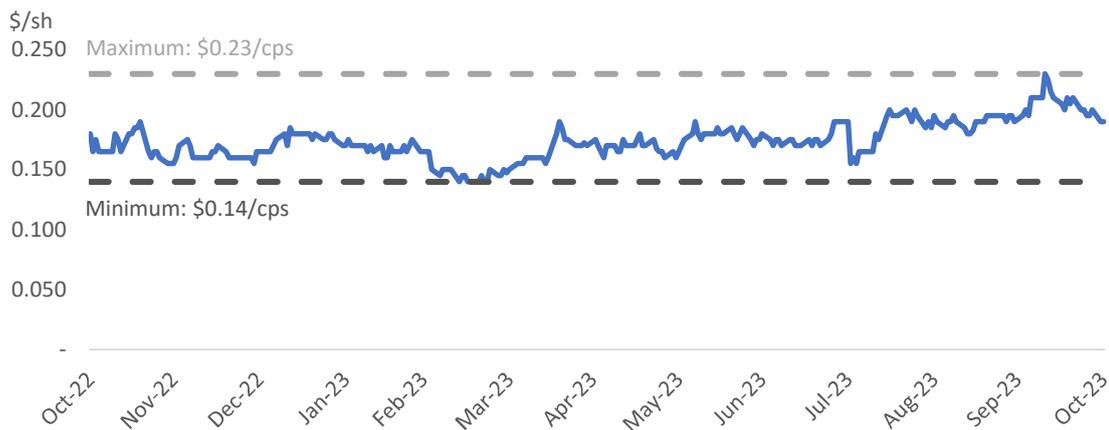
	Name	Number of Talon Shares	Percentage shareholding
1.	Citicorp Nominees Pty Limited	77,266,499	11.94%
2.	Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	32,957,513	5.09%
3.	National Nominees Limited	25,221,170	3.90%
4.	Precision Opportunities Fund Limited <Investment A/C>	14,401,977	2.23%
5.	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	11,526,480	1.78%
6.	UBS Nominees Pty Ltd	9,421,819	1.46%
7.	D A Casey & Associates Pty Limited <David Casey Family A/C>	8,000,000	1.24%
8.	Holdrey Pty Ltd <Don Mathieson Family A/C>	7,250,000	1.12%
9.	Buttonwood Nominees Pty Ltd	6,828,142	1.06%
10.	BNP Paribas NOMS Pty Ltd <DRP>	6,733,658	1.04%
11.	Neweconomy COM AU Nominees Pty Limited <900 Account>	6,700,462	1.04%
12.	Viminale Pty Ltd <DA Paganin Family No 2 A/C>	6,145,834	0.95%
13.	Workpower Pty Ltd	6,145,834	0.95%
14.	Mr Colby Todd Hauser <Aurora Investment A/C>	6,033,742	0.93%
15.	Gremar Holdings Pty Ltd	6,000,000	0.93%
16.	BNP Paribas Nominees Pty Ltd ACF Clearstream	5,781,257	0.89%
17.	Resource & Land Management Services Pty Ltd <Skerman Super Fund A/C>	5,716,281	0.88%
18.	HSBC Custody Nominees (Australia) Limited	5,699,294	0.88%
19.	Palm Beach Nominees Pty Limited	5,368,502	0.83%
20.	HSBC Custody Nominees (Australia) Limited - A/C 2	5,243,709	0.81%
	TOTAL	258,442,173	39.94%

6.7 Recent Talon Share performance

The closing trading price of Talon Shares on the ASX on the trading day prior to the Announcement Date was \$0.175 on 11 August 2023.

The last recorded sale price of Talon Shares on ASX before the Last Practicable Date was \$0.190 per Talon Share. As depicted in the chart below during the 12 months ending on the Last Practicable Date:

- the highest recorded closing price for Talon Shares on ASX was \$0.230 on 10 October 2023; and
- the lowest recorded closing price for Talon Shares on ASX was \$0.140 on 23 March 2023.



6.8 Facility Agreement

Talon has entered into a \$6 million secured debt facility agreement with Strike, to assist Talon with its short-term working capital needs through the Scheme process (**Facility Agreement**). The key terms of the Facility Agreement with Strike are detailed below. As at the Last Practicable Date, Talon has drawn down \$4.65 million under the Facility Agreement.

Provision	Description
Facility Limit	\$6,000,000.
Termination Date	The earlier to occur of: (a) 30 days after the Effective Date; (b) 30 days after a person other than Strike or its subsidiaries becomes entitled to hold, or does hold, 50% or more of the Talon Shares or otherwise acquires control of Talon; (c) 60 days after termination of the Scheme Implementation Deed; or (d) 270 days following the date of the first advance under the Facility Agreement.
Repayment	The facility is to be prepaid out of the aggregate of all proceeds of sale of petroleum received by Talon or its subsidiaries from the sale of Walyering gas and condensate, reduced for committed corporate costs, royalties and cash payments made under the Finance Documents (defined below).
Interest rate	BBSW plus 11% (capitalised) per annum.
Tax gross-up	Talon has agreed to gross up any withholding tax deducted on payments made to Strike under the Finance Documents (defined below) such that Strike does not bear the cost of withholding tax on payments made by Talon.
Conversion	Strike may by written notice on or before the relevant Maturity Date, elect to convert any outstanding principal and capitalised amounts into fully paid ordinary Talon Shares at \$0.180, being the 5-day VWAP to 26 July 2023.

Provision	Description
Security	Talon, Talon (Aust) Pty Ltd and Talon (Aust) Holdings Pty Ltd (together, the Obligors) have each entered into a general security agreement with Strike (together with the Facility Agreement, the Finance Documents) the effect of which are to provide Strike with security over the assets of the Obligors, which may be enforced by Strike in the event that the Obligors are in continuing and unresolved default under the Facility Agreement. This means that the assets the subject of the security may be sold by Strike in certain circumstances.
Guarantee	<p>Talon (Aust) Pty Ltd and Talon (Aust) Holdings Pty Ltd (each a Guarantor) have each agreed to jointly and severally:</p> <ul style="list-style-type: none"> (a) guarantee to Strike punctual performance by each Obligor of all that Obligor's obligations under the Finance Documents; (b) undertake with Strike that: <ul style="list-style-type: none"> (i) whenever an Obligor does not pay any amount when due under a Finance Document, immediately on demand that Guarantor must pay that amount as if it was the principal Obligor; and (ii) if an Ipso Facto Event has occurred, then immediately on demand that Guarantor must pay all loans made under the Facility Agreement, accrued interest and other amounts owed as if it was the principal Obligor; and (c) agrees with Strike that if any obligation guaranteed by it or becomes unenforceable, inlaid or illegal, it will, as an independent and primary obligation, indemnify Strike immediately and on demand against any cost, expense, loss or liability it incurs as a result of an Obligor not paying any amount which would be payable under a Finance Document. <p>Ipso Facto Event means an Obligor is the subject of:</p> <ul style="list-style-type: none"> (a) an announcement, application, compromise, arrangement, managing controller, or administration as described in sections 415D(1), 434J(1) or 451E(1) of the Corporations Act; or (b) any process which under any law with a similar purpose may give rise to a stay on, or prevention of, the exercise of contractual rights.
Use of funds	To assist Talon to fund its short-term working capital needs through the Scheme process in accordance with an agreed budget.
Fees	<p>Talon must pay Strike:</p> <ul style="list-style-type: none"> (a) an establishment fee of \$120,000, to be deducted from the first drawdown by Talon; and (b) a non-refundable line fee equal to 3.5% per annum of unutilised amounts under the facility (capitalised).
Negative pledge	<p>Each Obligor must not:</p> <ul style="list-style-type: none"> (a) create or permit to subsist any security over any of its assets; (b) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by Talon or its subsidiaries; (c) sell, transfer or otherwise dispose of any of its receivables on recourse terms; (d) enter into any arrangement under which money, or the benefit of a bank or other account, may be applied, set-off or made subject to a combination of accounts; or (e) enter into any other preferential arrangement having similar effect.
Financial Indebtedness	Subject to a Relevant Event (defined below) occurring, each Obligor must not incur any financial indebtedness, other than certain permitted financial indebtedness (including among other things, debt incurred by the Talon Mongolia Group in accordance with the Scheme Implementation Deed and debt that does not exceed \$100,000).
Relevant Event	If a Dongara Payment Event or a Gas Flow Event occurs (in each case, as defined in the Scheme Implementation Deed) (Relevant Event), Talon and its subsidiaries may incur the expenditure that is reasonably required to discharge its obligations under the Scheme Implementation Deed in response to that Relevant Event.

Provision	Description
	If Strike terminates the Scheme Implementation Deed as a result of the actions taken by Talon or its subsidiaries in response to the Relevant Event, Talon must pay all amounts accrued or outstanding under the Finance Documents no later than 60 days after the date on which the Scheme Implementation Deed is terminated.
Disposals	Each Obligor must not enter into a transaction to sell, lease, transfer or otherwise dispose of the secured property, other than certain permitted disposals (including among other things, the transfer of cash in the ordinary course of business and a disposal that is the demerger of the Mongolian Project or the sale of any of the shares in Talon Mongolia Group (in each case, as defined in the Scheme Implementation Deed) in accordance with the Scheme Implementation Deed).
Financial accommodation	Each Obligor must not provide or permit to remain outstanding any financial accommodation to any person, or be a creditor in respect of any financial indebtedness, without Strike's consent, other than financial accommodation between Talon and its subsidiaries provided that no more than a further A\$1,000,000 may be lent to any member of the Talon Mongolia Group but only where such amount is permitted to be provided in accordance with the budget.
Events of default	<p>Each of the events set out below is an Event of Default (other than if it is as a result of Strike exercising a right to require Talon or its subsidiaries to make a payment to Strike under the joint operating agreement between Strike South West (a wholly owned subsidiary of Strike), Talon (Aus) Pty Ltd and Talon Petroleum dated 11 September 2020):</p> <ul style="list-style-type: none"> (a) Non-payment: an Obligor does not pay any amount payable pursuant to a Finance Document within two Business Days of its due date (unless the failure to pay is caused by administrative or technical error); (b) Other obligations: an Obligor does not comply with any provisions of the Finance Documents and such failure is not remedied within 15 Business Days; (c) Misrepresentation: any representation or statement made by an Obligor in the Finance Documents or any other document delivered by or on behalf of the Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made and the circumstances that caused the misrepresentation are not rectified within 15 Business Days; (d) Cross default: any financial indebtedness of Talon or its subsidiaries is not paid when due or becomes due and payable prior to its specified maturity, or is cancelled or suspended by a creditor as a result of an event of default or review event, provided the aggregate amount of financial indebtedness is greater than \$100,000; (e) Insolvency: Talon or any of its subsidiaries becomes insolvent or any procedure is taken in relation to insolvency proceedings; (f) Creditors' process: any expropriation, attachment, sequestration, distress or execution affects any asset or assets of Talon or its subsidiaries and is not discharged within 10 Business Days; (g) Cessation of business: Talon or any of its subsidiaries suspends or ceases to carry on all or a material part of its business as conducted on the date of the Facility Agreement; (h) Ownership of the Obligors: an Obligor (other than Talon) ceases to be a subsidiary of Talon; (i) Unlawfulness: it is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or a security granted to Strike ceases to be effective; (j) Repudiation: an Obligor repudiates a Finance Document or any security granted to Strike; (k) Material Adverse Effect: an event occurs in relation to an Obligor which has a material adverse effect; (l) Vitiations of Finance Documents: a provision of a Finance Document becomes wholly or partly invalid, void, voidable or unenforceable in any material respect; (m) Litigation: any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in

Provision	Description
	<p>relation to a Finance Document or against Talon or its subsidiaries which are reasonably likely to be adversely determined and have a material adverse effect; and</p> <p>(n) Delisting or suspension: any shares forming part of the secured property that are listed on a prescribed financial market cease to be so listed or are suspended from trading for more than 10 consecutive trading days over any 12 month period (other than in connection with the Scheme).</p>
<p>Effect of an Event of Default</p>	<p>On the occurrence of an Event of Default which is continuing, Strike may by notice to Talon:</p> <p>(a) cancel any unutilised amount under the facility;</p> <p>(b) declare that all or part of any loan under the facility (together with all amounts accrued or outstanding under the Finance Documents) be immediately due and payable or payable on demand; or</p> <p>(c) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.</p> <p>Strike may only take the actions in paragraph (a)-(c) above in connection with the following Events of Default (as summarised above): Other obligations, Misrepresentations, Cessation of business, Material Adverse Affect, Litigation or Delisting or suspension of trading, where Strike has provided 60 days' notice of its intention to take any of the actions in paragraph (a)-(c).</p>

As announced by Talon on 9 October 2023, for the purposes of the Scheme Implementation Deed and the Facility Agreement with Strike, the Company has received a letter of comfort from Strike to increase Strike's commitment under the Facility Agreement to cover the increased Walyering completion costs, if the Company requires additional funds to meet its commitments.

6.9 Dividend history of Talon

Talon has not previously and currently does not pay dividends.

6.10 Financial profile of Talon

(a) Historical financial information

This Section 6.10 contains financial information relating to Talon extracted from the audited financial statements of Talon for the years ending 31 December 2021 and 31 December 2022 and the audit reviewed financial statements of Talon for the half year ended 30 June 2023.

The historical financial information in this Section 6.10 is a summary only and has been prepared and extracted for the purposes of this Scheme Booklet only.

The historical financial information of Talon presented in this Section 6.10 is in an abbreviated form and does not contain all the disclosures, presentations, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. Talon considers that for the purposes of this Scheme Booklet the historical financial information presented in an abbreviated form is more meaningful to Talon Shareholders.

The historical financial information of Talon presented in this Scheme Booklet has been prepared in accordance with the recognition and measurement principles contained in the Australian Accounting Standards and is presented on a standalone basis, and accordingly, does not reflect any impact of the implementation of the Scheme (or the transactions contemplated by it).

Further detail about Talon's historical financial performance can be found in Talon's financial statements for the financial years ended 31 December 2021 (which are included in the Annual Report in respect of that financial year, which Talon released to ASX on 21 April 2022), 31 December 2022 (which are included in the Annual Report in respect of that financial year, which Talon released to ASX on 31 March 2023) and 30 June 2023 (which Talon released to ASX on 8 September 2023). Copies of these documents can be obtained, free of charge, from ASX's website (www.asx.com.au) or from Talon's website (www.talonenergy.com.au).

(b) **Historical consolidated statement of profit or loss and other comprehensive income for full year ended 31 December 2021, 31 December 2022 and half year ended 30 June 2023**

	6 months 30-Jun-23 \$	12 months 31 Dec-22 \$	12 months 31-Dec-21 \$
Revenue	-	-	8,659
Cost of oil and gas sold	-	-	(7,634)
Net margin on sale of oil and gas	-	-	1,025
Other income	163,193	46,086	43,236
Employee benefit expenses	(461,546)	(375,049)	(103,697)
Professional and consultancy fees	(682,922)	(1,161,630)	(1,152,497)
Marketing and travel expenses	(86,920)	(132,207)	(177,329)
Corporate and administrative expenses	(272,075)	(398,936)	(522,513)
Directors' fees	(107,667)	(526,912)	(519,951)
Share based payment expense	(725,964)	(1,120,167)	(1,114,293)
Exploration expenditure expensed	(756,885)	(9,274,399)	(385,840)
Impairment Expense	-	-	(341,137)
Finance Costs	(23,163)	-	(6,601)
Loss from continuing operations before income tax	(2,953,949)	(12,943,214)	(4,279,597)
Income tax benefit	-	-	-
Loss from continuing operations after income tax	(2,953,949)	(12,943,214)	(4,279,597)
Discontinued Operations			
Profit/(loss) after income tax from discontinued operations ¹	2,658,177	-	-
Loss for the period	(295,772)	(12,943,214)	(4,279,597)
Other comprehensive income/(loss) Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of discontinued operations	(2,658,177)	-	-
Foreign exchange translation differences, net of tax	33,478	174,199	834
Other comprehensive income/(loss) (net of tax) for the period	(2,624,699)	174,199	834
Total comprehensive (loss) attributable to owners of the Company	(2,920,471)	(12,769,015)	(4,278,763)
	Cents	Cents	Cents
Basic and diluted loss per share from continuing operations	(0.50)	(3.15)	(1.45)
Basic and diluted loss per share	(0.05)	(3.15)	(1.45)

Notes to table above:

1. An amount of A\$2,658,177 previously recognised in the Foreign Currency Translation Reserve has been recognised in the Consolidated Statement of Profit and Loss upon deregistration of the US subsidiary entities during the period ending 30 June 2023.

(c) **Historical consolidated statement of financial position for full year ended 31 December 2021, 31 December 2022 and half year ended 30 June 2023**

	30 Jun-23 \$	31 Dec-22 \$	31-Dec-21 \$
Assets			
Current Assets			
Cash and cash equivalents	9,153,974	11,996,947	6,714,830
Trade and other receivables	328,927	317,635	88,110
Prepayments	53,830	736,010	30,421
Security Deposit	5,740	5,740	27,300
Total Current Assets	9,542,471	13,056,332	6,860,661
Non-Current Assets			
Exploration and evaluation assets	11,703,973	5,796,986	8,948,069
Oil & Gas Properties	23,047,813	10,984,402	-
Property, Plant & Equipment	202,389	43,447	-
Total Non-Current Assets	34,954,175	16,824,835	8,948,069
Total Assets	44,496,646	29,881,167	15,808,730
Liabilities			
Current Liabilities			
Trade and other payables	2,319,547	1,927,020	1,526,503
Provisions	12,885	7,276	5,128
Deferred Consideration	915,041	-	688,375
Total Current Liabilities	3,247,473	1,934,296	2,220,006
Non-Current Liabilities			
Provisions	2,738,848	973,050	-
Total Non-Current Liabilities	2,738,848	973,050	-
Total Liabilities	5,986,321	2,907,346	2,220,006
Net Assets	38,510,325	26,973,821	13,588,724
Contributed Equity			
Issued share capital	91,353,741	77,360,647	51,889,202
Reserves	4,705,345	6,866,163	6,009,297
Accumulated losses	(57,548,761)	(57,252,989)	(44,309,775)
Total Equity	38,510,325	26,973,821	13,588,724

(d) **Historical consolidated statement of cash-flows for full year ended 31 December 2021, 31 December 2022 and half year ended 30 June 2022**

	6 months 30-June-23	12 months 31 Dec-22	12 months 31-Dec-21 \$
Cash flows from operating activities			
Cash receipts from customers	-	10,174	8,659
Payments to suppliers and employees	(1,507,312)	(2,724,074)	(1,635,907)
Payments for exploration and evaluation expenditure	(705,686)	(9,711,438)	(385,840)
Interest received	162,616	16,644	14,331
Net cash (used in) operating activities	(2,050,382)	(12,408,694)	(1,998,757)

Cash flows from investing activities			
Payments for asset in development	(8,874,168)	(4,018,362)	-
Payments for exploration expenditure (acquisition)	(5,454,454)	(3,390,322)	(4,976,339)
Net cash (used in) investing activities	(14,328,622)	(7,408,684)	(4,976,339)
Cash flows from financing activities			
Proceeds from the issuance of shares via capital raisings	14,315,425	25,474,000	5,050,025
Proceeds from the exercise of options	90,000	1,200,400	4,390,600
Share issue costs	(807,177)	(1,603,623)	(403,839)
Net cash provided by financing activities	13,598,248	25,070,777	9,036,786
Net increase/(decrease) in cash and cash equivalents	(2,780,756)	5,253,399	2,061,690
Cash and cash equivalents at beginning of period	11,996,947	6,714,830	4,657,871
Foreign exchange movement of cash	(62,217)	28,718	(4,731)
Cash and cash equivalents at end of period	9,153,974	11,996,947	6,714,830

(d) **Material changes in Talon's financial position**

Other than;

- (1) generating revenue and the accumulation of losses in the ordinary course of trading (including, incurring costs in the ordinary course of trading);
- (2) as disclosed in this Scheme Booklet, including entering into the Facility Agreement with Strike as described in Section 6.8 (and any subsequent drawdowns made following the date of this Scheme Booklet), to assist Talon with its short-term working capital needs through the Scheme process; and
- (3) as otherwise disclosed to ASX by Talon, including in the quarterly report of Talon for the quarter ended 30 September 2023,

to the knowledge of the Talon Directors, the financial position of Talon has not changed materially since 30 June 2023, being the last date of the period to which the financial statements for the half year ended 30 June 2023 relate. Copies of Talon's periodic reports can be obtained from Talon's website at www.talonenergy.com.au, ASX's website at www.asx.com.au and from Talon free of charge following a request in writing via email to info@talonenergy.com.au to be received before the Scheme is approved by the Court.

6.11 Talon Directors' intentions for the business

The Corporations Regulations require a statement by the Talon Directors of their intentions regarding Talon's business. If the Scheme is implemented, Strike has stated that it intends to reconstitute the Board as appropriate for such an entity. It is for the reconstituted Board to determine its intentions as to:

- (a) the continuation of the business of Talon or how the existing business will be conducted; and
- (b) any major changes to be made to the business of Talon; or
- (c) the future employment of the present employees of Talon,

and accordingly, it is not possible for the Talon Directors to provide such a statement at this time.

Talon Shareholders should refer to Section 9 as to the intentions of Strike and the Combined Group.

6.12 Publicly available information about Talon

Talon is an ASX listed company and a disclosing entity for the purpose of section 111AC(1) of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Broadly, these require Talon to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Talon is also required to prepare and lodge with ASIC and ASX both annual and half-year financial statements.

Further announcements concerning Talon will continue to be made available on ASX's website (www.asx.com.au, ASX: TPD), or alternatively Talon's website (www.talonenergy.com.au) after the date of this Scheme Booklet.

A list of announcements made by Talon to ASX from the date the Scheme Implementation Deed was announced on 14 August 2023 to 31 October 2023, being the Last Practicable Date, is included below:

Date	Description of Announcement
30 October 2023	Appendix 3A.5
30 October 2023	Prospectus
30 October 2023	Notice of General Meeting/Proxy Form
27 October 2023	Becoming a substantial holder from MUFG
27 October 2023	Becoming a substantial holder from MS
25 October 2023	Quarterly Activities and Cash Flow Reports
18 October 2023	Investor Webinar Presentation
13 October 2023	Ceasing to be a substantial holder from MUFG
13 October 2023	Investor Webinar
12 October 2023	Ceasing to be a substantial holder from MS
11 October 2023	s708A(5)(e) Cleansing Notice
11 October 2023	Application for quotation of securities - TPD
11 October 2023	Becoming a substantial holder from MUFG
11 October 2023	Becoming a substantial holder from MS
11 October 2023	Amended and Restated Scheme Implementation Deed with STX
11 October 2023	TMK: TMK CONSOLIDATES 100% OWNERSHIP OF GURVANTES XXXV

11 October 2023	STX: Amended and Restated Scheme Implementation Deed
11 October 2023	TPD and TMK to consolidate ownership of Gurvantes XXXV
9 October 2023	TMK: Operations Update - Gurvantes XXXV
9 October 2023	L7 and EP 437 Drilling Progress
9 October 2023	Walyering Production Update
9 October 2023	STX: Walyering Production Update
4 October 2023	Change of Director's Interest Notice - D Casey
3 October 2023	Change of Director's Interest Notice - D Casey
2 October 2023	Application for quotation of securities – TPD
26 September 2023	Walyering gas field commences production
26 September 2023	STX: Walyering gas field commences production
18 September 2023	Change of Registry Address Notification
12 September 2023	Change of Director's Interest Notice – C Hauser
12 September 2023	Application for quotation of securities
8 September 2023	30 June 2023 Half-Year Financial Accounts
7 September 2023	Investor Presentation – Updated
6 September 2023	Investor Presentation
1 September 2023	TMK: Operations Update – Gurvantes XXXV
29 August 2023	TMK: 2023 Exploration Activities Commenced
28 August 2023	Announcement by Strike Energy
28 August 2023	STX: Talon acquisition update
25 August 2023	s708A(5)(e) Cleansing Notice
25 August 2023	Application for quotation of securities
24 August 2023	s708A(5)(e) Cleansing Notice
21 August 2023	s708A(5)(e) Cleansing Notice
21 August 2023	Application for quotation of securities
17 August 2023	Investor Webinar Presentation
16 August 2023	Investor Webinar

6.13 Risk factors

Risk factors relating to Talon and its business are outlined in Section 10.

6.14 Material Litigation

As at the date of this Scheme Booklet, neither Talon nor any Related Body Corporate of Talon is a party to any material litigation and is not involved in any material disputes and the Talon Directors are not aware of any threatened or pending material legal proceedings.

7. Information about Strike

This Section contains information in relation to Strike as at the date of this Scheme Booklet. Additional information is included in the Independent Expert's Report set out in Annexure A to this Scheme Booklet.

7.1 Introduction

(a) Strike Energy Limited

Strike Energy Limited was incorporated in Australia in 1997 and listed on the ASX in 2004. Strike's head office is in Perth, Australia. As at the Last Practicable Date, Strike had a market capitalisation of approximately \$990 million.²¹

Strike is a leading Australian independent gas explorer, developer and producer focused on its large and high-quality conventional gas resources in the Perth Basin. Strike's primary objective is to provide sustainable, low-cost, and reliable gas to the domestic market in order to support the Western Australian energy transition away from coal fired power and enable the growth of the critical minerals industry.

Detailed information about Strike is available on its website www.strikeenergy.com.au and on the ASX website www.asx.com.au (ASX: STX).

(b) Strike Energy Holdings Pty Ltd

Strike Energy Holdings Pty Ltd is an Australian proprietary company and a wholly owned subsidiary of Strike. Strike Energy Holdings is the entity that will acquire the Talon Scheme Shares from Talon Scheme Shareholders if the Scheme is successful.

7.2 Overview of Strike's Projects

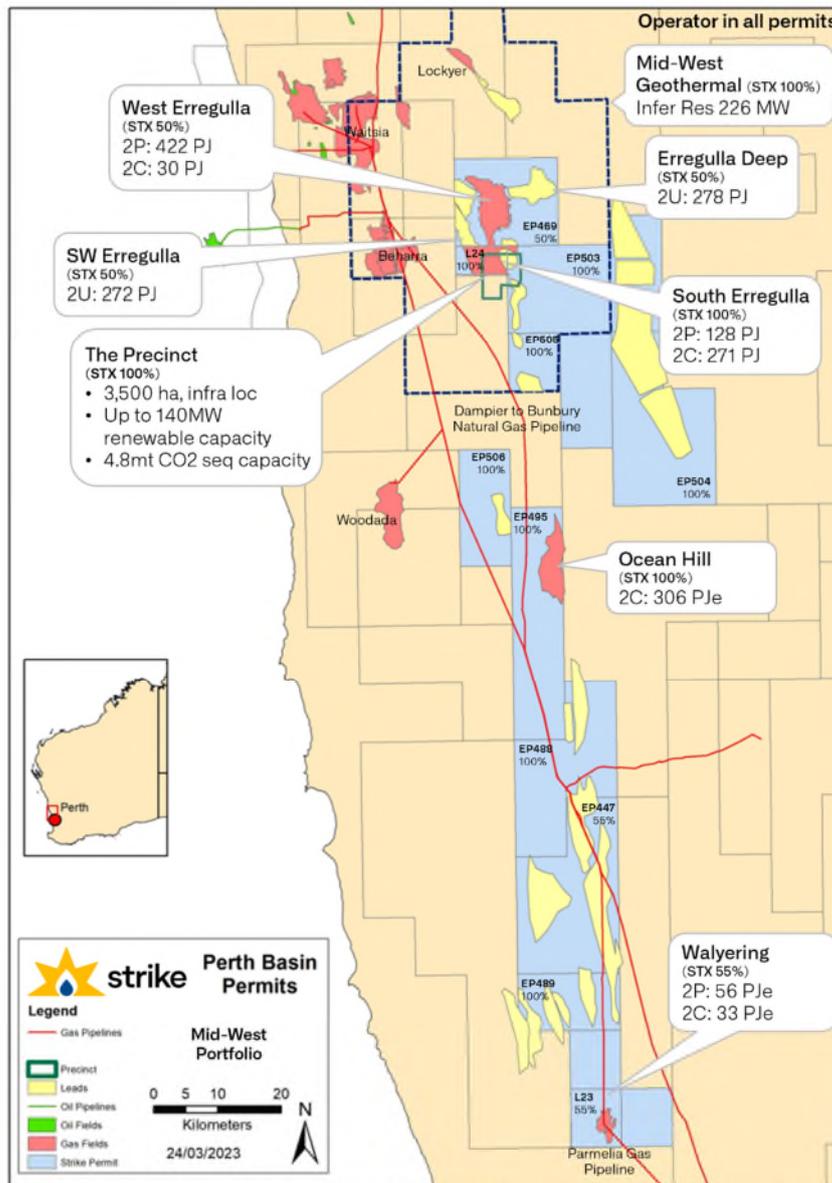
Strike has an extensive 3,000km² acreage position in the Perth Basin, Western Australia with several key gas projects including Greater Erregulla, Walyering and Ocean Hill covering the Permian gas fairway in the north of the basin and the Jurassic wet-gas play in the south, a prospective geothermal project that is awaiting tenure grant, and 3,500 hectares of freehold land overlying Strike's South Erregulla gas and potential CO₂ storage reservoirs and which is earmarked as Strike's Mid West Low Carbon Manufacturing Precinct (**Precinct**).

Strike is currently the largest natural gas reserve and resource holder in the Perth Basin with a total 981 PJ of independently certified conventional gas 2P Reserves and 2C Resources.²²

²¹ Based on the total shares outstanding as at the Last Practicable Date.

²² Refer to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

Figure 1: Overview of Strike's Perth Basin Assets



Prospective Resource (2U) Estimate Information & Cautionary statement: The estimated quantities of petroleum that may potentially be recovered by the application of a future exploration and development project(s) relate to undiscovered accumulations. These estimates are un-risked, probabilistically determined, and have both an associated risk of discovery (POS 42% for Erregulla Deep and 54% for Southwest Erregulla) and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

On 2 March 2023, Strike announced its Gas Acceleration Strategy (**Strategy**), which is an operational plan to execute a multi development drilling, seismic and construction program across its Perth Basin acreage. In June 2023, the Strategy was awarded Lead Agency Status by the Department of Jobs, Tourism, Science and Innovation of Western Australia, which will provide case management assistance to navigate the regulatory approvals process across Government agencies.

The Strategy will target bringing up to four of Strike's gas fields into commercial production by the end of 2025, subject to the successful and timely outcome of (among other things) appraisal activities and, where required, joint venture processes. The four gas production targets are Walyering, West Erregulla, South Erregulla and Ocean Hill.

The Strategy will look to exploit Strike's existing 371 PJ of net 2P Reserves across the Greater Erregulla and Walyering fields, mature Strike's existing 610 PJe of net 2C Contingent Resources to Reserves and test 275 PJe of new net 2U Prospective Resources to delineate

further gas resource upside.²³ Exploration and appraisal operations over the past several years has positioned Strike favourably with the opportunity to accelerate a number of appraisal and development activities to take advantage of current and forecast attractive WA gas market conditions.²⁴

(a) **Perth Basin Gas Assets**

Further detail regarding Strike's Perth Basin gas projects is provided below.

Greater Erregulla

EP469 (Strike 50%, Operator), EP503 (Strike 100%, Operator)

The Greater Erregulla group of gas assets comprise the gas fields of West Erregulla and South Erregulla and near field exploration opportunities of Southwest Erregulla and Erregulla Deep.

West Erregulla is located within exploration permit EP469 of which Strike West Pty Ltd (a wholly owned subsidiary of Strike) is operator and holder of a 50% interest in joint venture with Warrego Energy EP469 Pty Ltd (**Warrego**), which holds the remaining 50% interest. The Southwest Erregulla and Erregulla Deep prospects are located within the West Erregulla permit.

Following the acquisition of Warrego Energy Limited by Hancock Energy (PB) Pty Ltd, Strike has continued its discussions with Warrego with regard to development of West Erregulla. Those discussions continue while the EP469 joint venture awaits final determination from the Western Australian Environmental Protection Agency on the outcomes of its Part IV primary environmental approval application for the project.

Strike's South Erregulla project is located in exploration permit EP503 of which Strike South Pty Ltd (a wholly owned subsidiary of Strike) is operator and 100% owner.

South Erregulla is a proposed three phased development project designed for construction and integration on the Precinct (being 3,500 hectares (35km²) of freehold farming land held by Strike in the Shire of Three Springs in the Mid West of Western Australia, discussed further in Section 7.2(d) below, as set out below:

- **Phase 1:** Construction and commissioning of a 40 TJ/day modular gas plant and associated solar array.
- **Phase 2:** Expansion of the gas plant to >80 TJ/day using additional modules (contingent on successful appraisal of the South Erregulla gas field through drilling).
- **Phase 3:** Integration of renewable energy (wind), compression and carbon sequestration²⁵.

Strike has contracted globally recognised natural gas solutions business, Enerflex, to conduct engineering and provide a lump sum priced option for procurement and fabrication of the South Erregulla Phase 1 modules based on an accelerated on-stream timeline. Strike has concluded its pre-Final Investment Decision South Erregulla gas marketing process and commenced detailed negotiations with a major Western Australia industrial gas user for a 20 TJ/d, 5- year binding gas supply agreement, which it expects to finalise early in this quarter.

After the first round of exploration and appraisal drilling across the Greater Erregulla gas fields, a total of 550 PJs of gross 2P reserves and 301 PJs of gross 2C resources have been independently certified by Netherland, Sewell & Associates, Inc. (NSAI). This comprises:

- 422 PJs of gross 2P reserves and 30 PJs of gross 2C resources at West Erregulla (Strike 50% and operator); and

²³ Refer to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates and to Prospective Resource cautionary note to Figure 1.

²⁴ Refer to footnote 18 and to Prospective Resource cautionary note to Figure 1.

²⁵ Carbon sequestration is subject to, among other things, the establishment of a legislative framework for CO₂ sequestration and grant of tenure.

- 128 PJs of gross 2P reserves and 271 PJs of gross 2C resources at South Erregulla (Strike 100% and operator).²⁶

Strike has recently finished drilling the first of two appraisal wells at South Erregulla. South Erregulla 2 intersected 16m of net pay in the primary target of the Kingia Sandstone, which is in line with pre-drill expectations. The primary objective of these wells is to convert the existing 2C contingent resources in the Kingia Sandstone (178 PJ, 100% net to Strike) to 2P reserves²⁷. South Erregulla 2 is now being cased and suspended to be used as a future producer, before the rig moves to South Erregulla 3. Upon completion of this drilling campaign, the data from the two wells will be provided to NSAI for an updated independent reserves and resources report.

The EP469 joint venture has approved the drilling of two near field exploration / appraisal wells within EP469. These include a well into the Southwest Erregulla prospect (SWE-1) and the Erregulla Deep prospect (ED-1). Both of these structures sit immediately adjacent to or are interpreted to be connected to existing independently certified reserve or resources in the West Erregulla and South Erregulla gas fields. Strike has estimated a prospective resource (2U) of gross 272 PJ for Southwest Erregulla and gross 278 PJ for Erregulla Deep (136 PJ and 139 PJ respectively net to Strike).²⁸ Both of these targets demonstrate the undrilled prospectivity of the Greater Erregulla region and the broader prospectivity resultant from the drilling within the West and South Erregulla gas fields.

Additional resource success in the Greater Erregulla region could translate into a higher daily throughput of gas production, which could in turn be used for industrial gas sales or integrated into future downstream developments.

Permian Gas Fairway Extension

EP504, EP505 and EP506 (Strike 100%, Operator)

Strike's position in the Permian Gas Fairway extends to the south and east of Greater Erregulla with 100% ownership and operatorship in EP504, EP505 and EP506 (Eneabba Deep).

In EP503 and EP504 Strike has identified a significant extension of this Permian trend named the Tathra Terrace. The Tathra Terrace is a structural trend that extends from the Lockyer Deep and North Erregulla gas discoveries. This terrace includes two larger leads in Arrino and Kadathinni with a near identical trapping geometry to Lockyer Deep and 166km² of combined closure. Seismic amplitude brightening is observed on new 2D seismic at near Kingia Sandstone level at depths of 4,000m subsea to as deep as 6,000m in the far south.

In EP506 Strike has recently acquired 128km of 2D seismic data to provide high definition subsurface information of the Eneabba Deep prospect, which, subject to results of the seismic interpretation, will be used to inform the location of a future exploration well.

Strike will acquire a further 484km of 2D seismic data over the large Arrino and Kadathinni leads on the Tathra Terrace extension from Lockyer Deep in early 2024, which again will be used to inform the location of exploration wells to test those leads.

Walyering

EP447 & L23 (Strike 55%, Operator)

Strike holds a 55% interest in and is operator of the Walyering joint venture, which operates in L23 and EP447, with Talon holding the remaining 45%.

In September 2023 Strike, in joint venture with Talon, succeeded in bringing the first of its targets, the Walyering gas field, into production. The Walyering field is now supplying its

²⁶ Refer to reserves and resources tables in Section 7.3 (*Reserves and resources*) for details of Strike's net reserves and resources in the Greater Erregulla area and to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

²⁷ Conversion of Resources to Reserves is subject to appraisal drilling results. Neither the conversion nor the rate of conversion is guaranteed.

²⁸ Refer to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates and to Prospective Resource cautionary note to Figure 1.

foundation gas supply customer, Santos WA Energy Limited, with 20TJ/day of gas under a long-term Gas Supply Agreement for the supply of 36.5 PJ of gas for a period of 5 years, and has the capacity to produce up to 33TJ/day. In September 2023 Strike also commenced supply of condensate produced from the Walyering gas field to Santos Limited under its Condensate Processing Services Agreement and Liquids Aggregation Agreement. Daily production of condensate is ~200 bbls/day.

Please refer to Section 6.3 for a Summary of Talon's portfolio for more information on the Walyering field.

The joint venture has agreed to drill the Walyering 7 appraisal well in the western compartment, which contains 34 PJe of gross 2C Contingent Resources (~19 PJe Net to Strike)²⁹, with the aim of proving up additional Reserves³⁰. Strike is currently reprocessing the Walyering 3D to optimally locate the appraisal well, which is planned to be drilled in H2 FY24.

Ocean Hill

EP495 (Strike 100%, Operator)

The Ocean Hill (EP495) permit is 100% owned by Strike and covers 297 km² on the western flank of the Dandaragan Trough. Much like Walyering prior to its recent breakthroughs and successes, Ocean Hill is another historical example of a Cattamarra and Cadda gas discovery, where the Ocean Hill-1 well was placed on the crest of a large structure (four-way dip closed anticline) without understanding the hydrocarbon migration pathways or reservoir distribution of the play. Similar to some of the historical Walyering appraisal wells, Ocean Hill-1 found a thick gas charged section of Cadda and Cattamarra with a corresponding 761m gas column but had ineffective reservoir, flowing a small quantity of very low impurity gas from a few intervals when tested 6-months later. Strike interpreted this to be the result of sub-optimal well placement, which was exacerbated by poor drilling and completions practices at the time.

In October 2022, by applying a reprocessed version of the 2D seismic at Ocean Hill with a more advanced structural interpretation and corresponding depth conversion, as well as using the findings and excellent results from the Walyering 3D and drilling of the Walyering 5 and 6 wells, RISC independently certified net 2C conventional resources of approximately 307 PJe (100% to Strike) in the Cadda and Cattamarra Formations.³¹ As a result, Strike plans to undertake a 240km² 3D seismic campaign for seismic data acquisition in FY24 to be followed by an appraisal well³² with the objective of maturing the 2C Resources to 2P Reserves. Upon successful appraisal, Strike will look to bring Ocean Hill into gas production by end 2025, subject to timely drill rig procurement, to generate additional tranches of gas when the market is expected to be at its tightest.

Ocean Hill is adjacent (6 km) to a pipeline compressor station on the Dampier to Bunbury Natural Gas Pipeline, which is the primary distribution pipeline of WA and is connected to both the LNG projects in the North (where substantial liquefaction capacity exists) and the industrial gas markets of Western Australia in the south, providing multiple potential commercialisation pathways.

With the success at Walyering, Ocean Hill now represents a similar high quality, fast to market and low development cost opportunity.

Other Perth Basin Exploration Assets

EP488, EP 489 (Strike 100%, Operator)

²⁹ Refer section to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

³⁰ Conversion of Resources to Reserves is subject to appraisal drilling results. Neither the conversion nor the rate of conversion is guaranteed.

³¹ Refer section to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

³² Subject to acquisition and interpretation of 3D seismic and procurement of additional rig slot.

Strike's 100% owned southern Perth Basin blocks EP488 and EP489 are situated within or adjacent to the Dandaragan Trough, and lie between the Walyering and Ocean Hill gas fields. Strike has used seismic and regional well data to identify conventional and unconventional reservoir targets within its permit areas, including a large potential basin centred gas play in the Cattamarra Coal Measures.

(b) **Carbon Capture and Storage**

During the initial drilling of the South Erregulla gas field in the 100% Strike owned EP503, Strike appraised the Jurassic aged sandstones of the Cattamarra Coal Measures for their suitability and potential use as a future carbon sequestration and underground storage formation.

RISC has independently assessed a gross 2C Contingent Storage Resource in these Jurassic reservoirs of 4.80 million tonnes of CO₂³³.

Western Australia is still in the process of establishing its legislative framework for CO₂ sequestration (draft legislation was released for public comment, which closed in April 2023). Once enacted, and it is unclear at this stage when that will be, Strike intends to apply for a Greenhouse Gas Title over EP503 which will provide the necessary tenure for appraisal and sequestration of CO₂. Unless and until this key contingency is met, Strike does not have legal right or entitlement to the estimated storage capacity.

(c) **Mid-West Geothermal**

On 20 May 2021 Strike acquired 100% of the then existing geothermal rights of the Perth Basin via the acquisition of all of the shares in Mid West Geothermal Power Pty Ltd.

In 2021, based on data acquired during Strike's geothermal field survey, Strike applied for a Geothermal Exploration Permit over an approximate 1,950km² area. The application is pending as at the Last Practicable Date.

The geothermal business is a natural complement to Strike's existing gas business and has a high degree of operational and intellectual property overlap. Subject to the grant (if any) of the Geothermal Exploration Permit, the potential commercial development of a geothermal business with Strike's existing gas portfolio has the potential to generate meaningful operational and subsurface benefits.

In May 2022 an inferred resource was independently assessed by Monteverde Energy Consultants and endorsed by EarthConnect Consultants over the Geothermal Exploration Permit area applied for by Strike. The mid-case estimate of 203PJe of net electrical energy, equivalent to 226Mwe of power generation for 30 years is assessed to be present in that acreage.³⁴

(d) **Mid West Low Carbon Manufacturing Precinct**

In September 2022, Strike acquired approximately 3,500 hectares (35km²) of freehold farming land in the Shire of Three Springs in the Mid West of Western Australia to house Strike's "Mid West Low Carbon Manufacturing Precinct". This land holds substantial strategic value for reducing the cost and carbon intensity of Strike's gas developments, and for the development of renewables-driven manufacturing in Western Australia.

The land possesses several natural resources and assets, including the South Erregulla low impurity gas fields, 103 metres of Jurassic aged carbon sequestration sandstone reservoir,³⁵ and some of Australia's best wind resources. The Precinct offers the following opportunities for Strike:

- cleared land to locate and accelerate the development of domestic gas processing infrastructure for Strike's proposed 3 phase South Erregulla development;

³³ Refer section to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

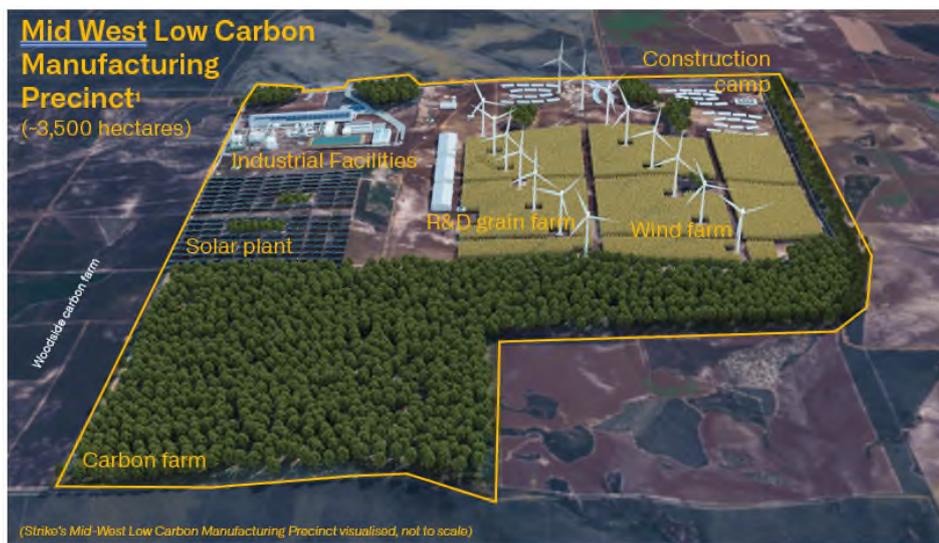
³⁴ Refer section to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

³⁵ Refer to ASX announcement dated 7th of March 2022 titled "South Erregulla Unlocks Project Haber".

- an industrial facilities envelope to host potential manufacturing facilities, including Project Haber, Strike's 1.4mtpa urea fertiliser production facility which is earmarked for development in the latter part of the decade;
- integration of potential Carbon Capture and Storage³⁶;
- integration of up to 100MW of tier one developable wind resource;
- integration of 1MWh per 3 hectares of land for solar power generation;
- research and development grain farm; and
- 1,500 hectares of revegetation and carbon farming / offset land.

The location of industrial facilities adjacent to the Precinct's planned dedicated renewable electricity provides an opportunity to significantly decrease the carbon requirements of Strike's domestic gas processing and other industrial manufacturing activities, whilst also liberating gas supplies for the domestic market. The Precinct is being established so that other proponents may join Strike in the development and expansion of the site's renewable resources.

Conceptual render of the Mid West Low Carbon Manufacturing Precinct (not to scale)



7.3 Reserves and resources estimates

(a) Reserves

As at the date of this Scheme Booklet, Strike has total net reserves (2P) of approximately 371PJ_e.

Figure 2: Reserves (2P) (Strike Share)

Strike share	Gas (PJ)	Condensate (PJ _e)	Total (PJ _e)
West Erregulla (EP469)	211	-	211
South Erregulla (EP503)	128	-	128
Walayering (EP447)	30	2	32
Total	369	2	371

Note: Petajoule equivalent (PJ_e) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf). All numbers in the tables are rounded up or down to the nearest whole unit. Refer to Information relating to reserve and resource estimates at the end of this Section for additional information regarding the resource estimates.

³⁶ Subject to establishment of a legislative framework for CO₂ sequestration and grant of tenure.

(b) Contingent resources

As at the date of this Scheme Booklet, Strike has total net contingent resources (2C) of approximately 612 PJe.

Figure 3: Contingent resources (2C) (Strike Share)

Strike share	Gas (PJ)	Condensate (PJe)	Total (PJe)
West Erregulla (EP469)	15	-	15
South Erregulla (EP503)	271	-	271
Walyering (EP447)	18	1	19
Ocean Hill (EP495)	300	7	307
Total	604	8	612

Note: Petajoule equivalent (PJe) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf). All numbers in the tables are rounded up or down to the nearest whole unit. Refer Information relating to reserve and resource estimates at the end of this Section for additional information regarding the resource estimates.

(c) Prospective resources

As at the date of this Scheme Booklet, Strike has total net prospective resource (2U) of approximately 1,840 PJe.

Figure 4: Prospective resources (2U) (Strike Share)

Strike share	Gas (PJ)	Condensate (PJe)	Total (PJe)
West Erregulla (EP469)	55	-	55
South Erregulla (EP503)	-	-	-
Walyering (EP447)	9	1	10
Ocean Hill (EP495)	1,469	31	1,500
Erregulla Deep (EP469)	136	-	136
South West Erregulla (EP469)	139	-	139
Total	1,808	32	1,840

Note: Petajoule equivalent (PJe) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf). All numbers in the tables are rounded up or down to the nearest whole unit. Prospective resource cautionary note: 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 risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Refer to Information relating to reserve and resource estimates at the end of this Section for additional information regarding the resource estimates.

(d) Information relating to reserve and resource estimates

Unless otherwise stated, references in this Scheme Booklet to:

- the West Erregulla reserve and resource estimate is set out in the ASX announcement dated 27 July 2022 entitled "West Erregulla Reserves Upgraded by 41%" and in ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike's interest is 50%;
- the South Erregulla reserve and resource estimate is set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery". Strike's interest is 100%;
- the Walyering reserve and resource estimate is set out in ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike's equity interest is 55%;

- the Ocean Hill 2C Contingent Resource is set out in ASX announcement dated 10 October 2022 entitled "Independent Certification of Ocean Hill Gas Resource". Strike's equity interest is 100%;
- the Mid-West Geothermal Project inferred resource is set out in ASX announcement dated 5th May 2022 titled "Mid West Geothermal Power Project Inferred Resource Statement"; and
- the South Erregulla Contingent Storage Resource Estimate is set out in ASX Announcement dated 15th June 2023 entitled "South Erregulla Update".

The above announcements are available to view on Strike's website at www.strikeenergy.com.au. Strike confirms it is not aware of any new information or data that materially affects the information included in the referenced announcements and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply. Whilst Strike has received new data from the drilling of the South Erregulla 2 well (refer Section 7.2(a)), as at the Last Practicable Date, that data has not been processed or analysed and, as such, Strike is not able to confirm or advise the effect of that information on the South Erregulla reserve and resource estimates as set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery".

Strike prepares its reserves and resources estimates in accordance with the SPE-PRMS. Unless otherwise stated, all references to reserves and resources quantities in this Scheme Booklet are Strike's net share. Reserves are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation. Reserves are typically prepared by deterministic methods with support from probabilistic methods. Conversion factors: 1PJ of sales gas and ethane equals 171,937 boe; 1 tonne of LPG equals 8.458 boe; 1 barrel of condensate equals 0.935 boe; 1 barrel of crude oil equals 1 boe; Petajoule equivalent (PJe) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf).

7.4 Directors and Senior Management of Strike

(a) **Strike Board of Directors**

The Strike Directors as at the date of this Scheme Booklet are as follows:

Mr John Poynton AO, Chair (Non-Executive), CitWA FAICD SFIN (Life) FAIM

John is Co-Founder and Executive Chair of Poynton Stavrianou, a Perth-based corporate advisory firm. In parallel with his career as an investment banker, John has been an active non-executive director of ASX-listed companies, government and education bodies and not-for-profit organisations.

He is currently a Director of the Future Fund Board of Guardians, Australia's sovereign wealth fund and a Non-Executive Director of Perth Airport. John has previously served on the boards of Multiplex, Alinta, Crown Resorts and Austal. He has also served on the Reserve Bank of Australia's Payments System Board, and on the board of the Australian Government's export credit agency (EFIC) and the Higher Education Endowment Fund.

John has chaired the Council of Christ Church Grammar School, and the boards of Celebrate WA and the Foundation of the WA Museum.

He was also a long-standing board member of the Business School at the University of WA. In 2006 John was the recipient of the WA Citizen of the Year Award in the Industry and Commerce category and in 2016 he was appointed as an Officer in the General Division of the Order of Australia.

He holds a Bachelor of Commerce and an honorary Doctor of Commerce from the University of Western Australia, where he was also awarded a Dean's Medal.

John was appointed to the Board as Chair on 10 April 2017.

Mr Stuart Nicholls, Managing Director & Chief Executive Officer, B.Comm

Mr Nicholls has led the transformation of Strike from its exploration roots into one of Australia's major emerging domestic gas producers. Stuart has a broad ranging background across the energy landscape that included time in the up and downstreams at Royal Dutch Shell. His experience includes time within Finance, Commercial, Joint Ventures, Economics, Global Strategy and Exploration; primarily from within Royal Dutch Shell's gas businesses. He has a key focus on the transition of our energy system and his previous experience also includes six years with the Australian Army in senior leadership positions.

He has worked in Australia, The Netherlands, Myanmar and Malaysia in both a corporate and operational capacity and holds a Bachelor of Commerce (Finance and Accounting) from UWA.

Mr Nicholls joined Strike as Chief Executive Officer on 10 April 2017 and was appointed to the Board as Managing Director on 18 August 2017.

Mr Neville Power, Non-Executive Director and Deputy Chair, BE (Mech), MBA, HFIEAust, FAusIMM, MAICD

Mr Power is also a Non-Executive and Lead Independent Director of employment services provider APM Human Services International Ltd. With more than four decades of experience in mining, minerals processing, construction and steel making, Nev has accumulated a wide range of skills and knowledge across multiple sectors of the commercial and Not for Profit global business landscape.

During the COVID-19 pandemic, Nev was appointed by the Prime Minister to lead an expert advisory board, the National COVID-19 Coordination Commission (NCCC). The Commission had two key roles: to help minimise and mitigate the impact of the COVID-19 on jobs and businesses, and to facilitate the fastest possible recovery of the Australian economy and communities.

From 2011 to 2018, Nev was Managing Director and Chief Executive Officer, Fortescue Metals Group Ltd, one of the world's largest, lowest cost producers of iron ore. During his time Fortescue more than quadrupled its production to over 170 million tonnes per annum and positioned itself as the lowest cost supplier of seaborne iron ore to China. Before joining Fortescue, he held Chief Executive positions at Thies and the Smorgon Steel Group. Nev also has an extensive background in agribusiness and aviation, holding both fixed wing and helicopter commercial pilot licenses.

Mr Power was appointed to the Board on 25 September 2019.

Mr Andrew Seaton, Non-Executive Director, BE (Chem) Hons, Grad Dip Bus Admin, GAICD

Mr Seaton has over 30 years' business experience across a range of finance, engineering, project management, investment banking and senior executive roles.

Mr Seaton was previously Chief Financial Officer of Santos Limited, Australia's largest producer of domestic natural gas and a key supplier of LNG into Asia. During his time with Santos, the company expanded its LNG portfolio to include interests in Darwin LNG, PNG LNG, and Gladstone LNG. Prior to this, he worked in investment banking with Merrill Lynch in Melbourne and New York across a broad range of advisory, M&A,

equity and debt capital markets transactions, and with NAB in corporate and institutional banking. His early career included process engineering and project management roles across upstream oil and gas and petrochemicals.

Mr Seaton is currently the Managing Director of Australian Naval Infrastructure, and a Non-Executive Director of Homestart Finance Ltd, Hydrocarbon Dynamics Ltd and Rex Minerals Ltd.

Mr Seaton was appointed to the Board as a Non-executive Director on 18 August 2017.

Mr Stephen Bizzell, Non-Executive Director, B.Comm, MAICD, SA FIN

Mr Bizzell is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. He is also currently Chairman of ASX listed MAAS Group Holdings Limited and Savannah Goldfields Limited and a Non-Executive Director of Armour Energy Ltd and Renascor Resources Limited.

Mr Bizzell was an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina for \$3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. He was a founding director of Bow Energy Ltd until its \$550 million takeover and was also a founding director of Stanmore Resources Ltd and a former director of Queensland Treasury Corporation.

Mr Bizzell qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions. Mr Bizzell has over 25 years' corporate finance and public company management experience in the resources sector in Australia and Canada with various public companies.

Mr Bizzell was appointed to the Board as a Non-Executive Director on 31 December 2018.

Ms Mary Hackett, Non-Executive Director, BE (Mech), FIEAust, GAICD

Ms Hackett has an extensive career in the resource sector, spanning more than 30 years, with senior executive roles in Brown & Root, Woodside, and General Electric, including Senior VP, Australia Oil, Woodside and CEO of General Electric Oil & Gas for Australasia.

Ms Hackett is also currently Independent Chair of Future Energy Exports Cooperative Research Centre, Non-Executive Director Blue Ocean Monitoring and Non-Executive Director of Clean Marine Fuel Institute. She also is a member of, or chairs, Audit and Risk, ESG, Major Projects and Remuneration Committees for several of the boards she serves.

A Graduate of AICD and is a Fellow of Engineers Australia, Ms Hackett holds an honours degree in Mechanical Engineering from University College Galway, Ireland.

Ms Hackett was appointed to the Board as a Non-Executive Director on 27 October 2020.

Ms Jill Hoffmann, Non-Executive Director, BBS, MBA, Fellow AICD

Ms Hoffmann has more than 30 years in the energy industry, including executive directorships and 12 years as a senior executive for Woodside Energy Ltd as well as

time spent at Chevron and Worley. This experience includes a broad range of roles across the energy value chain and of note are her Senior Vice President roles in marketing and trading across Woodside's full suite of energy products. This provided Ms Hoffmann with a deep understanding of the WA domestic gas market and regional gas market. Ms Hoffmann also led the development and implementation of renewable energy and environment and cultural heritage protection strategies at Woodside.

Ms Hoffmann is a former chair of Fremantle Ports, where she was also Chair of the Audit and Risk committee. Ms Hoffmann is a Fellow of AICD and holds a Master of Business Administration from Henley Management College, England and a Bachelor of Business from Massey University, New Zealand.

Ms Hoffmann was appointed to the Board as a Non-Executive Director on 1 May 2023.

(b) **Strike senior management**

The senior management personnel of Strike as at the date of this Scheme Booklet are:

Justin Ferravant, Chief Financial Officer

Mr Ferravant is a Certified Practising Accountant (Australia) with 20 years' experience in Australia and Asia. At Strike, he is responsible for finance, tax, treasury, information technology and company secretary functions. Prior to Strike, Mr Ferravant was Finance Manager at Santos Limited for the Cooper Basin and responsible for joint venture, financial reporting and controllership. He has held leadership roles in commercial analysis, finance and reporting at Origin Energy, General Electric Plastics (Japan) and Deloitte Consulting (Japan). Mr Ferravant joined Strike in August 2017.

Lucy Gauvin, General Counsel

Lucy Gauvin has near 20 years' experience as a corporate and commercial lawyer in the energy and resources sector. Prior to joining Strike as General Counsel in April 2017, Ms Gauvin was Partner in the Corporate and Commercial team at national law firm Piper Alderman, and prior to that a Partner at boutique Adelaide based energy and resources law firm, Watsons Lawyers. Ms Gauvin's experience covers all legal, corporate and commercial aspects of the upstream oil and gas business, including joint ventures, gas sales, infrastructure access, business and asset acquisitions and divestments, procurement, capital raisings, mergers and acquisitions, corporate governance and compliance. Ms Gauvin is currently also a non-executive director of public company entX Limited.

Crispin Collier, Chief Development Officer

Mr. Collier brings 20 years of experience from the energy and resources industry, working for some of the biggest and lowest cost producers of their key commodities in the region. This experience includes time with both BHP and Fortescue Metals Group and more recently for Wesfarmers in both their Corporate Business Development and also Chemicals, Energy and Fertilisers divisions. Mr. Collier has held senior executive and operational roles throughout his tenure at his previous employers and has a demonstrable track record of deal making and project delivery.

Kevin Craig, Chief Operating Officer

Mr Craig has more than 30 years' experience in the energy industry having held senior operations roles at Royal Dutch Shell in the North Sea, onshore Nigeria, Russia and Australia and until recently the role of Director and Executive General Manager- West for Upstream Production Solutions. He has a broad and deeply diligent experience set in operations, maintenance, projects, contract management and low-cost

production operations. Mr Craig joined Strike Energy as the Chief Operations Officer in April 2021 and is preparing the business to successfully commence production operations.

7.5 Strike Historical Financial Information

The historical financial information below is a summary only and the full financial accounts for Strike, are publicly available via the ASX. The summarised historical financial information of Strike has been extracted from the audited 2021, 2022 and 2023 consolidated financial statements being the most recent financial statements prior to the release of this Scheme Booklet. Financial statements presented from FY21 and beyond are presented on a post-AASB16 basis.

(a) Consolidated statement of profit or loss and other comprehensive income

\$'000	30-Jun-21	30-Jun-22	30-Jun-23
Other income	14,622	4,064	4,045
Total income	14,622	4,064	4,045
Operating and administration expenses	(13,218)	(15,449)	(18,254)
Loss before financing and impairment	1,404	(11,385)	(14,209)
Finance income	147	22	3,151
Finance expenses	(2,157)	(4,085)	(7,164)
Net finance expenses	(2,010)	(4,063)	(4,013)
Impairment of exploration and evaluation assets	(1,956)	(235)	(3,083)
Loss before income tax	(2,562)	(15,683)	(21,305)
Income tax benefit/(expense)	9,342	(50)	2,941
Loss for the year from continuing operations	6,780	(15,733)	(18,364)
Other Comprehensive Income, Net of Income Tax			
Items that will not be reclassified subsequently to profit or loss			
Fair value gain/(loss) on investments in equity instruments designated at FVTOCI net of income tax	(562)	(11,614)	20,998
Other comprehensive income/(loss) for the year net of income tax	(562)	(11,614)	20,998
Total comprehensive income/(loss) for the year	6,218	(27,347)	2,634

(b) Consolidated statement of financial position

\$'000	30-Jun-21	30-Jun-22	30-Jun-23
Cash and cash equivalents	74,724	13,905	129,039
Trade and other receivables	2,609	2,119	1,015
Other assets	874	692	852
Total current assets	78,207	16,716	130,906
Right of use assets	189	111	1,389
Exploration and evaluation assets	73,118	129,106	136,932
Oil and gas assets	-	-	43,525
Property, plant and equipment	219	421	15,624
Intangible assets	2,000	1,628	1,295

Investment in equity instruments	10,350	10,264	-
Other assets	-	500	12,203
Total non-current assets	85,876	142,030	210,968
Total assets	164,083	158,746	341,874
Trade and other payables	(8,457)	(8,372)	(5,863)
Employee benefits	(393)	(512)	(598)
Provisions	(1,165)	(1,752)	(2,540)
Borrowings	-	-	(13,560)
Other liabilities	(1,000)	-	-
Lease liabilities	-	(118)	(258)
Total current liabilities	(11,015)	(10,754)	(22,819)
Trade and other payables	-	(950)	-
Employee benefits	(155)	(188)	(258)
Provisions	(3,741)	(5,153)	(9,469)
Borrowings	(5,769)	(18,291)	(14,789)
Other liabilities	(5,000)	(6,485)	(5,574)
Lease liabilities	(278)	(51)	(2,119)
Total non-current liabilities	(14,943)	(31,118)	(32,209)
Total liabilities	(25,958)	(41,872)	(55,028)
Net assets	138,125	116,874	286,846
Equity			
Issued capital	297,960	301,339	450,893
Reserves	12,733	3,836	33,795
Accumulated losses	(172,568)	(188,301)	(197,842)
Total equity	138,125	116,874	286,846

(c) **Consolidated statement of cash flows**

\$'000	30-Jun-21	30-Jun-22	30-Jun-23
Cash flows from operating activities			
Interest received	150	22	482
Interest paid	(20)	(369)	(3,261)
Net receipts from joint operations recoveries	2,668	3,115	2,769
Payments to suppliers and employees	(8,604)	(13,518)	(12,338)
Other receipts	-	1,050	177
R&D refund	8,784	509	-
Net cash used in operating activities	2,978	(9,191)	(12,171)
Cash flows from investing activities			
Payments for exploration, evaluation, expenditure assets	(31,751)	(52,946)	(36,194)
Payments for oil and gas assets	(42)	-	(16,307)
Government grants received	50	1,800	-
Payments of deposits	(494)	(500)	-
Payments for equity instruments designated as FVTOCI	(10,681)	(11,739)	-

Proceeds from disposal of equity instruments designated at FVTOCI	-	-	135,735
Advances made to JV partners	1,000	-	-
Payments made for property, plant and equipment	-	(391)	(14,992)
Net cash provided by/(used in) investing activities	(41,918)	(63,776)	68,242
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company	86,294	1,889	49,214
Payment of share issue costs	(2,484)	-	(1,200)
Lease incentives received	-	-	1,000
Payment of lease liability	(172)	(109)	(198)
Proceeds from borrowings	8,400	10,500	11,550
Payment of borrowing costs	-	-	(1,684)
Term deposit (deposit)/ maturity	31	(33)	531
Net cash provided by financing activities	92,069	12,247	59,213
Net increase/(decrease) in cash and cash equivalents	53,129	(60,719)	115,284
Cash and cash equivalents at the beginning of the year	21,565	74,724	13,905
Effects of exchange rate changes on the balances of cash held in foreign currencies	30	(100)	(150)
Cash and cash equivalents at the end of the year	74,724	13,905	129,039

7.6 Material changes in Strike's financial position

Other than:

- the accumulation of losses in the ordinary course of trading; and
- as disclosed in this Scheme Booklet or as otherwise disclosed to ASX by Strike,

Strike is not aware of any material change to Strike's financial position since 30 June 2023, being the last date of the period to which the financial statements for the full year ended 30 June 2023 relate.

7.7 Strike's Debt Facilities

As announced by Strike on 27 April 2023, Strike agreed a new \$153 million domestic gas financing package with Macquarie Bank. The new financing package comprises three tranches as follows:

- The refinancing of the prior secured \$33 million drawn and undrawn (\$7 million undrawn) debt facility into a new secured term facility that bears capitalising interest at a 6% coupon plus BBSW, amortises over the tenor of the loan with half yearly repayments of \$6.67 million commencing 31 December 2023 and with a final bullet repayment on 30 June 2025.
- A \$40 million secured appraisal drilling facility for the South Erregulla gas field. The facility is repayable on the later of 31 December 2024 and, if committed, the date the \$80 million contingent instrument facility (see below) is repayable and bears capitalising interest at an improved 9% coupon plus BBSW reducing to a 6% coupon plus BBSW if the \$80 million facility becomes a committed facility.
- A \$80 million secured South Erregulla domestic gas development contingent debt facility, which is currently uncommitted and remains subject to Macquarie approval.

The Macquarie Bank facilities are secured via various forms of security including holding company guarantees, share mortgages and, for each facility, security over the asset(s) to which the facility relates and ranking behind joint venture cross securities where required.

Rabo Bank Australia Limited has also extended a \$6 million loan to Strike for the acquisition of the Precinct which is secured by a mortgage over the property.³⁷

7.8 Strike's Group structure

The Strike Group includes parent company, Strike Energy Limited and the wholly-owned subsidiaries listed as follows.

- Strike Energy Holdings Pty Limited
- Strike Energy South Australia Pty Ltd
- Strike Energy 96 Holdings Pty Ltd
- Strike Energy 96 Pty Ltd
- Strike Energy 95 Holdings Pty Ltd
- Strike Energy 95 Pty Ltd
- Strike Energy 94 Holdings Pty Ltd
- Strike Energy 94 Pty Ltd
- Strike Energy Cooper Holdings Pty Ltd
- Strike Energy Cooper Pty Ltd
- Strike West Holdings Pty Ltd
- Strike West Pty Ltd
- Strike North West Pty Ltd
- Ocean Hill Pty Ltd
- Strike South West Pty Ltd
- Mid West Geothermal Power Pty Ltd
- Strike Industrial Holdings Pty Ltd
- Strike Energy Urea Pty Ltd
- Project Haber Holding Co Pty Ltd
- Project Haber Pty Ltd
- Strike South Pty Ltd

7.9 Strike's issued securities

As at the date of this Scheme Booklet, the capital structure of Strike is comprised of the following securities:

³⁷ For further information see ASX announcement dated 1 September 2022 entitled "Mid West Low Carbon Manufacturing Precinct Update"

Type of security	Number on issue
Fully paid ordinary shares	2,539,297,384
Class A Performance Shares	6
Class B Performance Shares	6
Performance Rights	14,183,063
Options	110,800,000
Terms of Options	
Options expiring 22 Dec 2024 Ex \$0.317	20,700,000
Options expiring 24 Nov 2025 Ex \$0.40	28,000,000
Options expiring 22 May 2025 Ex \$0.40	62,100,000
Total of Options	110,800,000

Strike Shares are quoted on ASX and may be freely traded.

Each Strike Option confers on its holder the right to subscribe for one Strike Share at the specified exercise price on or before the specified date and subject to certain specified vesting conditions.

Each Strike Performance Right confers on its holder the right to acquire one Strike Share for a nil subscription price, subject to certain specified vesting conditions. The holders of Strike Performance Rights do not have any rights, by virtue of these instruments, to participate in any share issues by Strike or of any other body corporate or registered scheme.

The Class A Performance Shares and Class B Performance Shares were issued as part consideration for the acquisition of Mid West Geothermal Power Pty Ltd. The Class A Performance Shares (if certain conditions are satisfied) convert into up to 6,666,667 Strike Shares or \$1 million in cash and the Class B Performance Shares (if certain conditions are satisfied) convert into up to a maximum of 148,800,000 Strike Shares or an amount equal to approximately \$22,320,000 in cash. For more details, please see Strike's ASX announcement dated 1 April 2021 with the title "Strike moves to become first integrated gas producer, manufacturer and renewable energy supplier in WA".

As announced on 24 April 2023, the Company has agreed to grant 5 million options to Non-Executive Director Jill Hoffmann with an exercise price of \$0.60 expiring 31 March 2026. subject to shareholder approval at the 2023 Annual General Meeting to be held on 23 November 2023.

The Company has agreed to grant 1,540,820 Performance Rights awarded under the FY24 Long-term Incentive Plan and 660,493 Performance Rights awarded under the FY23 Short-term Incentive Plan to Mr Nicholls subject to shareholder approval at the 2023 Annual General Meeting to be held on 23 November 2023.

7.10 Strike's substantial shareholders and top 20

(a) Substantial Strike Shareholders

As at the Last Practicable Date, there are no Strike Shareholders who hold voting power in Strike of more than 5.0%.

(b) **Top 20 Strike Shareholders**

Based on the Strike Share Register as at the Last Practicable Date, the top 20 Strike Shareholders held approximately 44.21% of the Strike Shares, as set out in the following table:

	Name	Number of Strike Shares	Percentage shareholding
1.	CUSTODY NOMINEES (AUSTRALIA) LIMITED	209,872,681	8.26%
2.	BNP PARIBAS NOMS PTY LTD	131,454,544	5.18%
3.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	129,296,025	5.09%
4.	CITICORP NOMINEES PTY LIMITED	126,762,715	4.99%
5.	BRAZIL FARMING PTY LTD	92,478,619	3.64%
6.	MHC FUND SERVICES PTY LTD	59,590,135	2.35%
7.	NATIONAL NOMINEES LIMITED	49,741,829	1.96%
8.	GREG HACKSHAW/GREMAR HOLDINGS PTY LTD	47,469,416	1.87%
9.	TIMOTHY GOYDER/ PLATO PROSPECTING PTY LTD	45,440,668	1.79%
10.	ROOKHARP CAPITAL PTY LIMITED	38,178,420	1.50%
11.	DISCOVERY INVESTMENTS PTY LTD	30,000,000	1.18%
12.	CALM HOLDINGS PTY LTD <CLIFTON SUPER FUND A/C>	29,600,000	1.17%
13.	UBS NOMINEES PTY LTD	23,551,095	0.93%
14.	COOGEE RESOURCES PTY LTD	20,000,000	0.79%
15.	MR GARRY NOEL BUNGEY & MRS VIVIENNE ALICE NOLA BUNGEY <BUNGEY SUPER FUND ACCOUNT>	16,500,000	0.65%
16.	HAZARDOUS INVESTMENTS PTY LTD	16,000,000	0.63%
17.	SENESCHAL (WA) PTY LTD <WINSTON SCOTNEY FAMILY S A/C>	15,000,000	0.59%
18.	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	14,999,848	0.59%
19.	MR JAMES CLARKE	13,682,474	0.54%
20.	QUATRI PTY LTD <QUATRI SUPER FUND A/C>	13,000,000	0.51%
	TOTAL	1,122,618,469	44.21%

7.11 Interests of Strike Directors in Strike securities

As at the date of this Scheme Booklet, the Strike Directors have Relevant Interests in the following Strike securities:

Director	Strike Shares	% of issued Strike Shares	Strike Options¹	Strike Performance Rights²
Neville Power	19,012,885	0.75%	6,000,000	-

John Poynton	16,000,000	0.63%	7,000,000	-
Stephen Bizzell	15,756,452	0.62%	5,000,000	-
Stuart Nicholls	13,494,788	0.53%		6,767,953
Andrew Seaton	5,630,434	0.22%	5,000,000	-
Mary Hackett	601,117	0.02%	5,000,000	-
Jill Hoffmann	-	-	-	-

Notes to table above:

1. Unlisted options expiring 24 November 2025 with an exercise price of \$0.40 each.
2. Strike Performance Rights are unlisted options to acquire one Strike Share for a nil subscription price, subject to certain specified vesting conditions.

7.12 Strike Share trading history

The closing trading price of Strike Shares on the ASX on the trading day prior to the Announcement Date was \$0.44 on 11 August 2023.

The last recorded sale price of Strike Shares on ASX before the Last Practicable Date was \$0.39 per Strike Share. As depicted in Figure 5 below, during the 12 months ending on the Last Practicable Date:

- the highest recorded closing price for Strike Shares on ASX was \$0.495 on 06 June 2023; and
- the lowest recorded closing price for Strike Shares on ASX was \$0.24 on 31 October 2022.

Figure 5: Strike Share price performance (Ac/sh)



7.13 Dividend History

Strike has not previously and currently does not pay dividends.

7.14 Rights and liabilities attaching to Strike Shares

The rights and liabilities attaching to Strike Shares (and New Strike Shares that comprise the Scheme Consideration) are described in Section 14.6.

7.15 Employee Incentive Plans

(a) Executive long-term incentive program

The long-term incentive programs (LTIP) are offered to senior management and employees at the discretion of the Strike Board, based on recommendations by the nomination and remuneration committee, to promote growth in shareholder value and returns. Details of the current LTIP can be found in the remuneration report in the 2023 Annual Report.

LTIP awards comprise either share options or performance rights issued under Strike's employee share incentive plan (described at Section 7.15(c)). Strike's security trading policy places prohibitions on speculative trading in securities or hedging options granted under the employee share incentive plan.

Under the LTIP, performance rights are granted at the discretion of the Board and where granted vest dependent on the achievement of absolute and relative total shareholder return targets. The number of performance rights which may be received under the current LTIP is calculated according to a percentage of the executive's fixed remuneration.

Performance rights awarded under the LTIP for the 2022, 2023 and 2024 financial year will be tested for vesting at the end of the LTIP period, being 30 June 2024, 30 June 2025 and 30 June 2026 respectively. The relevant executive will retain the right to receive the performance rights on the condition of remaining an employee of Strike until the vesting date, unless otherwise approved by the Strike Board, and any vested performance rights held by an executive will expire 90 days after the termination of their employment, unless otherwise approved by the Strike Board.

(b) Executive short-term incentive program (STIP)

The STIP is offered annually to senior management and employees charged with achieving short-term performance measures. Details of the STIP can be found in the remuneration report in the 2023 Annual Report.

STIP payments are awarded based on the extent to which prescribed performance targets are met across areas including safety, key gas milestones, cost management and board discretion. STIP awards are non-cash, and are delivered in the form of Strike Performance Rights.

The Strike Board sets a scorecard for measuring performance over five component areas each financial year, one of which relates to individual performance. The STIP awards performance that exceeds the base level of performance in each target area. The award opportunity for reaching each target is assessed as a percentage of that employee's remuneration.

Performance rights issued under the STIP are granted under and in accordance with the employee share incentive plan (described at Section 7.15(c)). The performance rights in respect of the 2024 financial year will be granted after the close of the financial year, and after the Strike Board has assessed Strike's performance, with any performance rights awarded vesting one month following the issue. The relevant executive will retain the right to receive the performance rights on the condition of remaining an employee of Strike until the

vesting date, unless otherwise approved by the Strike Board, and any vested performance rights held by an employee will expire 90 days after the termination of their employment, unless otherwise approved by the Strike Board.

(c) **Employee share incentive plan**

Under the Strike Incentive Plan, last approved by Strike Shareholders on 24 November 2022, eligible directors of Strike, senior management, employees and contractors can be awarded Strike Options or Strike Performance Rights for no consideration at the discretion of the board of Strike. Details of the Strike Incentive Plan and instruments issued under the Strike Incentive Plan in the last financial year are set out in the 2023 Annual Report.

Strike Options and Strike Performance Rights issued under the Strike Incentive Plan entitles its holder to one Strike Share which will rank equally to all other Strike Shares. Awards under the Strike Incentive Plan are typically granted for a one to three year period and carry a number of vesting conditions. Prior to satisfaction of the vesting conditions, Strike Options and Strike Performance Rights issued under the Strike Incentive Plan do not carry any dividend or voting rights.

7.16 Disclosing Entity

Strike is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and as such is subject to regular reporting and disclosure obligations. Among other things, these obligations, including the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act, require disclosure of any information Strike has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

ASX maintains files containing publicly disclosed information about all listed companies. Strike's file is available for inspection at ASX during normal office hours. A description of each announcement made by Strike since 22 September 2023 (being the date on which the most recent financial statements for Strike were released) and the Last Practicable Date are set out in Section 7.17 below.

In addition, Strike is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC (not being documents referred to in section 1274(2)(a) of the Corporations Act) in relation to Strike may be obtained from, or inspected at, an ASIC office.

Strike will provide, free of charge, to any Talon Shareholder who requests it before the Record Date, a copy of:

- the 2023 Annual Report (being the financial report most recently lodged with ASIC before the Announcement Date); and
- any announcement given to ASX by Strike listed in Section 7.17 below.

Further publicly available information about Strike is available at Strike's website at www.strikeenergy.com.au and from ASX's website at www.asx.com.au. It is intended that further announcements concerning developments at Strike will continue to be made on such websites after the Last Practicable Date. Information on the websites referenced in this Scheme Booklet do not constitute part of this Scheme Booklet.

7.17 Strike's announcements and reports

The table below set out the announcements made to ASX that may have affected share price movements over the period between 22 September 2023 (being the financial report most recently lodged with ASIC before the date of this Scheme Booklet) and the Last Practicable Date. This information may be relevant to your assessment of the Scheme. Copies of these announcements are available at www.asx.com.au.

Figure 6: Recent Strike announcements

Date	Announcement
25 October 2023	1Q FY24 Quarterly Report & Appendix 5B
19 October 2023	Notice of Annual General Meeting/Proxy Form
18 October 2023	Canaccord Southwest Connect Conference
11 October 2023	Appendix 3Y Stuart Nicholls
11 October 2023	TPD: Amended and Restated Scheme Implementation Deed
11 October 2023	Amended and Restated Scheme Implementation Deed
9 October 2023	TPD: Walyering Production Update
9 October 2023	Walyering Production Update
5 October 2023	Successful Appraisal of South Erregulla
28 September 2023	2023 Annual General Meeting
26 September 2023	TPD: Walyering gas field commences production
26 September 2023	Walyering gas field commences production
22 September 2023	Corporate Governance Statement 2023
22 September 2023	Appendix 4G

Talon Shareholders may obtain a copy of Strike's 2023 Annual Report free of charge from ASX's website (www.asx.com.au) or from the Strike website (www.strikeenergy.com.au).

7.18 Risk factors

Risk factors relating to Strike and its business are discussed in Section 10.

7.19 Material litigation

As at the date of this Scheme Booklet, neither Strike nor any Related Body Corporate of Strike is a party to any material litigation and is not involved in any material disputes and the Strike Directors are not aware of any threatened or pending material legal proceedings.

7.20 Other material information

Except as disclosed elsewhere in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme or a decision by a Talon Shareholder whether or not to vote in favour of the Scheme, being information that is within the knowledge of any Strike Directors, at the date of this Scheme Booklet which has not previously been disclosed to Talon Shareholders or to the ASX.

8. Profile of the Combined Group

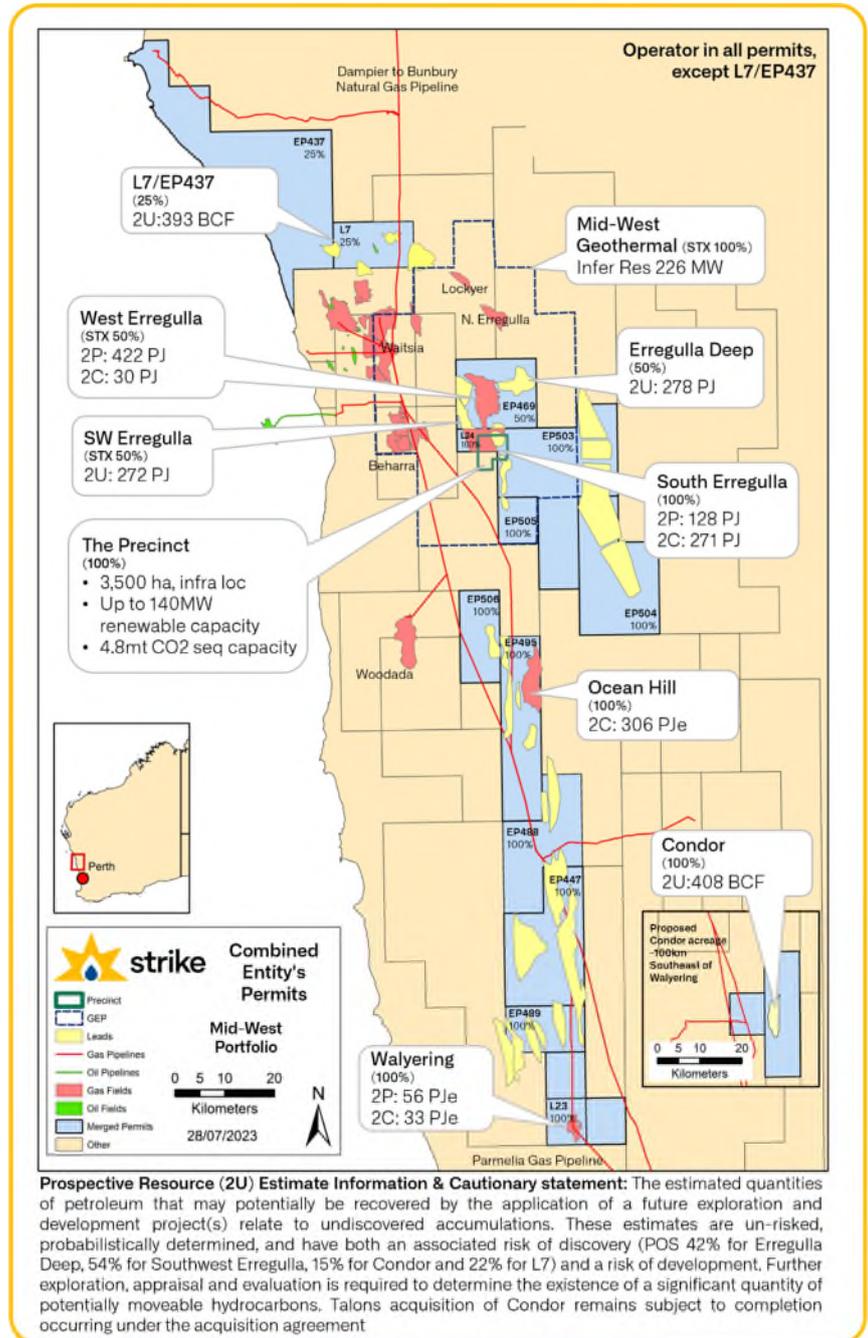
This Section provides a description of the effects of the Scheme on Strike and a profile of the Combined Group, assuming that Talon becomes a wholly owned subsidiary of Strike. If the Scheme is not implemented, the outcomes for the Combined Group described in this Section will not be achieved.

8.1 Overview of the Combined Group

If the Scheme is successfully implemented, the Combined Group is expected to achieve an estimated market capitalisation of approximately \$1.1 billion³⁸.

The Combined Group will:

- have the largest equity holding in the proven and highly prospective Perth Basin covering an area of approximately 3,500km². More information on each of the assets can be found in Section 6.3 and Section 7.2;
- have a combined net 1,022 PJ of independently certified Perth Basin conventional gas 2P Reserves and 2C Resources³⁹, making the Combined Group the largest holder of reserves and resources in the Perth Basin;
- have the capacity to generate an initial estimated annualised cashflow from the Walyering gas field alone in excess of ~\$82 million per annum⁴⁰;



³⁸ Based on the issue of 324,199,183 New Strike Shares to Talon Scheme Shareholders (assuming all Talon Options are exercised and all Talon Performance Rights vest and are exercised (if applicable) prior to the Record Date). Based on the closing price of Strike Shares of \$0.39 on 31 October 2023, being the Last Practicable Date.

³⁹ Consisting of 2P Reserves of 396 PJe (net to Combined Group) and 2C Contingent Resource of 627 PJe (net to Combined Group). Refer section to Section 7.3(d) (*Information relating to resource estimates*) for additional information regarding the resource estimates.

⁴⁰ \$82 million per annum projection assumes production and sales from the Walyering Field at 33 TJ/day and 250bbl/day with as available gas sold asset to Santos at the 'as available rate' and condensate at A\$104bbl (US\$70bbl FX 0.67). Projected revenue is for a 5 year period based on current Reserves.

- own 100% of the Mid West Low Carbon Manufacturing Precinct and, in turn, the development opportunities the Precinct offers for locating domestic gas processing infrastructure, industrial manufacturing, and renewable power generation and carbon abatement; and
- subject to the grant of the currently applied for Geothermal Exploration Permit, the largest and only geothermal permit holding in the Perth Basin.

8.2 Reserves and Resources of the Combined Group

As at the date of this Scheme Booklet, the Combined Group would have a total of 1,022 PJe of independently certified net 2P Reserves and 2C Resources, making the Combined Group the largest holder of reserves and resources in the Perth Basin.

(a) Pro forma Combined Group Reserves

As at the date of this Scheme Booklet, the Combined Group would have total Reserves (2P) of approximately 396 PJe.

Figure 7: Pro forma Combined Group reserves (2P)

	Gas (PJ)	Condensate (PJe)	Total (PJe)
West Erregulla (EP469)	211	-	211
South Erregulla (EP503)	128	-	128
Walyering (EP447)	54	3	57
Total	393	3	396

Note: Petajoule equivalent (PJe) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf). All numbers in the tables are rounded up or down to the nearest whole unit. Refer to Sections 6.3 and 7.3(d) (Information relating to reserve and resource estimates) for additional information regarding the resource estimates.

(b) Pro forma Combined Group Contingent Resources

As at the date of this Scheme Booklet, the Combined Group would have total Contingent Resources (2C) of approximately 627 PJe.

Figure 8: Contingent resources (2C)

	Gas (PJ)	Condensate (PJe)	Total (PJe)
West Erregulla (EP469)	15	-	15
South Erregulla (EP503)	271	-	271
Walyering (EP447)	32	1	33
Ocean Hill (EP495)	300	7	307
Total	618	9	627

Note: Petajoule equivalent (PJe) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf). All numbers in the tables are rounded up or down to the nearest whole unit. Refer to Sections 6.3 and 7.3(d) (Information relating to reserve and resource estimates) for additional information regarding the resource estimates.

(c) Pro forma Combined Group Prospective Resources

As at the date of this Scheme Booklet, the Combined Group would have total Prospective Resources (2U) of approximately 2,392 PJe.

Figure 9: Prospective resources (2U)

Strike share	Gas (PJ)	Condensate (PJe)	Total (PJe)
West Erregulla (EP469)	55	-	55
South Erregulla (EP503)	-	-	-
Walyering (EP447)	16	1	17
Ocean Hill (EP495)	1,469	31	1,500
Erregulla Deep (EP469)	136	-	136
South West Erregulla (EP469)	139	-	139
Booth/Huntswell Deep (EP437)	103		103
Condor (EP494)	439	3	442
Total	2,357	35	2,392

Note: The prospective resource estimate adopted for Erregulla Deep and South West Erregulla are Strike's estimates. EP437 and EP494 are Talon's Unrisked Estimates. All others are independently certified. Petajoule equivalent (PJe) of gas is calculated with a Barrels of oil equivalent (boe) conversion factor of 0.935 for condensate to oil and 1 million barrels of oil (mmbbl) to 6 billion standard cubic feet of gas (bcf). All numbers in the tables are rounded up or down to the nearest whole unit. Prospective resource cautionary note: 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 risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Sections 6.3 and 7.3(d) (Information relating to reserve and resource estimates) for additional information regarding the resource estimates.

Strike estimates and reports its petroleum resources in accordance with the definitions and guidelines of the Society of Petroleum Engineers Petroleum Resource Management System.

8.3 Strategic rationale for the Scheme

The Scheme is expected to create value through realising significant synergies that are to be shared by both sets of shareholders of the Combined Group. Importantly, the Combined Group will:

- have an improved balance sheet, with an increased ability to access debt markets and self-fund development projects along with the combined exploration portfolio; and
- be able to significantly reduce costs via corporate and operational synergies with the discontinuation of the Walyering joint venture; and
- benefit from the application of Strike's Perth Basin operating and development expertise in order to exploit the Combined Group's assets.

8.4 Intentions of Strike and the Combined Group

Details of the intentions of Strike and the Combined Group are outlined in Section 9.1.

8.5 Capital structure

The effect of the Scheme on the capital structure of Strike is summarised below, assuming that:

- all 12,000,000 Talon Options are exercised and convert to Talon Shares prior to the Record Date;
- all 12,500,000 Talon Performance Rights vest in accordance with their terms and convert to Talon Shares prior to the Record Date; and

- other than the 324,199,183 New Strike Shares to be issued as Scheme Consideration, Strike does not issue any Strike Shares or Strike convertible securities and no Strike convertible securities convert into Strike Shares after the date of this Scheme Booklet, including the 5,000,000 Strike Options agreed to be issued to Strike Non-Executive Director Ms Jill Hoffmann and the 1,540,820 Performance Rights awarded under the FY24 Long-term Incentive Plan and 660,493 Performance Rights awarded under the FY23 Short-term Incentive Plan to Mr Nicholls, as described in Section 7.11.

Refer to Sections 5.10 and 5.11 for further information about the treatment of the Talon Options and the Talon Performance Rights under the Scheme.

Figure 10: Pro forma Strike Securities

Capital structure of the Combined Group	Number held by Strike Shareholders	Number held by Talon Shareholders	Total for the Combined Group
Strike Shares ⁴¹	2,539,297,384	324,199,183	2,863,496,567
Strike Options exercisable at \$0.317 on or before 22 Dec 2024	20,700,000	Nil	20,700,000
Strike Options exercisable at \$0.40 on or before 24 Nov 2025	28,000,000	Nil	28,000,000
Strike Options exercisable at \$0.40 on or before 22 May 2025	62,100,000	Nil	62,100,000
Strike Performance Rights	14,183,063	Nil	14,183,063
Strike Class A Performance Shares ⁴²	6	Nil	6
Strike Class B Performance Shares ⁴⁵	6	Nil	6
Total	2,664,280,459	324,199,183	100%
Diluted percentage of the total capital structure ⁴³	89.15%	10.85%	100%
Undiluted percentage of the total capital structure	88.68%	11.32%	100%

Strike Shares are quoted on ASX and may be freely traded. None of the other securities referred to above will be quoted on the ASX.

8.6 Substantial shareholdings

If the Scheme is successfully implemented, and assuming no change to the substantial shareholders of Talon and Strike as at the Implementation Date, the Combined Group will not have any substantial shareholders immediately after the issue of the Scheme Consideration.

The information in this Section 8.6 is current as at the Last Practicable Date and is subject to change as a result of trading in Strike Shares and/or Talon Shares until implementation of the Scheme.

⁴¹ On the basis of the assumptions set out in this Section 8.5.

⁴² Class A Performance Shares (if certain conditions are satisfied) convert into up to 6,666,667 Strike Shares or \$1 million in cash and Class B Performance Shares (if certain conditions are satisfied) convert into up to a maximum of 148,800,000 Strike Shares or an amount equal to approximately \$22,320,000 in cash.

⁴³ The diluted capital structure assumes that all Strike convertible securities convert into Strike Shares.

8.7 Rights attaching to New Strike Shares

The rights and liabilities attaching to New Strike Shares that form part of the Scheme Consideration are described in Section 14.6.

8.8 Combined Group Pro-Forma Historical Financial Information

(a) Introduction

This Section 8.8 provides an overview of the financial effects of the implementation of the Scheme and sets out a summary of the pro-forma historical statement of financial position as at 30 June 2023 for Strike.

In this Section, references to the Combined Group pro-forma financial information, means the corporate group that will be formed as it will exist immediately following implementation of the Scheme and refers to the Combined Group on an aggregated basis.

(b) Basis of preparation

This Section should be read in conjunction with the underlying financial information from which it is derived, Strike's current intentions regarding Talon are set out in Section 8.4, the risk factors set out in Section 8.10, Strike's accounting policies and other information contained within this Scheme Booklet Statement.

This Section provides an overview of the financial effects of the implementation of the Scheme on Strike:

- based on:
 - the reviewed balance sheet of Talon as at 30 June 2023;
 - the audited balance sheet of Strike as at 30 June 2023;
 - acquisition accounting based on the terms of the Scheme; and
 - accounting policies and matters of significant judgement based on publicly available information.
- with the pro-forma adjustments explained in Section 8.8(d) below; and
- with adjustments to allocate the cost of the acquisition to the Talon assets and liabilities which were initially measured at the amount specified in the applicable accounting standards for those assets and liabilities and not required to be initially measured at cost.

Strike's and Talon's financial reports are available from their respective websites or the ASX website (www.asx.com.au).

This financial information has been prepared for illustrative purposes only, to give an indication of the financial position of the Combined Group as if the Scheme had been implemented as at 30 June 2023 and has been prepared on an abbreviated basis. It does not provide all the disclosure usually provided in an Annual Report in accordance with the Corporations Act.

The Combined Group pro forma financial information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (AAS) (including Australian Accounting Interpretations) adopted by the AASB, which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board.

The Combined Group pro forma financial information has been prepared in accordance with and should be read in conjunction with the accounting policies detailed in Strike's FY23

Annual Report ending 30 June 2023. A preliminary assessment has not identified any material differences between the accounting policies adopted by Strike and Talon as at 30 June 2023.

Pro forma adjustments and assumptions have also been made to reflect the terms of the Scheme. It is assumed that the acquisition will be accounted for as an asset acquisition in accordance with applicable accounting standards. The Combined Group pro forma financial information has been prepared using preliminary purchase price accounting estimates. Comprehensive fair value assessments of the Talon assets and liabilities will be completed upon completion of the Scheme including fair value purchase price allocation and related tax effect accounting.

(c) Unaudited pro-forma statement of financial position

Unaudited pro-forma statement of financial position A\$'000	Strike Full-year Accounts 30 June 2023	Talon Half-year Accounts 30 June 2023	Subtotal	Talon acquisition	Pro forma - 100%
	(1)	(2)		(3)	
Cash and cash equivalents	129,039	9,154	138,193	(1,989)	136,204
Restricted cash	-	-	-	-	-
Inventory	-	-	-	-	-
Trade and other receivables	1,015	329	1,344	(4)	1,340
Other current assets	852	60	912	-	912
Total current assets	130,906	9,542	140,448	(1,993)	138,455
Right of use assets	1,389	-	1,389	-	1,389
Exploration and evaluation assets	136,932	11,704	148,636	(9,140)	139,496
Oil and gas assets	43,525	23,048	66,573	99,186	165,758
Property, plant and equipment	15,624	202	15,826	(202)	15,624
Intangible assets	1,295	-	1,295	-	1,295
Investments in equity investments	-	-	-	-	-
Other assets	12,203	-	12,203	-	12,203
Total non-current assets	210,968	34,954	245,922	89,844	335,766
Total assets	341,874	44,497	386,371	87,850	474,221
Trade and other payables	(5,863)	(2,320)	(8,183)	77	(8,105)
Employee benefits	(598)	-	(598)	-	(598)
Provisions	(2,540)	(13)	(2,553)	-	(2,553)
Borrowings	(13,560)	-	(13,560)	-	(13,560)
Other liabilities	-	(915)	(915)	-	(915)
Lease liabilities	(258)	-	(258)	-	(258)
Total current liabilities	(22,819)	(3,247)	(26,066)	77	(25,989)
Trade and other payables	-	-	-	-	-
Employee benefits	(258)	-	(258)	-	(258)
Provisions	(9,469)	(2,739)	(12,208)	-	(12,208)
Borrowings	(14,789)	-	(14,789)	-	(14,789)
Other liabilities	(5,574)	-	(5,574)	-	(5,574)
Lease liabilities	(2,119)	-	(2,119)	-	(2,119)
Total non-current liabilities	(32,209)	(2,739)	(34,948)	-	(34,948)
Total liabilities	(55,028)	(5,986)	(61,014)	77	(60,937)
Net assets	286,846	38,510	325,356	87,927	413,284
Equity					
Issued capital	450,893	91,354	542,247	35,084	577,331
Reserves	33,795	7,364	41,159	(7,364)	33,795
Accumulated losses	(197,842)	(60,207)	(258,049)	60,207	(197,842)
Equity attributable to owners of the Parent	286,846	38,510	325,356	87,927	413,284
Non-controlling interests	-	-	-	-	-
Total equity	286,846	38,510	325,356	87,927	413,284

(d) Assumptions and pro forma adjustments

This pro-forma balance sheet reflects the acquisition of 100% of Talon's issued capital via the Scheme. The pro forma adjustments assume that 0.4828 New Strike Shares are issued for every Talon Share. The adjustments assume a value of \$0.39 for each Strike Share, which represents Strike's closing share price on the Last Practicable Date.

The pro forma statement of financial position of the Combined Group is derived from:

- the audited Statement of Financial Position of Strike Energy Limited as at 30 June 2023;
- the reviewed Statement of Financial Position of Talon Energy Limited as at 30 June 2023;
- adjustment to reflect 100% acquisition of Talon Shares and asset acquisition accounting including the following:
 - Talon Options currently on issue assumed to be exercised prior to the Effective Date, recognising cash proceeds of \$2.4 million and associated increase in issued capital;
 - elimination of Talon's existing issued capital (\$91 million), reserves (\$7 million) and accumulated losses (-\$60 million) on acquisition;
 - adjustment to assets and liabilities. It is assumed that the cost of Talon's assets and liabilities equal their fair value, with the exception of oil and gas assets, to which the residual balance of the consideration paid is allocated;
 - adjustment to demerge/remove Talon's Mongolian assets and liabilities following the proposed Gurvantes Transaction;
 - adjustment to recognise profit received from the Gurvantes Transaction (net of transaction costs; TMK shares issued to consultants and in specie distribution occurs prior to consolidation);
 - increase of \$136 million in the issued capital of Strike to reflect new equity issued as consideration for the takeover;
 - transaction costs on acquisition of approximately \$3.8 million (assuming a further \$0.6 million of transaction costs satisfied through the Mongolian sale are recognised against profit on sale); and
 - any outstanding loans between Talon and Strike are eliminated on a consolidated basis.

- (e) Material changes in the Combined Group's financial position since the most recent balance date

Other than as disclosed to the market by Strike and Talon (in accordance with their reporting and disclosure obligations) since the date of the release of Strike's 2023 annual report and Talon's 30 June 2023 half year report, or in this Scheme Booklet, there are no material changes in the Combined Group's financial position since the most recent balance date.

8.9 Financial outlook of the Combined Group

The Strike Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Combined Group. The Strike Board has concluded that such forecast financial information would have the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either Strike Shareholders or Talon Shareholders.

Talon Shareholders should refer to the Independent Expert Report for the Independent Expert's conclusions regarding valuations of Talon and Strike.

8.10 Risks associated with the Combined Group

There are a number of risks associated with the Combined Group. These are summarised in Section 10.

8.11 Combined Group's register of securityholders

In accordance with Australian law, Strike's register of shareholders and optionholders will be maintained in Australia by the Strike Registry.

9. Intentions of Strike and the Combined Group

9.1 Overview

This Section 9 sets out the current intentions of Strike in relation to the Combined Group if the Scheme is implemented and on the basis the Gervantes Transaction is completed. The statements of intention are formed on the basis of facts and information known to Strike at the date of this Scheme Booklet. Final decisions regarding the Combined Group's future operations will be made by the board of the Combined Group in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this Section are statements of current intentions only, which may vary as new information becomes available or circumstances change, and the Combined Group further develops its strategic focus and outlook.

9.2 Conduct of business

(a) Continuation of business

If the Scheme is implemented, Strike intends to continue to operate the businesses of Strike and Talon in a similar manner as to how they are currently operating, while focusing on the realisation of the identified Combined Group expected pre-tax synergies and initial annualised cashflow from the Walyering gas field, which is estimated by Strike to initially be in excess of \$82 million per annum.⁴⁴ Notwithstanding this, Strike has and will continue to undertake a review of the Combined Group's operations covering strategic, financial, risk and commercial operating matters to determine and implement improvements to deliver the optimal outcomes for the Combined Group.

(b) Operational review

Strike intends to conduct a broad review of Talon's operations covering strategic, financial and operating matters to:

- evaluate Talon's performance and prospects in respect of each of its assets;
- optimise Talon's asset portfolio as part of the Combined Group's asset portfolio; and
- develop an operating business plan for the Combined Group.

In the course of this review, Strike intends to focus on a number of key areas including (but not limited to) the following:

- examining the timing and quantum of expenditure commitments to minimise capital deployment and/or realign those commitments so as to better fit within the Combined Group's work commitment program across its portfolio of assets;
- where economic, seek opportunities to consolidate duplicated functions and offices and rationalise costs including the management of Walyering;
- integrating the Talon exploration database into Strike's systems with a view to reducing the number of software licenses and IT support costs; and
- evaluation of an optimal strategy to fund the Combined Group's future commitments and other transaction or contracting structures that may benefit the development of the Combined Group's assets.

⁴⁴ \$82 million per annum projection assumes production and sales from the Walyering Field at 33 TJ/day and 250bbl/day with as available gas sold asset to Santos at the 'as available rate' and condensate at A\$104bbl (US\$70bbl FX 0.67). Projected revenue is for a 5 year period based on current Reserves.

(c) **Corporate strategy**

If the Scheme is implemented, the strategy of the Combined Group will be to:

- maintain strong base business operations to explore for, and develop, high-quality conventional gas resources across the Combined Group's portfolio of assets;
- maintain focus on safe, reliable and low-cost development and operatorship of the Combined Group's portfolio of assets;
- pursue targeted final investment decisions for material development projects;
- leverage operatorship across its growth portfolio to optimise capital allocation and project timing;
- leverage both corporate and operational synergies to further improve the revenue and cash flow profile of the Combined Group's portfolio of assets;
- review the most efficient capital allocation to drive future growth in the Combined Group's portfolio;
- conduct an evaluation of internal and external opportunities to maximise value for the Combined Group's shareholders;
- set and pursue carbon neutral Scope 1 and 2 emissions by 2030 target for the combined assets; and
- continue to positively contribute to the communities in which the Combined Group operates by providing employment, local partnerships and sponsorship programmes.

(d) **Corporate Governance**

It is intended that the Combined Group will continue to be governed by Strike's current corporate governance policies. In addition to Strike's 2023 Corporate Governance Statement lodged with ASX on 22 September 2023, available at www.asx.com.au, a copy of Strike's core corporate governance policies can be accessed on Strike's website: <https://strikeenergy.com.au/corporate-governance/>.

9.3 Business integration and impact on employees

Subject to the operational review referenced above, Strike intends to incorporate the operations of Talon within its existing structure and remove any duplication of corporate or shared services including board, treasury and finance, legal and company secretarial resources, where economic.

As a result of the implementation of the above intentions, certain functions will become redundant. In addition, the positions held by certain other Talon employees whose roles overlap with existing Strike employees may become redundant and some job redundancies may occur as a result.

However, the extent and timing of such job redundancies cannot be predicted in advance of conducting the review described in Section 9.2(b). Where redundancies do occur across the Combined Group, severance and redundancy terms of all relevant employment contracts and industrial agreements or awards will be recognised and complied with by the Combined Group.

9.4 Directors, management and employees of the Combined Group

Following implementation of the Scheme, the Combined Group will continue to be led by the Strike Board.

9.5 Corporate matters in relation to Talon

Following implementation of the Scheme, it is intended that:

- (a) Talon be removed from the official list of ASX; and
- (b) as Talon will be a wholly owned Subsidiary of Strike, the Talon Board will be reconstituted so that it comprises persons nominated by Strike.

9.6 Dividend policy

Following the implementation of the Scheme, Strike does not intend to pay ordinary dividends.

10. Risk factors

10.1 Overview

Talon Shareholders should be aware that there are a number of risks, both general and specific, associated with the Scheme.

Under the Scheme, Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will acquire New Strike Shares and consequently there will be a change to those Talon Scheme Shareholders' overall investment risk profile.

There are a range of factors, both specific to the Combined Group and which apply more generally to the energy sector and equity market participants, which may, individually or in combination, affect the business, future operating and financial performance, reputation or prospects of the Combined Group and/or the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of the Combined Group, its directors and management.

In a number of instances, risk factors for the Combined Group are also risks factors which apply or may apply, to varying degrees, to Talon as a standalone entity.

This Section outlines a number of the risk factors considered to be material risks associated with the Scheme and the Combined Group, including:

- (a) specific risks relating to the Scheme (Section 10.2);
- (b) risks relating to the Combined Group (Section 10.3);
- (c) risks specific to Strike (Section 10.4); and
- (d) risks if the Scheme does not proceed (Section 10.5).

The information set out in this Section 10 is a summary only and does not purport to be, nor should it be construed as representing, an exhaustive list of risks. Additional risks and uncertainties not currently known may also have a material adverse effect on the operational and financial performance of Talon, Strike or the Combined Group.

No assurances or guarantees are given in relation to the future performance of, profitability of, or payment of dividends by Talon, Strike or the Combined Group. You should carefully consider the risks and uncertainties described in this Section 10, together with all other information contained in this Scheme Booklet, before making a decision regarding the Scheme. If you do not understand any part of this Scheme Booklet or are in any doubt as to how to vote in relation to the Scheme, you should seek independent financial, legal, taxation or other professional advice before making any decision regarding the Scheme.

10.2 Specific risks relating to the Scheme

Change in risk profile and risks of investment in the Combined Group

If the Scheme is implemented, there will be a change in the risk profile to which Talon Scheme Shareholders are exposed. Talon Shareholders are currently exposed to various risks associated with Talon's business and an investment in Talon. If the Scheme is implemented, Talon's business will be merged with that of the Strike Group and Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) who hold Talon Scheme Shares as at the Record Date will receive New Strike Shares as Scheme Consideration. As a result, those Talon Scheme Shareholders will be exposed to the risk factors relating to Strike, in addition to risk factors relating to the Combined Group and the integration of the two companies. In many cases, these risks are different from or additional

to those currently faced by Talon Shareholders and may include risks associated with the operation of a broader suite of assets to which Talon Shareholders are not currently exposed.

Change in investment profile for Talon Shareholders

Talon and Strike both have a focus on oil and gas exploration and production and share a number of significant similarities, including interests in common assets (specifically, Walyering). However, if the Scheme is implemented, the operational profile, capital structure, size and suite of assets of the Combined Group will be different to that of Talon on a standalone basis. Some Talon Shareholders may wish to maintain an interest in Talon as a standalone entity to maintain their exposure to the specific characteristics and profile of Talon and its business. The change in investment profile resulting from the Scheme may be a disincentive to such Talon Shareholders.

Satisfaction or waiver of the Scheme Conditions

Implementation of the Scheme is subject to the Scheme Conditions, which are summarised at Section 12.2.

The Scheme will not proceed unless the Scheme Conditions are satisfied or waived (where permitted). If any of the Scheme Conditions are not satisfied or waived (where permitted) by the End Date, the Scheme Implementation Deed may be terminated, which will mean the Scheme will not be implemented.

There can be no certainty, nor can Talon provide any assurance, that the Scheme Conditions will be satisfied or waived (where permitted), or if satisfied or waived (where permitted), when that will occur. In addition, there are a number of Scheme Conditions which are outside the control of Talon, including, but not limited to, approval by the Requisite Majorities at the Scheme Meeting and required regulatory approvals and consents.

If for any reason the Scheme Conditions are not satisfied or waived (where permitted) and the Scheme is not implemented, or there is a delay in satisfying the Scheme Conditions and implementing the Scheme, the market price of Talon Shares may be adversely affected.

Value of Scheme Consideration not certain

If the Scheme is implemented, Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will receive the Scheme Consideration of 0.4828 New Strike Shares for each Talon Scheme Share they hold at the Record Date.

The implied value of the Scheme Consideration will depend on the price at which Strike Shares trade on ASX after the Effective Date and is not fixed.

The price of Strike Shares, following implementation of the Scheme, may rise or fall as a result of a number of factors, including the financial and operating performance of the Combined Group and general market conditions.

If the price of Strike Shares falls, the value of the New Strike Shares received by Talon Scheme Shareholders as Scheme Consideration will decline in value.

In addition, the Sale Nominee will be issued the New Strike Shares attributable to certain Ineligible Foreign Shareholders and Cash Out Shareholders on the Implementation Date, upon which the Sale Nominee will sell those New Strike Shares on ASX or another prescribed financial market as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date. It is possible that the sale of those New Strike Shares on-market may apply downward pressure to the price of Strike Shares following implementation of the Scheme. Similar downward pressure to the price of Strike Shares may arise if Talon Shareholders that prefer not to maintain an investment in the Combined Group

elect to trade New Strike Shares received as Scheme Consideration following implementation of the Scheme.

Implications for Talon Shareholders if the Scheme is implemented but the Gurvantes Transaction is unsuccessful

Realisation of additional value for Talon's interest in the Gurvantes Project is subject to completion of the Gurvantes Transaction and the Distribution occurring.

There is a risk that the Gurvantes Transaction does not complete and that the Gurvantes Transaction Agreement is terminated. This may occur if any of the conditions precedent to completion of the Gurvantes Transaction are not satisfied or waived, including where the required shareholder approvals of TMK and/or Talon are not obtained. In those circumstances, Talon will retain its interest in the Gurvantes Project and, if the Scheme is implemented, Strike will also acquire all of Talon's interest in the Gurvantes Project for the Scheme Consideration, by virtue of acquiring Talon under the Scheme. However, Talon Scheme Shareholders will not receive any additional consideration under the Scheme above the Scheme Consideration, to reflect Talon's interest in the Gurvantes Project. Further, the exposure of Talon Shareholders to this asset will be diluted.

There can be no assurances given that the Gurvantes Transaction will complete and that Talon Shareholders will realise this additional value via the Distribution.

Trading during deferred settlement period

If the Scheme is implemented, Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) may not know the exact number of New Strike Shares they will receive as Scheme Consideration (due to rounding) until a number of days after those New Strike Shares can be traded on the ASX on a deferred settlement basis. Talon Scheme Shareholders who trade in New Strike Shares on a deferred settlement basis, and prior to knowing the exact number of New Strike Shares they will be issued as Scheme Consideration, may be exposed to adverse financial consequences if they purport to trade more New Strike Shares than they receive.

Termination rights

Talon and Strike each have the right to terminate the Scheme Implementation Deed in certain circumstances, as set out in Section 13.7. Accordingly, there is no certainty that the Scheme Implementation Deed will not be terminated by either Talon or Strike before the Scheme is implemented.

If the Scheme Implementation Deed is terminated, there is no assurance that the Talon Board will be able to find a party willing to offer an equivalent or greater price for Talon Shares than the price offered under the terms of the Scheme Implementation Deed. This may adversely affect the future market price of Talon Shares.

Tax consequences

If the Scheme is successfully implemented, there may be tax consequences for Talon Scheme Shareholders. The tax consequences for Talon Scheme Shareholders will vary depending on a number of factors, including their place of residence for tax purposes and their individual financial and tax circumstances.

A general guide to the Australian tax consequences of the Scheme for certain Talon Shareholders who participate in the Scheme and who are Australian tax residents is set out in Section 11. However, this guide is not intended to provide specific tax advice in respect of the individual circumstances of any Talon Shareholder, and Talon Shareholders should not rely on this guide in substitution for specific tax advice on their own affairs.

Talon Shareholders are encouraged to seek independent professional advice regarding the individual tax consequences applicable to them.

Transaction and other costs of implementing the Scheme

There are a number of transaction and other costs which Talon will incur in connection with the Scheme, including financial advisory costs, legal costs, accounting costs, costs of the Independent Expert and Technical Expert, tax and administrative fees, costs associated with convening and holding the Scheme Meeting, printing and marketing costs, costs of the Talon Share Registry and other general expenses. Talon estimates these costs to be approximately \$4.1 million (exclusive of GST and disbursements). This amount does not include transaction and other costs that may be incurred by Strike. Refer to Section 14.24 for a breakdown of the estimated transaction costs.

Break fee

Under the terms of the Scheme Implementation Deed, a break fee of \$1,422,228 (plus GST, if applicable) may become payable by either Talon or Strike in certain circumstances. Refer to Section 13.5 for further details.

A Superior Proposal for Talon may yet emerge

It is possible that a Superior Proposal for Talon, which is more attractive for Talon Shareholders than the Scheme, may materialise in the future. The implementation of the Scheme would mean that Talon Shareholders would not obtain the benefit of any such proposal.

The Talon Board is not currently aware of any such proposal and notes that since Talon and Strike announced the Scheme, there has been a significant period of time and ample opportunity for an alternative proposal for Talon which provides a different outcome for Talon Shareholders to emerge.

Since the Announcement Date, no alternative proposal has emerged and the Talon Directors have decided that the Scheme is the best option available at the date of this Scheme Booklet.

10.3 Risks relating to the Combined Group

The following risks have been identified as being key risks specific to an investment in the Combined Group, many of which are common to Talon and Strike. These risks have the potential to have a significant adverse impact on the Combined Group and may affect the Combined Group's financial position, prospects and price of its listed securities.

Talon Shareholders are already exposed to many of these risks through their investment in Talon. However, if the Scheme is implemented, the extent to which a particular risk may affect Talon or the Combined Group may be greater than or less than the extent to which that risk currently affects each of Talon and Strike individually.

Failure to realise benefits of the Scheme, including expected synergies

After implementation of the Scheme, the Combined Group will seek to pursue those strategies, operational objectives and benefits contemplated by this Scheme Booklet, including the estimated synergies as detailed in Section 8.3.

There is the risk that the Combined Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise, or will not materialise to the extent that the Combined Group anticipates (for whatever reason, including matters beyond the control of the Combined Group), or that the realisation of the strategies, operational objectives and benefits are delayed. Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies,

operational objectives and benefits, could have an adverse impact on the Combined Group's operations, financial performance and financial position, including its share price.

If the Scheme is implemented, the Combined Group will also seek to implement the various cost-saving and optimisation strategies relating to synergies that are discussed in Section 8.3. There is a risk the Combined Group may not be able to realise these synergies (in whole or in part) or alternatively that there will be delays in realising these synergies beyond current estimates.

Change of control

Some contracts to which Talon and/or its Subsidiaries are party to (including contracts with customers and joint venture partners), may contain change of control or deemed assignment provisions that could be triggered by implementation of the Scheme (and the change of control to Talon resulting from the Scheme). If any such provision is triggered, this may allow the counterparty to review, adversely modify, exercise rights under or terminate the contract. If a counterparty to any such contract were to do so, this may have an adverse affect on the Combined Group, which may be material (depending on the relevant contract).

Accounting risk

Following implementation of the Scheme, the Combined Group will need to perform a fair value assessment of all of the assets and liabilities of the Combined Group, including tangible and intangible assets, which may differ from the preliminary assessments noted in Section 8.8. As a result of that fair value assessment, the Combined Group's charges (for example, depreciation expense and amortisation expense) and asset carrying values may be substantially different to the corresponding charges and asset carrying values applied by Talon and Strike as standalone entities and, to that extent, may impact upon the future financial performance and financial results of the Combined Group.

The Combined Group will also be subject to the risks arising from any future changes in accounting policies applied by the Combined Group which may have an adverse impact on the Combined Group.

Changes to accounting standards may also adversely affect the Combined Group's reported earnings performance in any given reporting period and its consolidated statement of financial position from time to time.

Commodity prices

Talon's and Strike's common business is heavily dependent on prevailing market prices for its products, primarily gas (only uncontracted gas volumes). Changes in the price of gas will impact the Combined Group's revenue, cash flows, profitability and ability to service its debts.

Future operating and capital cost requirements

Development of the Perth Basin assets will require significant capital and operating expenditure, which will need to be supported by external project financing, however there is no certainty the Combined Group will be able to secure such financing on appropriate terms or at all. Additionally, unexpected changes to future cost profiles (including as a result of a tightening labour and supply market) could result in the Combined Group's cash requirements being over and above its available liquidity. To the extent the Combined Group's cash reserves and debt facilities are insufficient to meet its requirements for ongoing operations and capital expenditure, the Combined Group may need to seek additional debt or equity funding, sell assets or defer capital expenditure. Project finance, specifically, is dependent on signing sufficient gas sale agreements with third parties. To the extent any existing or future customers terminate or repudiate their gas sale agreements or become entitled to withdraw any part of their committed gas purchases (including as a consequence of any delay of the development timetable), the Combined Group will need to source replacement

customers for the purposes of securing or maintaining project finance. Any such failure to obtain project financing funding on reasonable terms may result in a loss of business opportunity and/or excessive funding costs, including potentially significant dilution to existing shareholders if equity funding is pursued.

Project analysis

Talon and Strike have undertaken technical, financial, operational, business and other analysis in respect of the Perth Basin in order to determine its readiness to proceed from a technical, commercial and economic perspective. It is possible that the analysis undertaken by Talon and Strike and the best estimate assumptions made by Talon and Strike draw conclusions and forecasts that are inaccurate or not realised in due course (whether because of flawed methodology, misinterpretation of economic circumstances, supervening events or otherwise). To the extent the actual results achieved are weaker than those indicated by Talon's and Strike's analysis, there is a risk this may have an adverse impact on the financial position, financial performance and/or share price of the Combined Group.

Ability to exploit successful discoveries

It may not always be possible for the Combined Group to participate in the exploitation of successful discoveries made in any of the areas in which the Combined Group has an interest. Such exploitation will involve the need to obtain necessary licences and/or clearances from relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities in a favourable manner. It may or may not be possible for such conditions to be satisfied. Obtaining and complying with the necessary licences, permits, authorisations, concessions and other approvals in connection with the Combined Group's activities or governmental regulations can be complex, costly and time-consuming and is not assured. Further, the decision to proceed to exploitation or further exploitation may require the participation and/or support of other companies including joint venturers whose interests and objectives may not be the same as the Combined Group's interests and objectives. Material delays or failures to successfully complete the Combined Group's development activities may have a material adverse effect on the operating performance of the Combined Group or its future prospects.

Exploration, drilling and production

Gas exploration is a speculative endeavour with an associated risk of discovery to find any gas in commercial quantities and a risk of development. No assurances can be given that funds spent on exploration will result in discoveries that will be commercially viable. Future exploration activities, including drilling and seismic acquisition, may result in changes in current prospectivity perceptions of individual prospects, leads and permits. It may even lead to a relinquishment of the permit, or a portion of the permit.

Gas drilling activities are subject to numerous risks, many of which will be beyond the Combined Group's direct control. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, unexpected geological conditions, mechanical difficulties, conditions which could result in damage to plant or equipment or the environment, delays in government or regulatory approvals, availability of the necessary technical equipment and appropriately skilled and experienced technicians. Drilling may result in wells that, whilst encountering gas, may not achieve commercially viable results.

Gas projects may be exposed to low side reserve outcomes, cost overruns, and production decrease or stoppage, which may be the result of facility shut-downs, mechanical or technical failure and other unforeseen events. A significant poor development outcome or failure to maintain production could result in the Combined Group lowering reserve and production forecasts, loss of revenue and additional operating costs to restore production. In some instances, a loss of production may incur significant capital expenditure, which could require the Combined Group to seek additional funding.

Operating

Industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Combined Group due to injury or loss of life, damage to or destruction of property, natural resources, or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may give rise to claims against the Combined Group.

Industrial disputes, work stoppages and occupational safety incidents involving the Combined Group's employees or contractors, natural disasters and extreme weather events, inadequate supply chain performance, deliberate acts of destruction, the inherent uncertainty in reserves estimates, failure of IT and other systems, cyber security disruption, environmental impacts, all contribute towards operational risk, which may have an adverse impact on the Combined Group's profitability and results of its operations.

Estimates

Underground gas reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid at a certain point in time may alter significantly or become uncertain when new gas reservoir information becomes available through additional drilling or reservoir engineering over the life of the field. As reserve and resource estimates change, development and production plans may be altered in a way that may affect the Combined Group's operations and/or financial results. Additionally, gas reserves and resources assume that the Combined Group continues to be entitled to production licences over the fields and that the fields will be produced until the economic limit of production is reached. If any production licences for fields are not granted, renewed or are cancelled, estimated oil and gas reserves and resources may be materially impacted.

Environmental

The Combined Group's exploration, appraisal, development and production activities may be delayed or may be unsuccessful owing to state, national and international environmental laws and regulations. Gas exploration, development and production can be potentially environmentally hazardous giving rise to substantial costs for environmental rehabilitation, damage control, and losses. The Combined Group's operations will be subject to environmental controls relating to hazardous operations and the discharge of waste. The legal framework governing this area is complex and constantly developing. There is a risk the environmental regulations may become more onerous, making the Combined Group's operations more expensive or causing delays. Non-governmental activists' activities may adversely affect gas exploitation activities, and those activists may successfully lobby for enhanced or altered regulations that impact or prevent exploration or exploitation activities (including conventional gas exploration).

Land access risk

Land access is critical to the operations of the Combined Group. Immediate and continuing access to land within the Combined Group's licence and permit areas cannot in all cases be guaranteed as the Combined Group may be required to obtain the consent of the owners and occupiers of the relevant land or surrounding land. Compensation may be required to be paid to the owners and occupiers by the Combined Group in order for the Combined Group to carry out exploration activities.

Various aspects of the Combined Group's future performance and profitability are dependent on the outcome of future negotiations with third parties. In addition to the outcome of negotiations on land access arrangements, future negotiation with the government is

expected in respect of licence renewals, developing related infrastructure and work obligations and security for rehabilitation of areas of operation within the Combined Group's permits.

Potential claims by community members and stakeholders, who may have concerns over the social or environmental impacts of oil and gas operations or the distribution of oil and gas royalties and access to petroleum-related benefits, have the potential to cause community unrest and activism, which may diminish the Combined Group's reputation.

Legislative and regulatory risk

The Combined Group will operate in industries subject to extensive national and local laws and regulations. Non-compliance can lead to regulatory or legal actions and can impact the status of licenses or operatorship. Retention of licences can also be impacted when government development expectations are not met. Changes in government policy, the fiscal regime, regulatory regime or the legislative framework could impact the Combined Group's business, results from operations, asset valuation or financial condition and performance. The possible extent of such changes that may affect the Combined Group's business activities cannot be predicted with any certainty. The effects of any such actions may result in, amongst other things, delays or the prevention of the Combined Group being able to execute certain activities, increased costs (whether in the nature of capital or operating expenses), taxes (direct and indirect), or domestic market obligations. Companies in the energy and industrials sectors may be subject to paying direct and indirect taxes, royalties and other imposts in addition to normal company taxes. The Combined Group's profitability may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies. In addition to changes in existing tax laws, risk is also embedded in the interpretation or application of existing tax laws, especially where specific guidance is unavailable or has not been tested in the relevant tax jurisdiction.

Climate change

The Combined Group will be exposed to a number of climate change related risks. Material climate related risks include changes in demand for products due to regulatory and technological changes (transitional risk), increases in operating costs of assets due to carbon-pricing policies or other market mechanisms, physical damage to assets or interruption to operations from climatic changes and extreme weather events, restrictions on capital deployment to carbon intensive industries, and reputational damage driven by stakeholder activism and changing societal expectations. The occurrence of any of these risks could result in asset impairment, lost revenue and reputational damage, amongst other things.

Joint venture risk

The Combined Group will be party to joint venture or joint operating agreements for a number of the licences, leases and permits in which it holds interests of less than 100%. Subject to any sole risk development rights that may exist in the relevant joint venture agreement, the Combined Group may require the agreement of other joint venturers to proceed with an exploration, appraisal or development project. Where sole risk development rights are exercisable by a party to a joint venture or joint operating agreement, the Combined Group may not, for whatever reason, be in a position to participate and in those circumstances the Combined Group may not benefit wholly or at all from development activities which are undertaken by a counterparty exercising its sole development rights.

The Combined Group's joint venture partners may have economic or other business interests or goals that are inconsistent with the business interests or goals of the Combined Group and may be in a position to take actions contrary to the Combined Group's objectives or interests. Where a joint venture partner does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint

venture partners do not align with the Combined Group, this may adversely affect the Combined Group's business, financial condition or results of operations.

Counterparty and credit risk

A dispute, or a breakdown in the relationship, between the Combined Group and governments, regulators, its joint venturers, suppliers or customers, a failure to reach a suitable arrangement with a particular joint venturer, supplier or customer, the failure of a joint venturer, supplier or customer to pay or otherwise satisfy its contractual obligations (including as a result of insolvency or financial stress) or termination of an existing arrangement by a particular counterparty, could have an adverse effect on the reputation and/or the financial performance of the Combined Group. Strike's relationship with its lending bank is particularly important. If the Combined Group's financial position deteriorates materially, and Strike's lending bank is unwilling to grant covenant waivers or amendments to Strike's existing financing facilities then the potential resulting debt covenant breaches may affect the Combined Group's ability to finance its business. The Combined Group may also be adversely affected if a counterparty seeks to amend the terms (including pricing) of an existing contract, whether in anticipation of a potential breach of contract by such counterparty or otherwise. A breakdown in the relationship with a counterparty as a consequence of these or other factors may also adversely affect the Combined Group's future business prospects with that counterparty.

Reliance on third party infrastructure

As is common in the energy and industrial sectors, Talon and Strike rely on access to properly maintained operating infrastructure and shared facilities that, in some circumstances, may not be directly controlled by the Combined Group in order to deliver its production to the market. There can be no guarantee that the Combined Group will be able to obtain or maintain access to relevant infrastructure on commercially acceptable terms. Any delay or failure to access or properly maintain operating infrastructure or shared facilities may have a material adverse effect on the operating and financial performance of the Combined Group.

Acquisitions and divestments

The Combined Group will from time to time evaluate acquisitions and divestment opportunities across its range of assets and businesses, and will engage in confidential negotiations with third parties with respect to these opportunities. However, neither of the opportunities nor the negotiations will be disclosed publicly until such time as the prospects of transacting are sufficiently certain, and the Combined Group has determined the impact of the potential transaction would be material to the price of Strike Shares. Any acquisitions or divestments may lead to changes in future capital and operating expenditure obligations which may impact on the Combined Group's funding requirements.

Personnel

The operating and financial performance of the Combined Group is in part dependent on its ability to retain and attract key personnel. Whilst the Combined Group will make every reasonable effort to retain key personnel, there can be no guarantee that it will be able to retain its management team. There is also a risk that, in the current or future market conditions, the Combined Group may need to pay a higher than expected cost to acquire or retain the necessary labour.

Litigation

From time to time, the Combined Group may be involved in disputes and litigation relating to the conduct of its business. The risk of litigation is considered a general risk of the Combined Group's business and it may incur costs in making payments to settle claims or in complying with any court order (which may not be covered adequately, if at all, by insurance). Any

material dispute or litigation could adversely affect the financial position and the financial performance of the Combined Group.

Cyber security risks

The integrity, availability and reliability of data within the Combined Group's information technology systems may be subject to intentional or unintentional disruption. Given the increasing level of sophistication and scope for potential cyber-attacks, these attacks may lead to significant breaches of security that could jeopardise the sensitive information and financial transactions of the Combined Group (from a cyber perspective) and property and environmental damage (from a physical perspective).

Insurance coverage

The Combined Group will seek to maintain appropriate policies of insurance that are consistent with those customarily carried by similar organisations in the energy sector. Any future increase in the cost of such insurance policies, or an inability to fully replace, renew or claim against insurance policies could adversely affect the Combined Group's business, financial position and operational results.

Additionally, there is no assurance that the Combined Group's insurance coverage will be sufficient to compensate it against all losses it may suffer as a result of an incident affecting its assets. There are certain types of risks that are not covered by insurance because they are either uninsurable or not economically insurable, including acts of war, acts of terrorism, civil unrest and business disruption caused by outbreaks of disease. If such events were to occur, the Combined Group may have to bear the costs of any uninsured risk or uninsured amount and this could have a material adverse effect on the Combined Group's business, financial position and operational results.

Economic conditions and capital markets

New Strike Shares issued as Scheme Consideration if the Scheme is implemented carry no guarantee in respect of the profitability of the Combined Group, future dividends or returns of capital by the Combined Group, or the price at which the New Strike Shares will trade in the future. The value of the New Strike Shares will be determined by securities trading and the market, and will be subject to a range of factors beyond the control of Talon and Strike, and their respective directors and management.

Factors which may influence the value of the New Strike Shares may include general economic conditions, investor sentiment in relation to the oil and gas sector and Australian and international equity markets generally, movements in domestic and international interest rates, movements in commodity prices (including the market price for oil and gas) and changes in government policies.

Returns from an investment in the New Strike Shares will also be influenced by the level of demand for and availability of Strike Shares and the future financial and operating performance, and future prospects, of the Combined Group.

If the Scheme is implemented, the Combined Group will be publicly listed on the ASX and will be subject to general market risk that is inherent in all securities listed and traded on a securities exchange. This may result in fluctuations in the price of Strike Shares that are not explained by the fundamental operations and activities of the Combined Group.

General economic conditions

Domestic and global economic conditions may affect the performance of the Combined Group. Adverse changes in macroeconomic conditions, including global, regional and local economic growth, the costs and general availability of credit, the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies),

general consumption and consumer spending and sentiment, levels of unemployment and industrial disruption, amongst others, are outside of the control of the Combined Group and may result in material adverse impacts on the Combined Group's financial performance and operating results.

Force majeure

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Combined Group, or the price of the Strike Shares. These events include, but are not limited to, terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the Combined Group's financial performance and operating results.

Changes in law

The operations of the Combined Group will be subject to various Federal, State and local laws. Changes to current laws in the jurisdictions within which the Combined Group operates or may in the future operate, could have a material adverse impact on the Combined Group's operations, financial performance and financial position.

Coronavirus (COVID-19)

Notwithstanding COVID-19 vaccinations, measures taken in response to COVID-19 and easing of COVID-19 related restrictions, there remains a possibility of an economic downturn of unknown duration or severity in certain jurisdictions going forward depending on the emergence and impact of new COVID strains and the future response of governments and authorities, work stoppages, lockdowns, quarantines and travel restrictions. The impact of some or all of these factors could cause significant disruption to the Combined Group's operations and financial performance. A suspension of business operations and/or quarantining of the Combined Group's employees may affect the Combined Group's overall operations and the Combined Group's operating results. A reemergence or escalation of the COVID-19 pandemic, including new COVID strains, could also materially affect the ability of the Combined Group's suppliers to provide products and services and threaten their ability to continue trading. If the Combined Group is unable to source spare parts for machinery and operations or other products and services, including personnel, then the Combined Group may need to suspend certain operations on a temporary or a prolonged basis. These factors are beyond the Combined Group's control and could have an adverse effect on the overall business sentiment and environment, causing material uncertainties in the regions where the Combined Group conducts its business, causing the Combined Group's business to suffer in ways that cannot be predicted with any reasonable certainty, and which may materially adversely impact the Combined Group's business, financial condition and results of operations.

Russia-Ukraine conflict

The current ongoing military action between Russia and Ukraine creates uncertainty about the potential impact on financial markets and the global economy. The conflict may contribute to increased short to medium-term market volatility, as well as increases in global energy prices. Refer to the 'Commodity prices' risk above for further information on how changes in commodity prices may impact the Combined Group.

10.4 Risks specific to Strike

In addition to the key risks specific to an investment in the Combined Group (as set out in Section 10.3 above), many of which are common to Talon and Strike, there are risks to which Strike and its businesses are currently exposed but to which Talon and its businesses are not currently exposed. This Section 10.4 identifies the most significant of these risks and describes how they could affect the Combined Group if the Scheme is implemented.

Talon Shareholders are not currently exposed to these risks through their investment in Talon but (other than in the case of Ineligible Foreign Shareholders and Cash Out Shareholders) will become exposed to these risks if the Scheme is implemented. The extent to which a particular risk may affect the Combined Group may be greater than or less than the extent to which that risk currently affects Strike.

Commodity prices

Strike's business is heavily dependent on prevailing market prices for its products. Changes in the prices of commodities will impact Strike's or the Combined Group's revenue, cash flows, profitability, and ability to service its debts.

Additional future operating and capital cost requirements

Development of Strike's other assets will require significant capital and operating expenditure, which will need to be supported by external project financing, however there is no certainty Strike will be able to secure such financing on appropriate terms. Additionally, unexpected changes to future cost profiles (including as a result of a tightening labour and supply market) or projected cash flows (including as a result of production delays) could result in Strike's or the Combined Group's cash requirements being over and above its available liquidity. To the extent that the Combined Group's cash reserves and debt facilities are insufficient to meet its commitments for ongoing operations and capital expenditure, the Combined Group may need to seek additional debt or equity funding, sell assets or defer capital expenditure. There can be no assurances that Strike will be able to obtain project financing funding on reasonable terms or at all. Any such failure to obtain project financing funding on reasonable terms may result in a loss of business opportunity and excessive funding costs, including dilution to existing shareholders if equity funding is pursued.

Strike debt exposure

Strike has an existing \$153 million secured financing package with Macquarie Bank (comprising a \$33 million project financing facility for Strike's Walyering project, a \$40 million secured facility to fund drilling of two appraisal wells at South Erregulla, and a further uncommitted \$80 million facility to fund the Greater Erregulla gas development). Refer to Section 7.7 for the details of these facilities. Security has also been provided over Kingia Plains (the freehold land owned by Strike) for \$6 million lent by Rabobank Australia to fund the acquisition of Kingia Plains. Talon Shareholders should be aware of the risk associated with these debt facilities which will affect shareholders of the Combined Group, in particular the risk that the Combined Group fails to comply with the debt facility covenants, which could lead to an event of default and repayment obligation together with enforcement of the security granted for the facilities and, as a result, loss of control and ownership of the secured assets.

Risk factors relating to the trading price of Strike Shares

The market value of the Scheme Consideration (comprising New Strike Shares) will depend on the trading price of those shares. There is no guarantee the trading price of Strike Shares will increase in the future, nor that the trading price in the future will be the same as the current trading prices of Strike Shares. The market price of Strike Shares may fall due to the factors described elsewhere in this Section 10 and other factors, some of which are beyond Strike's control, including, but not limited to:

- (a) general economic conditions and changes in law, regulation or government policy (whether or not such changes also affect the operations of Strike or the Combined Group);
- (b) changes in interest rates and the rate of inflation;

- (c) operating results that do not meet the expectations of securities analysts and investors or changes in expectations as to Strike's or the Combined Group's future financial performance by securities analysts and investors;
- (d) investor sentiment including in relation to the oil and gas sector, general movements in securities markets and changes in market valuations of other companies in the same or similar sector to Strike or the Combined Group;
- (e) the announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by Strike or its competitors;
- (f) the development of new technologies and displacement of existing technologies;
- (g) geo-political conditions such as acts or threats of terrorism or military conflicts (including the current conflict between Russia and Ukraine which may continue to contribute to increased volatility in global energy markets); and
- (h) future issues by Strike of debt or equity securities.

10.5 Risks if the Scheme does not proceed

Implications for Talon Shareholders if the Scheme is not implemented

If the Scheme is not implemented, Talon will continue to operate its current business and will remain listed on the ASX as a standalone entity. Each Talon Shareholder will retain their Talon Shares and will not receive the Scheme Consideration. In those circumstances, Talon management will continue to develop its existing projects and continue to maximise value for Talon Shareholders.

Talon will still incur a relative proportion of the transaction and other costs associated with the proposal and preparation of the Scheme, if the Scheme is not implemented (refer to the "Transaction and other costs of implementing the Scheme" risk factor at Section 10.2).

In addition, Talon Shares may trade below their current or recent market price (or the value attributed to Talon Shares by the Independent Expert) if the Scheme is not implemented. This may occur, for example, if investors consider that Talon's growth prospects as a standalone entity are lower in the absence of the Scheme. It is not possible to determine whether the price of Talon Shares will increase or decrease if the Scheme is not implemented.

If the Scheme is not implemented, then in order for Talon to develop or enhance its project portfolio (in addition to satisfying its obligations under the secured convertible debt facility with Strike), it would need to raise additional funds, which may include an equity issue. There can be no assurance that such funding will be available on satisfactory terms, or at all. Further, any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Talon is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration and development programs, as the case may be.

It should also be noted that, if the Scheme is not implemented, the Gurvantes Transaction may still complete as the Scheme and the Gurvantes Transaction are not inter-conditional. In this situation, Talon will continue to operate without the benefit of the Gurvantes Project and Talon Shareholders will retain exposure to the Gurvantes Project through holding TMK Consideration Shares and TMK Consideration Options to be distributed to Talon Shareholders via the Distribution (subject to completion of settlement of the Gurvantes Transaction occurring).

Talon debt exposure

Talon has entered into the Facility Agreement with Strike to cover short-term working capital needs through the Scheme process. Refer to Section 6.8 for details of the Facility Agreement.

Talon's obligations under the Facility Agreement and the other associated Finance Documents are secured over the assets of Talon and two of its subsidiaries, Talon (Aust) Pty Ltd and Talon (Aust) Holdings Pty Ltd. Talon (Aust) Pty Ltd and Talon (Aust) Holdings Pty Ltd have agreed to guarantee Talon's obligations under the Facility Agreement and the other associated Finance Documents.

Talon Shareholders should be aware of the risk associated with this debt facility, in particular the risk that Talon fails to comply with its obligations under the Facility Agreement and the other associated Finance Documents, which could lead to an event of default occurring. In those circumstances, Strike could declare that all or part of any loan advanced under the debt facility (together with all amounts accrued or outstanding under the Finance Documents) is immediately due and payable or payable and/or enforce its security over the assets of Talon and the two subsidiaries.

In addition, Talon Shareholders should also be aware that if Strike terminates the Scheme Implementation Deed as a result of actions taken by Talon or its subsidiaries in response to a 'Relevant Event' (as summarised in Section 6.8), Talon may be required to pay all amounts accrued or outstanding under the Finance Documents within 60 days after the date on which the Scheme Implementation Deed is terminated.

Strike stated in its ASX announcement released on 28 August 2023 that if the Scheme is not successfully implemented and the Scheme Implementation Deed is terminated, Strike will call all existing drawn funds from the debt facility and if all draw funds and accrued interest are not repaid within 60 days, Strike may enforce its security over Talon's assets (including, Talon's interest in Walyering).

Talon has drawn \$4.65 million of the \$6 million under the Facility Agreement as at the Last Practicable Date.

As set out in Talon's ASX announcement released on 28 August 2023, the Talon Board considers that this 60-day period is sufficient for Talon to complete any refinancing or capital raising required to repay any amounts owing under the debt facility and that Talon was in advanced negotiations for alternative sources of additional funding prior to reaching an agreement on the terms of the Scheme Implementation Deed with Strike.

Notwithstanding the above, there remains a risk that Talon may not be able to raise debt or equity funding on favourable terms, or at all, to repay any amounts owing under the debt facility where Strike calls for repayment of drawn funds and interest.

10.6 Other risks

Additional risks and uncertainties not currently known may also have an adverse effect on Talon, Strike or the Combined Group and the value of Strike Shares. The information set out in this Section 10 does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Talon, Strike or the Combined Group and the value of Strike Shares.

11. Australian tax implications

This Section addresses the income tax consequences of the proposed Scheme to Talon Shareholders and has been prepared by PricewaterhouseCoopers.

11.1 Scope

This Section sets out a general summary of the key Australian income tax, goods and services tax (**GST**) and stamp duty consequences for Talon Scheme Shareholders who receive New Strike Shares upon implementation of the Scheme. The purpose of the summary is to assist Talon Scheme Shareholders to understand the potential Australian tax consequences of receiving New Strike Shares.

The summary is intended as a general guide and is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this Scheme Booklet. Talon Scheme Shareholders should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws, regulations or administrative practices may affect the taxation treatment to Talon Scheme Shareholders as described in this summary.

The Australian tax consequences outlined below are relevant to Talon Scheme Shareholders who are individuals, companies, trusts and complying superannuation funds that hold their Talon Scheme Shares on capital account for Australian income tax purposes. Further, it solely relates to:

- (a) Talon Scheme Shareholders who:
 - (i) are, and have always been a tax resident of, and only of, Australia for Australian income tax purposes;
 - (ii) do not hold, and have never held, their Talon Scheme Shares as part of a permanent establishment outside of Australia for Australian income tax purposes (**Australian Holders**); and
- (b) Talon Scheme Shareholders who:
 - (i) are not, and have never been, a tax resident of Australia for Australian income tax purposes;
 - (ii) do not hold, and have never held, their Talon Scheme Shares as part of a permanent establishment in Australia for Australian income tax purposes (**Non-Australian Holders**).

This summary does not consider the Australian tax implications arising in respect of any Talon Scheme Shareholders who:

- (a) hold their Talon Scheme Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes, or otherwise on revenue account;
- (b) may be subject to special rules, such as banks, insurance companies, tax exempt organisations, certain trusts, superannuation funds (unless otherwise stated) or dealers in securities;
- (c) are partnerships or individuals who are partners of such partnerships;
- (d) are under a legal disability;
- (e) are Ineligible Foreign Shareholders;

- (f) are subject to the “taxation of financial arrangements” rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**);
- (g) are ‘temporary residents’ as that term is defined in section 995-1(1) of the Tax Act;
- (h) changed their tax residence whilst holding Talon Shares;
- (i) are subject to the Investment Manager Regime under Subdivision 842-I of the Tax Act in relation to their Talon Shares; or
- (j) will become subject to the Controlled Foreign Company rules contained in Part X of the *Income Tax Assessment Act 1936* (Cth) in relation to their New Strike Shares.

Except where expressly referred to below in “Other Australian tax comments” this overview is confined to Australian income tax issues and is only one of the matters a Talon Shareholder needs to consider when making a decision about their investments. Any persons who may be subject to tax in any jurisdiction outside Australia should obtain independent professional advice on their particular circumstances.

This overview is based on the current provisions of the income tax laws of Australia and the current published administrative policies of the Australian Taxation Office (**ATO**). This summary does not take into account or anticipate any changes in law (unless otherwise expressly stated), whether by legislative, governmental or judicial decision or action, or any changes in the administrative policies of the ATO. Unless otherwise defined or the context otherwise requires, terms used in this overview have the same meaning as the term has under the current income tax laws of Australia.

This overview is of a general nature only and is not intended to be legal or tax advice or representations to any particular Talon Shareholder. This summary is not exhaustive of all Australian tax considerations applicable to Talon Scheme Shareholders who receive New Strike Shares. Accordingly, Talon Scheme Shareholders should consult their own tax advisors for advice with respect to the tax consequences for them, on implementation of the Scheme, and of holding and disposing of New Strike Shares which are acquired as part of the Scheme, having regard to their own particular circumstances.

11.2 Disposal of Talon Scheme Shares by Australian Holders

Capital Gains or Losses

The disposal of Talon Scheme Shares by Australian Holders pursuant to the Scheme will result in a capital gains tax (**CGT**) event (**CGT event**) happening for Australian Holders for Australian income tax purposes. However, Australian Holders may be eligible to choose roll-over relief in respect of that CGT event in certain circumstances (see “Potential Roll-Over on Disposal of Talon Scheme Shares” below).

Australian Holders will *prima facie* derive a capital gain for Australian income tax purposes as a result of that CGT event happening to the extent that the capital proceeds received (comprising the New Strike Shares) for Australian income tax purposes exceeds the cost base for Australian income tax purposes of their Talon Scheme Shares. Conversely, Australian Holders will make a capital loss as a result of that CGT event happening to the extent that the capital proceeds are less than the reduced cost base (for Australian income tax purposes) of their Talon Scheme Shares.

The cost base of Talon Scheme Shares held by each Australian Holder for Australian income tax purposes will generally include the consideration paid to acquire them plus certain related costs of acquisition, including any incidental costs of acquisition such as brokerage fees and duty. The reduced cost base for Australian income tax purposes is determined similarly, though there are some limitations on including certain related costs. The cost base and reduced cost base of the Talon Scheme Shares may be impacted by previous arrangements

under which those assets were acquired, such as any previous roll-over chosen for Australian income tax purposes, and certain corporate transactions, such as any capital reductions (including any capital reductions which may arise prior to the Implementation Date).

Each Australian Holder should seek specific tax advice to confirm the cost base or reduced cost base of their Talon Scheme Shares (and therefore whether a capital gain or capital loss arises on the CGT event happening).

To the extent any capital gain that arises to an Australian Holder from the CGT event related to the disposal of their Talon Scheme Shares pursuant to the Scheme is not disregarded by the roll-over discussed below (such as a result of either that Australian Holder not making the choice to apply the roll-over or the roll-over not being otherwise available) (see "Potential Roll-Over on Disposal of Talon Scheme Shares"), then subject to:

- (a) any eligible recoupment of any current and/or prior year capital losses to offset some or all of that capital gain (and any other capital gains arising to the Australian Holder in the same income year); and
- (b) the application of any other applicable CGT discount (as discussed below), concession or exemption;

that capital gain will be aggregated with any other capital gains or capital losses that the Talon Scheme Shareholder may have in that income year, and any net capital gain included in calculating the assessable income of the Australian Holder.

An Australian Holder who is an individual, complying superannuation entity or trustee of a trust may be entitled to a CGT discount where the Talon Scheme Shares have been held by that Australian Holder for at least 12 months (excluding the days of acquisition and disposal) at the time of the CGT event. Subject to certain exceptions, the CGT discount for individuals and trusts is 50%, and for complying superannuation entities is 33.33%. There is no CGT discount for Australian Holders who are companies (or treated like companies for Australian income tax purposes).

To the extent that a capital loss arises to an Australian Holder, such capital loss may generally be applied to reduce other capital gains arising in the same income year or, in certain circumstances and subject to satisfaction of the relevant rules, may be carried forward to reduce future capital gains derived by the Australian Holder.

Potential Roll-Over on Disposal of Talon Scheme Shares

Australian Holders who make a capital gain as a result of the CGT event happening on the disposal of their Talon Scheme Shares pursuant to the Scheme may be eligible to choose to obtain a roll-over in respect of that capital gain pursuant to Subdivision 124-M of the Tax Act ("roll-over"), subject to the specific criteria for the roll-over being satisfied.

An Australian Holder who makes a capital loss as a result of the CGT event happening on the disposal of their Talon Shares cannot choose to apply the roll-over (that is, the Australian Holder cannot choose to disregard any capital loss they incur as a result of the Scheme).

If an Australian Holder is eligible and chooses to apply the roll-over to the CGT event happening on the disposal of their Talon Scheme Shares, any capital gain arising from that CGT event would be disregarded for Australian income tax purposes, and accordingly such capital gain would not be included in calculating the net capital gain for inclusion in the assessable income of the Australian Holder.

Where an Australian Holder is eligible and chooses the roll-over, the cost base of the New Strike Shares received by an Australian Holder should equal the Australian Holder's cost base of their Talon Scheme Shares for which the roll-over is applied. This will be relevant for

any future disposal of the New Strike Shares acquired pursuant to the Scheme by such Australian Holder. If roll-over is not chosen, then a different calculation of cost base applies.

To choose the roll-over, an Australian Holder must make a choice before lodging their Australian income tax return for the income year in which the CGT event happens (although the ATO may allow a longer time in certain circumstances). The way in which an Australian Holder prepares their Australian income tax return is evidence of making the choice (that is, by not including the disregarded capital gain in calculating their assessable income). There is no need for the Australian Holder to lodge a notice with the ATO evidencing the choice of the roll-over to the extent an Australian Holder is eligible to apply the roll-over.

There can be no assurance that any Australian Holder would be eligible to choose the roll-over in respect of the CGT event related to the disposal of their Talon Scheme Shares pursuant to the Scheme. Each Australian Holder should seek specific tax advice on the availability and any associated benefit of the roll-over in their specific circumstances.

11.3 Disposal of Talon Scheme Shares by Non-Australian Holders

Capital Gains or Losses

Talon Scheme Shareholders that are non-tax residents of Australia and who, together with their associates, hold a less than 10% interest in Talon should be able to disregard a capital gain or capital loss arising from the disposal of their Talon Scheme Shares as their Talon Scheme Shares should not constitute an “indirect Australian real property interest”.

Broadly, an interest in Talon will be an “indirect Australian real property interest” for a Non-Australian Holder if the following criteria are satisfied:

- (a) Talon satisfies the “principal asset test”; and
- (b) the Non-Australian Holder holds a “non-portfolio interest” in Talon.

Broadly, Talon would satisfy the principal asset test if the market value of Talon’s direct and indirect interests in relevant Australian land, including leases and mining rights, is more than the market value of its other assets at the Implementation Date. At the date of this Scheme Booklet, Talon management has determined that greater than 50% of the aggregate market value of Talon’s assets are attributable to direct or indirect interests in relevant Australian land and does not anticipate this to change at the Implementation Date. Accordingly, Talon is expected to satisfy the “principal asset test” at the Implementation Date.

Broadly, a Non-Australian Holder will have a non-portfolio interest in Talon if, either at the Implementation Date or throughout a 12 month period in the two years before the Implementation Date, the Non-Australian Holder and its associates directly hold 10% or more of Talon (by reference to the paid up share capital, certain voting rights and rights to dividend and capital distributions, including those that the Non-Australian Holder and associates actually hold and those that they are entitled to acquire). Whilst, as noted above, it is not expected that any Talon Scheme Share will pass the “non-portfolio test” Non-Australian Holders should seek specific tax advice in their specific circumstances.

The Australian CGT implications for a Non-Australian Holders who has a non-portfolio interest in Talon are generally the same as for Australian Holders outlined above. However, non-residents of Australia are only entitled to CGT roll-over relief where the New Strike Shares received upon implementation of the Scheme also constitute an “indirect Australian real property interest”. That is, Strike must also satisfy the “principal asset test” and, importantly, the Non-Australian Holder must hold a “non-portfolio interest” in Strike after the implementation of the Scheme.

11.4 Future Disposal of New Strike Shares

Australian Holders

Subject to the below, a future disposal of New Strike Shares by an Australian Holder may give rise to a capital gain or loss in the income year in which the earlier of the disposal, or the contract for the disposal, occurs. The calculation of the capital gain or loss should have regard to the same Australian income tax matters as described above in respect of the disposal of Talon Scheme Shares by an Australian Holder, subject to any relevant changes in applicable law.

Australian Holders should seek independent professional advice on the treatment of future disposals of New Strike Shares acquired pursuant to the Scheme, having regard to their specific circumstances.

Non-Australian Holders

A future disposal of New Strike Shares by a Non-Australian Holder will require consideration of the same Australian income tax matters as described above in respect of the disposal of Talon Scheme Shares by a Non-Australian Holder, subject to any relevant changes in applicable law. However, it will be necessary for a Non-Australian Holder to determine the satisfaction or otherwise of the principal asset test and the non-portfolio interest requirement as referred to above at the time of any future disposal of the New Strike Shares by a Non-Australian Holder.

Depending on the circumstances of any future disposal, a Non-Australian Holder may also need to consider foreign resident CGT withholding matters.

11.5 Other Australian Tax Matters

Foreign Resident CGT Withholding

Australia's foreign resident capital gains withholding tax regime applies to transactions involving the acquisition of certain indirect interests in Australian real property from relevant foreign residents. A 'relevant foreign resident' for these purposes is any Talon Scheme Shareholder who:

- (a) Strike knows or reasonably believes their Talon Scheme Shares to constitute an "indirect Australian real property interest"; and
- (b) either:
 - (i) Strike:
 - A. knows is a foreign resident; or
 - B. reasonably believes is a foreign resident; or
 - C. does not reasonably believe is an Australian resident, and either has an address outside Australia or Strike is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or
 - (ii) has a connection outside Australia of a kind specified in the regulations.

The relevant withholding tax rate is 12.5%.

A Talon Scheme Shareholder that Strike reasonably believes may meet the conditions of the foreign resident CGT withholding tax rules described above will be provided with a declaration

form (**CGT Declaration**) for the purposes of determining if Strike has an obligation to withhold and remit a foreign resident capital gains tax withholding amount. In the declaration form, the Talon Scheme Shareholder may provide Strike with a declaration that:

- (a) the registered holder of the relevant Talon Shares is an Australian tax resident (residency declaration); or
- (b) the Talon Shares held by the registered holder are not “indirect Australian real property interests” (as defined in the Tax Act) (interest declaration).

It is important that Talon Shareholders who receive a CGT Declaration complete this form.

Unless a signed CGT Declaration form regarding residency or interest, or Variation Notice granted by the Commissioner of Taxation, is provided to Strike for these Talon Scheme Shareholders, Strike may withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration (as outlined in this Section 11.5).

Talon Scheme Shareholders who have an amount withheld should generally be entitled to a credit for the amount withheld upon lodging an Australian income tax return. If you are unsure about whether a credit for the withholding tax may be claimed or how to lodge an Australian income tax return, you should seek independent professional tax advice in this regard.

As outlined above, these rules will continue to operate even if a Non-Australian Holder can access CGT roll-over relief in respect of any capital gain. If this occurs, the Non-Australian Holder would need to engage with the Commissioner of Taxation and obtain a Variation Notice (referred to above).

Talon Scheme Shareholders should seek their own independent tax advice as to the implications of the foreign resident capital gains withholding tax rules and the making of a residency declaration or an interest declaration.

If Strike determines, acting reasonably and in good faith, that it is liable to pay an amount of Foreign Resident CGT Withholding Tax to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the *Taxation Administration Act 1953* (Cth) (**TAA**) with respect to the acquisition of Talon Scheme Shares from a Talon Scheme Shareholder, Strike will, for any such Talon Scheme Shareholder:

- (a) determine the amount required to be paid to the Commissioner of Taxation being 12.5%, or such lesser amount approved by the Commissioner of Taxation in the Variation Notice (**Foreign Resident CGT Payment Amount**);
- (b) determine the amount of New Strike Shares as necessary in the reasonable opinion of Strike to account for the relevant Foreign Resident CGT Payment Amount (taking into account reasonable fluctuations in share price) that would otherwise have been issued to the Talon Scheme Shareholder will be issued to the Nominee;
- (c) instruct the Nominee to sell the New Strike Shares withheld under and return to Strike the relevant sale proceeds, after deducting any reasonable and applicable fees, brokerage, taxes and charges, and transfer to the Talon Scheme Shareholder any surplus amount of New Strike Shares (if any);
- (d) remit the Foreign Resident CGT Payment Amount to the Commissioner of Taxation (or retain the sale proceeds, as a reimbursement, where the Foreign Resident CGT Payment Amount has already been paid by Strike to the Commissioner of Taxation); and
- (e) after deduction of the Foreign Resident CGT Payment Amount, provide the net proceeds (including, where applicable, the requisite net number of New Strike Shares after an adjustment in respect of deduction on account of the Foreign Resident CGT

Payment Amount to reduce the number of New Strike Shares provided) to that Talon Scheme Shareholder for the purposes of this Offer.

For the avoidance of doubt, where the conditions in this Section 11.5 are satisfied, Strike will, for the purposes of this Scheme, be deemed to have satisfied its obligations to provide the Scheme Consideration to a Talon Scheme Shareholder if the amount or value of the net proceeds provided to the Talon Scheme Shareholder are equal to the amount or value of the Scheme consideration that would have otherwise been provided to the Talon Scheme Shareholder pursuant to the Scheme, less the Foreign Resident CGT Payment Amount Payment Amount for that Talon Scheme Shareholder.

Australian Stamp Duty

No Australian stamp duty should be payable by Talon Scheme Shareholders on their disposal of any Talon Scheme Shares or acquisition of any New Strike Shares pursuant to the Scheme.

Australian Goods and Services Tax

No GST should be payable by Talon Scheme Shareholders in respect of the disposal of their Talon Scheme Shares and acquisition of New Strike Shares as part of the Scheme, regardless of whether or not the Talon Scheme Shareholder is registered for GST.

Talon Scheme Shareholders may not be entitled to claim full input tax credits in respect of any GST included in the costs they have incurred in connection with their acquisition or disposal of their Talon Shares. Separate GST advice should be sought by Talon Scheme Shareholders in respect to their particular circumstances.

12. Implementing the Scheme

This Section provides an overview of the Scheme Conditions, the Scheme Meeting, and other steps required to implement the Scheme.

12.1 Actions already undertaken by Talon and Strike

Talon and Strike entered into the Scheme Implementation Deed on 13 August 2023 pursuant to which they agreed (among other things) their respective obligations in implementing the Scheme.

The Scheme Implementation Deed was amended and restated on 10 October 2023 to reflect and enable the Gurvantes Transaction.

The key terms of the Scheme Implementation Deed not otherwise addressed in this Section, are summarised in Section 13. A full copy of the Scheme Implementation Deed was released on ASX on 14 August 2023 and is available on Talon's website (www.talonenergy.com.au). In addition, a full copy of the Scheme Implementation Deed as amended and restated on 10 October 2023 was released to ASX on 11 October 2023 and is also available on Talon's website (www.talonenergy.com.au).

Since executing the Scheme Implementation Deed, Talon and Strike have undertaken the following activities to progress the implementation of the Scheme.

(a) Appointment of Independent Expert

Talon commissioned the Independent Expert, BDO Corporate Finance (WA) Pty Ltd, to prepare a report on whether the Scheme is in the best interests of Talon Shareholders.

The Independent Expert has concluded that, in the absence of a Superior Proposal, the Scheme is fair and reasonable and therefore in the best interests of Talon Shareholders.

The Independent Expert's Report is set out in Annexure A of this Scheme Booklet.

(b) Execution of Deed Poll by Strike

On 1 November 2023, Strike executed the Deed Poll in favour of each Talon Scheme Shareholder, pursuant to which Strike covenants to perform its obligations under the Scheme Implementation Deed and the Scheme. The key obligation of Strike under the Scheme is to provide, or procure the provision of, the Scheme Consideration to each Talon Scheme Shareholder subject to and in accordance with the terms and provisions of the Scheme, and subject to satisfaction of the Scheme Conditions.

The Deed Poll may be relied upon by a Talon Scheme Shareholder, despite the fact that they are not a party to it, and each Talon Scheme Shareholder appoints Talon as its agent to enforce their rights under the Deed Poll against Strike.

The Deed Poll is governed by the laws of Western Australia.

A full copy of the Deed Poll is set out in Annexure C of this Scheme Booklet.

(c) Lodgement of draft Scheme Booklet with ASIC

On 18 October 2023, Talon lodged a draft of this Scheme Booklet with ASIC pursuant to section 411(2)(b) of the Corporations Act. On 3 November 2023, ASIC registered this Scheme Booklet for the purposes of section 412(6) of the Corporations Act.

Talon has requested ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Second Court Hearing.

Talon has also lodged a copy of this Scheme Booklet with ASX.

Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Scheme Booklet.

(d) First Court Hearing

On 3 November 2023, the Federal Court of Australia (Western Australian Division) ordered Talon to convene a meeting of Talon Shareholders to consider and vote on the Scheme.

The Scheme Meeting to consider the Scheme will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 7 December 2023. The Scheme Meeting will commence at 12.00pm (Perth time).

For the Scheme to proceed, the Scheme Resolution must be passed at the Scheme Meeting by the Requisite Majorities.

Details of how to vote at the Scheme Meeting are set out at the beginning of this Scheme Booklet in the Section entitled "Meeting details and how to vote".

A copy of the Notice of Scheme Meeting is set out in Annexure D of this Scheme Booklet.

The fact that under section 411(1) of the Corporations Act the Court ordered on 3 November 2023 that a meeting of Talon Shareholders be convened by Talon to consider and vote on the Scheme and has approved this Scheme Booklet does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how Talon Shareholders should vote (on this matter, Talon Shareholders must reach their own decision); or
- (ii) has prepared, or is responsible for, the content of this Scheme Booklet.

12.2 Scheme Conditions

Implementation of the Scheme is subject to satisfaction or waiver (where permitted) of the applicable Scheme Conditions. The Scheme Conditions are set out in clause 3.1 of the Scheme Implementation Deed.

The Scheme Conditions are set out in the table below:

	Scheme Condition
(a)	<p>Court approval</p> <p>The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by Strike).</p>

(b)	<p>Shareholder approval</p> <p>Talon Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by Strike).</p>
(e)	<p>Independent Expert</p> <p>The Independent Expert issues a report which concludes that the Scheme is in the best interests of Talon Shareholders before this Scheme Booklet is registered with ASIC and the Independent Expert does not change its conclusion in any written update to its Independent Expert's Report prior to 8.00am on the Second Court Date.</p>
(d)	<p>No Government Agency intervening action</p> <p>No Government Agency has issued an order, temporary restraining order, preliminary or permanent injunction, decree, or ruling or has taken any action, or imposes any legal restraint or prohibition, to prevent implementation of the Scheme which remains in force at 8.00am on the Second Court Date.</p>
(e)	<p>No Talon Material Adverse Change</p> <p>No Talon Material Adverse Change occurs before 8.00am (Perth time) on the Second Court Date.</p>
(f)	<p>No Strike Material Adverse Change</p> <p>No Strike Material Adverse Change occurs before 8.00am (Perth time) on the Second Court Date.</p>
(g)	<p>No Talon Prescribed Occurrence</p> <p>No Talon Prescribed Occurrence occurs before 8.00am (Perth time) on the Second Court Date.</p>
(h)	<p>No Strike Prescribed Occurrence</p> <p>No Strike Prescribed Occurrence occurs before 8.00am (Perth time) on the Second Court Date.</p>
(i)	<p>No Talon Regulated Event</p> <p>No Talon Regulated Event occurs before 8.00am (Perth time) on the Second Court Date.</p>
(j)	<p>No Strike Regulated Event</p> <p>No Strike Regulated Event occurs before 8.00am (Perth time) on the Second Court Date.</p>
(k)	<p>No breach of Talon Undertakings</p> <p>No material breach of the Talon Undertakings occurs before 8.00am (Perth time) on the</p>

	Second Court Date.
(l)	No breach of Strike Undertakings No material breach of the Strike Undertakings occurs before 8.00am (Perth time) on the Second Court Date.
(m)	Talon Warranties The Talon Warranties are true and correct in all material respects on each date up to including the Second Court Date.
(n)	Strike Warranties The Strike Warranties are true and correct in all material respects on each date up to including the Second Court Date.

For the Scheme to be implemented, each Scheme Condition must be satisfied by the due date (if any) fixed for its satisfaction as set out in the above table (or otherwise waived to the extent it is capable of waiver). None of the Scheme Conditions have been satisfied (or waived) as at the date of this Scheme Booklet.

As at the date of this Scheme Booklet, Talon is not aware of any matter or circumstance that would cause the Scheme Conditions to not be satisfied. Talon Shareholders will receive an update on the status of the Scheme Conditions at the Scheme Meeting.

Talon will also announce to ASX any relevant matter that affects the Scheme or the likelihood of a Scheme Condition being satisfied or not being satisfied, in accordance with Talon's continuous disclosure obligations. These details will be published on ASX's website (www.asx.com.au) and will also appear on Talon's website (www.talonenergy.com.au).

12.3 Court approval

In accordance with section 411(4)(b) of the Corporations Act, in order for the Scheme to become Effective, the Scheme (with or without modification) must be approved by an order of the Court. If the Scheme is approved at the Scheme Meeting, Talon intends to apply to the Court on the Second Court Date (expected to be 13 December 2023) for the necessary orders to give effect to the Scheme.

The Court may refuse to grant the orders referred to above even if the Scheme is approved by the Requisite Majorities.

As noted at Section 12.1(c) above, ASIC has been requested to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Each Talon Shareholder has the right to appear at Court at the hearing of the application by Talon for orders approving the Scheme. Any Talon Shareholder who wishes to object to the Scheme at that Court hearing or make a complaint to ASIC about the Scheme should note that the Court hearing for approval of the Scheme is expected to be held on 13 December 2023. The Court has an overriding discretion regarding whether or not to approve the Scheme, even if the Scheme is approved by the Requisite Majorities at the Scheme Meeting.

12.4 Scheme Meeting

The Court has ordered that Talon convene the Scheme Meeting for the purposes of the Talon Shareholders considering and voting on the Scheme. The order of the Court to convene the Scheme Meeting is not, and should not be treated as, an endorsement by the Court of (or any other expression of opinion by the Court on) the Scheme.

For the Scheme to proceed, the Scheme Resolution must be passed at the Scheme Meeting by the Requisite Majorities.

12.5 Steps after approval of the Scheme by Talon Shareholders at the Scheme Meeting but before the Second Court Date

If the Requisite Majorities approve the Scheme at the Scheme Meeting, Talon will, as soon as possible after the Scheme Meeting is held, announce the results of the Talon Shareholders' vote to ASX and will publish the results on Talon's website (www.talonenergy.com.au).

12.6 Steps after Court approval at the Second Court Hearing

Talon and Strike have agreed that, if the Court makes orders approving the Scheme, Talon and Strike will take or procure the taking of the steps required for the Scheme to proceed, including:

(a) Effective Date

If the Court approves the Scheme, Talon will (pursuant to section 411(10) of the Corporations Act) lodge with ASIC the office copy of the Court order approving the Scheme. Talon intends to lodge the office copy of the Court order with ASIC on the Effective Date, which is expected to be 14 December 2023.

If the Scheme Conditions are satisfied or waived (where permitted), the Scheme will legally come into effect on the Effective Date.

If the Scheme has not become Effective or the relevant Scheme Conditions have not been satisfied or waived (where permitted) by the End Date, the Scheme will lapse and be of no further force or effect.

(b) Suspension of trading of Talon Shares

Talon will apply to ASX to suspend trading on the ASX in Talon Shares with effect from the close of trading on the Effective Date. It is expected that the suspension will commence on the first Business Day after the day on which Talon notifies ASX of the Scheme becoming Effective.

(c) Record Date

Talon Shareholders will be entitled to receive the Scheme Consideration under the Scheme if they are registered as holders of Talon Scheme Shares at 7.00pm (Perth time) on the Record Date. The Record Date is expected to be 18 December 2023.

As from the Record Date, the Talon Share Register will close for transfers and all share certificates and statements of holding for Talon Shares (other than statements of holding in favour of Strike) will cease to have effect as documents of title in respect of those Talon Shares and each entry on the Talon Share Register current at that date (other than entries on the Talon Share Register in respect of Strike) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Talon Shares relating to that entry.

(d) **Transfer of Talon Scheme Shares**

If the Scheme becomes Effective, on the Implementation Date:

- (i) all Talon Scheme Shares held by Talon Scheme Shareholders will be transferred to Strike Energy Holdings (a wholly owned subsidiary of Strike) without the need for any further act required by any Talon Scheme Shareholder;
- (ii) Talon will procure that Strike Energy Holdings' name is entered in the Talon Share Register as the holder of all the Talon Scheme Shares transferred to Strike in accordance with the Scheme; and
- (iii) Talon will become a wholly-owned subsidiary of Strike and the Talon Board will be reconstituted so that it comprises of persons nominated by the Strike Board.

(e) **Issue of New Strike Shares**

If the Scheme becomes Effective, on the Implementation Date Strike must issue to each Talon Scheme Shareholder (other than Ineligible Foreign Shareholders and Cash Out Shareholders) the New Strike Shares as that Talon Scheme Shareholder is entitled to receive under the Scheme and procure that the name and address of each Talon Scheme Shareholder is entered in the Strike Share Register in respect of those New Strike Shares.

Strike must procure that on or before the date that is five Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the registered address of each Talon Scheme Shareholder (as shown in the Talon Share Register as at the Record Date) representing the number of New Strike Shares issued to that Talon Scheme Shareholder pursuant to the Scheme. This statement will also provide details of a Talon Scheme Shareholder's HIN in the case of a holding on the CHESSE sub-register or SRN in the case of holding on the issuer-sponsored sub-register.

It is expected that trading in New Strike Shares issued under the Scheme will commence on ASX initially on a deferred settlement basis from 15 December 2023 and thereafter on a normal settlement basis from 28 December 2023.

For further information regarding the New Strike Shares to be issued under the Scheme, refer to Sections 12.8 and 14.6. No securities will be issued on the basis of this Scheme Booklet after the date which is 13 months after the date of this Scheme Booklet, being the expiry date of this Scheme Booklet.

(f) **Compulsory acquisition of Talon Options**

All existing Talon Options that have not been exercised by the Talon Optionholder to result in the issue of the Talon Shares on exercise before the Record Date, so that the Talon Optionholder can participate as a Talon Scheme Shareholder in the Scheme, will remain on issue in Talon following implementation of the Scheme.

In the event that any Talon Options remain on issue following implementation of the Scheme, those Talon Options, as well as any Talon Shares issued to Talon Optionholders on exercise of those Talon Options, may be acquired by Strike using the compulsory acquisition provisions under Part 6A.2 of the Corporations Act.

Refer to Section 5.10 for further information.

(g) Delisting of Talon from the ASX

On a date after the Implementation Date to be determined by Strike, Talon will apply for termination of the official quotation of Talon Shares on the ASX and to have itself removed from the official list of the ASX.

(h) Payments to Ineligible Foreign Shareholders and Cash Out Shareholders

The New Strike Shares to which Ineligible Foreign Shareholders and Cash Out Shareholders would otherwise have been entitled under the Scheme will be issued to the Sale Nominee (or its nominees) on the Implementation Date. The Sale Nominee is to then sell those New Strike Shares on ASX or another prescribed financial market on behalf of, and at the risk of, Ineligible Foreign Shareholders and Cash Out Shareholders under the Sale Nominee Process, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date.

Promptly after receiving the Net Sale Proceeds, Talon will then pay to each Ineligible Foreign Shareholder and each Cash Out Shareholder the Net Sale Proceeds attributable to the New Strike Shares to which that Talon Scheme Shareholder would otherwise have been entitled (pro rata to the total number of such New Strike Shares sold via the Sale Nominee).

For further information refer to Sections 5.7 and 5.8.

12.7 Warranties by Talon Scheme Shareholders

Each Talon Scheme Shareholder is taken to have warranted to Talon and Strike that:

- (a) all of the Talon Scheme Shares (including all rights and entitlements attaching to them as at the Implementation Date) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all Encumbrances; and
- (b) that Talon Scheme Shareholder has full power and capacity to sell and transfer those Talon Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) to Strike under the Scheme.

Talon undertakes that it will provide the warranties set out above to Strike as agent and attorney of each Talon Scheme Shareholder. However, Talon will not be responsible for the accuracy or completeness of these warranties.

12.8 New Strike Shares

A summary of the rights attaching to New Strike Shares is set out in Section 14.6.

Subject to the Scheme becoming Effective, Strike must:

- (a) issue the New Strike Shares required to be issued by it under the Scheme on terms such that each such New Strike Share will rank equally in all respects with each existing Strike Share;
- (b) ensure that each such New Strike Share is duly and validly issued in accordance with all applicable laws and Strike's constitution, fully paid and free from any mortgage, charge, lien, Encumbrance or other security interest (except for any lien arising under Strike's constitution); and
- (c) use all reasonable endeavours to ensure that such New Strike Shares are as soon as possible, and no later than seven days, following the date the Scheme becomes Effective, quoted for trading on the ASX.

Each holder of New Strike Shares is responsible for confirming their holding before selling their New Strike Shares on a deferred settlement basis. Any sale of New Strike Shares before receipt of a holding statement is at the risk of the holder of those securities. To the extent permitted by law, Talon, Strike, the Talon Share Registry and the Strike Share Registry disclaim all liability, whether in negligence or otherwise, to persons who sell their New Strike Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by Talon, Strike, the Talon Share Registry, the Strike Share Registry, a broker or otherwise.

13. Key terms of the Scheme Implementation Deed

Talon and Strike entered into the Scheme Implementation Deed on 13 August 2023.

The Scheme Implementation Deed was amended and restated on 10 October 2023 to reflect and enable the Gurvantes Transaction.

The Scheme Implementation Deed sets out the obligations of Talon and Strike in relation to the Scheme.

The Talon Directors consider that the Scheme Implementation Deed was entered into on arm's length commercial terms having regard to the fact that Talon undertook an assessment of any alternative strategic options available to it.

In making the above statement, the Talon Directors note that Talon Shareholders are being given the opportunity to consider and vote on whether the Scheme is implemented at the Scheme Meeting.

This Section sets out a summary of the key terms and conditions of the Scheme Implementation Deed that are not otherwise addressed in this Scheme Booklet.

13.1 Scheme Conditions under the Scheme Implementation Deed

The Scheme is subject to satisfaction or waiver (where permitted) of the Scheme Conditions. Refer to Section 12.2 for further details.

If:

- (a) The Scheme has not become Effective by the End Date; or
- (b) any event occurs which would, or does in fact, prevent a Condition being satisfied and that Condition is not waived by Talon or Strike or both (as applicable),

then:

- (c) either party may serve a written notice on the other party to commence a period of consultation, and the parties must consult in good faith with a view to determining whether:
 - (i) the Scheme or a transaction which results in the Strike Group having beneficial ownership of all the Talon Scheme Shares may proceed by way of alternative means or methods;
 - (ii) to extend the End Date or the relevant time or date for satisfaction of the Condition; or
 - (iii) to change the date of the application to be made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties and, if required, approved by the Court,

(each a **Condition Precedent Action**).

13.2 No-shop, no-talk and no-due diligence restrictions

The Scheme Implementation Deed includes exclusivity arrangements which apply from the date of the Scheme Implementation Deed until the earlier of the termination of the Scheme Implementation Deed and 13 February 2024 (or such later date as the parties agree in writing) (**Exclusivity Period**).

During the Exclusivity Period, Talon must not (and must procure that each of its Representatives do not) directly or indirectly:

- (a) **(no shop)** solicit, invite, or initiate any Competing Proposal, or assist, encourage, procure or induce any person to do any of these things;
- (b) **(no talk)** subject to the fiduciary exception set out at Section 13.3 below, enter into or continue negotiations or discussions with any third party in relation to a Competing Proposal, or assist, encourage, procure or induce any person to do any of these things, even if the Competing Proposal:
 - (i) was not directly or indirectly solicited, invited, encouraged or initiated by Talon or any of its representatives; or
 - (ii) has been publicly announced.
- (c) **(no due diligence)** subject to the fiduciary exception set out at Section 13.3 below:
 - (i) make available to any third party, or cause or permit any third party to receive, any non-public information relating to the Talon Group for the purpose of assisting, and that may reasonably be expected to assist, such third party in formulating, developing or finalising a Competing Proposal; or
 - (ii) assist, encourage, procure or induce any person to do any of the things referred to in Section 13.2(c)(i) above.

13.3 Fiduciary Exception

The no talk and no due diligence restrictions referred to above do not apply to the extent that it restricts Talon or the Talon Board from taking or refusing to take any action with respect to a bona fide Competing Proposal if:

- (a) the Talon Board has determined that the Competing Proposal is, or is reasonably likely to constitute, a Superior Proposal or would be reasonably likely to constitute a Superior Proposal if it were to be proposed;
- (b) acting in good faith and after having taken written advice from its external legal and financial advisers, the Talon Board has determined that failing to respond to such Competing Proposal would be likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Talon Board; and
- (c) in relation to the no due diligence restriction, the third party has first entered into a written agreement in favour of Talon restricting the use and disclosure by the third party and its affiliates and advisers of the information made available to the third party for the sole purposes of assessing, negotiating and implementing such Competing Proposal.

13.4 Matching right

During the Exclusivity Period, Talon:

- (a) must not enter into any agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party or a member of the Talon Group proposes (or both proposes) to undertake or give effect to a Competing Proposal; and
- (b) must use all reasonable endeavours to ensure that no Talon Director makes any public statement recommending the Competing Proposal,

unless:

- (c) the Competing Proposal is in a form which is able to be accepted by Talon so as to give rise to a legally binding agreement, and the Talon Board has determined that the Competing Proposal is a Superior Proposal;
- (d) Talon has provided Strike with a notice setting out all material terms of the Competing Proposal including the identity of the proponent of the Competing Proposal, the amount and form of consideration to be offered, the source of any cash component of the consideration, the conditions to which it is subject, the proposed timetable and any break fee arrangements;
- (e) the five Business Day period commencing on the date Talon gives notice to Strike under Section 13.4(d) above (**Matching Period**) has expired and either:
 - (i) Strike has not announced or provided to Talon an offer to amend the terms of the Scheme or make an alternative proposal to Talon or Shareholders with a view to providing an equivalent or a superior outcome for Shareholders than that offered under the relevant Competing Proposal (**Counterproposal**); or
 - (ii) Strike has announced or provided to Talon a Counterproposal and the Talon Board, acting in good faith, has determined that the terms and conditions of the Counterproposal taken as a whole are less favourable to Shareholders than those in the relevant Competing Proposal.

If during the Matching Period, Strike makes a Counterproposal:

- (a) Talon must use all reasonable endeavours to procure that the Talon Board considers the Counterproposal in good faith; and
- (b) if the Talon Board acting in good faith determines that the terms and conditions of the Counterproposal taken as a whole are no less favourable to Shareholders than those in the relevant Competing Proposal, then:
 - (i) the parties must use their reasonable endeavours to agree and enter into such documentation as is necessary to give effect to and implement the Counterproposal as soon as reasonably practicable; and
 - (ii) Talon must use all reasonable endeavours to procure that each Talon Director makes a public statement recommending the Counterproposal to Shareholders.

Talon agrees that each successive material modification to the terms of any Competing Proposal will constitute a new Competing Proposal and accordingly Talon must comply in respect of any new Competing Proposal.

13.5 Break fee

Talon agrees to pay a break fee of \$1,422,228 (plus GST) to Strike without withholding or set off if:

- (a) (**change of recommendation**) during the Exclusivity Period, any Talon Director withdraws or adversely modifies their support of the Scheme or their recommendation that Shareholders vote in favour of the Scheme, or makes a public statement indicating that they no longer support the Scheme or that they support a Competing Proposal, unless:
 - (i) the Independent Expert provides a report to Talon (either initially or in any updated report) which concludes that the Scheme is not in the best interests of Talon Shareholders other than because of a Competing Proposal;

- (ii) a Government Agency of competent jurisdiction requires that he or she abstains from making a recommendation; or
 - (iii) Talon is entitled to terminate the Scheme Implementation Deed for a material breach of the Scheme Implementation Deed by Strike.
- (b) (**Competing Proposal**): at any time before the Second Court Date a Competing Proposal is announced or made and, within 12 months after the date of that announcement, a Competing Proposal is completed.
- (c) (**Strike termination**): Strike validly terminates the Scheme Implementation Deed and the Scheme does not complete.

In addition, Strike has also agreed to pay Talon a break fee of \$1,422,228 (plus GST) without withholding or set off if Talon has terminated the Scheme Implementation Deed, other than:

- (a) as a result in whole or part of any material breach by Talon of the Scheme Implementation Deed or the receipt by Talon of a Competing Proposal; and/or
- (b) in circumstances where a break fee is payable under Sections 13.5(a)-(c) above.

Talon or Strike (as applicable) must pay the break fee to the other within 5 Business Days after receiving a written demand for payment of the break fee following the occurrence of an event described in Section 13.5.

13.6 Funding Event

In connection with a Funding Event:

- (a) Talon must provide all information reasonably available to Talon regarding the Funding Event to Strike as soon as reasonably practicable and in any event no later than two Business Days after the Funding Event.
- (b) Talon may request consent from Strike to make payments necessary to satisfy its obligation to fund the Funding Event.
- (c) As soon as practicable and in any event no later than two Business Days after the date of the provision of the information under Section 13.6(a), representatives of Talon and Strike must meet to consider the Funding Event and any request for consent made by Talon pursuant to Section 13.6(b).
- (d) Within two Business Days of the meeting in Section 13.6(c) being held, Strike may elect (in its sole discretion) by notice in writing to Talon to:
 - (i) provide such additional funding to Talon:
 - A. on the same terms as the Facility Agreement, amongst others; or
 - B. on terms otherwise mutually agreed between the parties; or
 - (ii) provide the consent requested under Section 13.6(b), provided that if Strike does not provide written notice under this Section 13.6(d) it will be deemed to have provided consent.
- (e) If Strike provides or is deemed to provide its consent under Section 13.6(d), Talon must, if directed by Strike to do so, apply any existing cash reserves that are unallocated in the Budget towards the payments necessary to satisfy its obligation to fund the Funding Event.

- (f) If Strike elects to provide additional funding on terms pursuant to Section 13.6(d)(i)A, Talon must accept the additional funding from Strike to satisfy its obligations in respect to the Funding Event.
- (g) If Strike provides, or is deemed to provide, its consent under Section 13.6(d), Talon may, notwithstanding anything else in this deed, elect to procure debt or equity financing (including the issuance of additional securities or convertible securities) to the extent reasonably necessary to satisfy its obligation to fund the Funding Event.
- (h) If Talon exercises its rights under Section 13.6(g) and before entering into any agreement, arrangement or understanding in respect of any debt or equity financing:
 - (i) Talon must provide all information regarding the terms and conditions and estimated costs and expenses of any debt or equity financing under Section 13.6(g); and
 - (ii) either:
 - A. Strike must terminate the Scheme Implementation Deed within 10 Business Days of the date on which Strike has received the information under Section 13.6(h)(i); or
 - B. if Strike does not terminate the Scheme Implementation Deed in the time period set out in Section 13.6(h)(ii)A, it will be deemed to have elected not to terminate this deed in relation to these facts, matters and circumstances and Strike is deemed to have waived its rights to do so.
- (i) If Strike does not terminate or is deemed to have elected not to terminate this deed under Section 13.6(h)(ii)B, Talon may enter into and perform any agreement, arrangement or understanding in respect of the debt or equity financing on the terms disclosed to Strike under Section 13.6(h)(i). If there is any material or adverse variation to the terms and conditions disclosed to Strike under Section 13.6(h)(i), including following the operation of this Section 13.6(i), Talon must re-comply with Section 13.6(h) in respect to those revised terms and conditions.

13.7 Termination

Termination by either party

Strike or Talon (the **Terminating Party**) may terminate the Scheme Implementation Deed by notice in writing to the other party if:

- (a) (**material breach**) at any time prior to 8.00am on the Second Court Date, the other party (the **Defaulting Party**) has materially breached the Scheme Implementation Deed (including a material breach of a warranty) and that breach is not remedied by the Defaulting Party within 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;
- (b) (**Conditions not fulfilled or waived**) Strike and Talon are unable to reach agreement to undertake any Condition Precedent Action after consulting in good faith for the period specified in the Scheme Implementation Deed after both parties become aware of any circumstances referred to in Sections 13.1(a)-(b), unless:
 - (i) the relevant Condition has been waived; or
 - (ii) the party entitled to waive the relevant Condition confirms in writing to the other party that it will not rely on the event or occurrence that would or does prevent the relevant Condition from being satisfied.

- (c) **(Scheme Resolution not passed)** the Scheme Resolution is not approved by the Requisite Majorities at the Scheme Meeting and the Terminating Party:
 - (i) has not given or received a notice to the other party requiring that Talon make an application to the Court that the Court exercise its discretion to disregard the headcount test within 3 Business Days after the Scheme Meeting; or
 - (ii) has given or received a notice to the other party requiring that Talon make an application to the Court that the Court exercise its discretion to disregard the headcount test within 3 Business Days after the Scheme Meeting, and any such application to the Court is unsuccessful.
- (d) **(Court determines not to approve the Scheme)** the Court determines not to approve the Scheme at the Second Court Date and the Terminating Party has complied in all material respects with its obligations under the Scheme Implementation Deed and the parties do not agree to appeal the adverse Court decision.
- (e) **(End Date)** the Scheme has not become Effective by the End Date and, if at that time any of the Conditions has not been satisfied, the Terminating Party has complied with its obligations under Section 13.1(c).

Termination by Strike

Strike may terminate the Scheme Implementation Deed by giving notice in writing to Talon at any time before 8.00am on the Second Court Date if:

- (a) **(withdrawal of support)** any Talon Director does not recommend, withdraws or adversely modifies an earlier recommendation, approves or supports a Competing Proposal or announces an intention to do any of these acts, or otherwise publicly acts in a manner which is materially inconsistent with supporting the Scheme;
- (b) **(Competing Proposal)** a member of the Talon Group enters into binding documentation to undertake or implement a Competing Proposal (other than a confidentiality agreement for the purpose of providing Talon non-public information in relation to an actual, proposed Competing Proposal); or
- (c) **(Funding Event)** in the circumstances set out in Section 13.6(h) above.

Termination by Talon

Talon may terminate the Scheme Implementation Deed by giving notice in writing to Strike at any time before 8.00am on the Second Court Date if a majority of the Talon Directors do not recommend, withdraw or adversely modify an earlier recommendation, approve or support a Competing Proposal or announce an intention to do any of these acts, or otherwise publicly act in a manner which is materially inconsistent with supporting the Scheme.

Effect of termination

On termination of the Scheme Implementation Deed, the parties will have no further obligations under the Scheme Implementation Deed (except for those specified to continue beyond termination) but each party will retain any accrued rights and remedies.

13.8 Other clauses

The Scheme Implementation Deed contains other clauses, most of which are customary for an agreement of that nature. A copy of the Scheme Implementation Deed (excluding certain schedules) is attached in full to Talon's ASX announcement on 14 August 2023 which is

available on ASX's website at www.asx.com.au and on Talon's website at www.talonenergy.com.au/investors/investordashboard/.

14. Additional information

14.1 Introduction

This Section sets out additional information required to be disclosed to Talon Shareholders pursuant to the Corporations Act and the Corporations Regulations, together with other information that may be of interest to Talon Shareholders.

14.2 Interests of Talon Directors in Talon securities and Strike securities

As at the date of this Scheme Booklet:

- (a) the Talon Directors held Relevant Interests in marketable securities of Talon as set out in Section 6.5; and
- (b) no Talon Director holds any Relevant Interest in marketable securities of Strike, other than:
 - (i) Greg Columbus who has an interest in 31,080,954 Strike Shares, comprising 80,954 Strike Shares held directly by Mr Columbus and 31,000,000 Strike Shares held by Discovery Investments Pty Ltd in its own right and as trustee for <Rascol Family>, an entity controlled by Mr Columbus; and
 - (ii) David Casey who has an interest in 1,675,619 Strike Shares, comprising 879,465 Strike Shares held by D.A. Casey & Associates Pty Limited <David Casey Family A/C>, an entity controlled by Mr Casey, 779,254 Strike Shares held by Hayrow Pty Ltd <David Casey Superannuation Fund>, an entity controlled by Mr Casey and 16,900 Strike Shares held by Cirelle Ruxton, Mr Casey's spouse.

No Talon Director has acquired or disposed of a Relevant Interest in any Talon Shares in the four month period ending on the date immediately before the date of this Scheme Booklet other than as set out in the table below:

Director	Date	Number Acquired	Value
David Casey	2 October 2023	8,000,000	Talon Shares issued for nil consideration on conversion of Talon Performance Rights following achievement of vesting condition.
Colby Hauser	12 September 2023	2,500,000	Talon Shares issued for nil consideration on conversion of Talon Performance Rights following achievement of vesting condition.

Talon Directors who are Talon Scheme Shareholders will be entitled to receive the Scheme Consideration in accordance with the terms of the Scheme.

14.3 Interests of Strike Directors in Strike securities and Talon securities

As at the date of this Scheme Booklet:

- (a) the Strike Directors held Relevant Interests in marketable securities of Strike as set out in Section 7.11; and

- (b) no Strike Director holds any Relevant Interest in marketable securities of Talon, other than Neville Power who has an indirect interest in 2,500,000 Talon Shares held by Myube Investments Pty Ltd <Myube A/C>, an entity controlled by Mr Power.

No Strike Director has acquired or disposed of a Relevant Interest in any Strike Shares in the four month period ending on the date immediately before the date of this Scheme Booklet, other than Stuart Nicholls (and his Associates) who acquired a Relevant Interest in 2,671,580 Strike Shares on the conversion of performance rights on 15 August 2023, and disposed a Relevant Interest in 1,312,688 Strike Shares to fund significant taxation obligations on 09 October 2023.

Strike Directors who are Talon Scheme Shareholders will be entitled to receive the Scheme Consideration in accordance with the terms of the Scheme.

14.4 Talon's interest in Strike securities

As at the date of this Scheme Booklet, neither Talon nor any of its Associates has a Relevant Interest in any Strike Shares or any other marketable securities of Strike.

14.5 Strike's interest in Talon securities

As at the date of this Scheme Booklet, neither Strike nor any of its Associates has a Relevant Interest in any Talon Shares or any other marketable securities of Talon.

During the four month period ending on the date immediately before the date of this Scheme Booklet, neither Strike nor any Associate of Strike has:

- (a) provided, or agreed to provide, consideration for any Talon Shares; or
- (b) given or offered to give, or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an Associate, to vote in favour of the Scheme or dispose of Talon Shares, which benefit is not offered to all Talon Shareholders under the Scheme.

14.6 Rights and liabilities attaching to New Strike Shares

If the Scheme becomes Effective, each Talon Scheme Shareholder (other than Ineligible Foreign Shareholders and Cash Out Shareholders) will receive 0.4828 New Strike Shares for every one Talon Share they hold as at 7.00pm (Perth time) on the Record Date.

The New Strike Shares issued as Scheme Consideration will be fully paid and, from the date of their issue, will rank equally with existing Strike Shares.

The rights and liabilities attaching to Strike Shares are set out in Strike's constitution and are affected by the Corporations Act, the ASX Listing Rules and general law. A summary of some of the more significant rights attaching to Strike Shares is set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Strike Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Reports and notices

Strike Shareholders are entitled to receive all notices, reports, financial statements and accounts and other documents required to be furnished to shareholders under applicable law.

(b) General meetings

Strike Shareholders are entitled to be present in person, by proxy, attorney or representative to speak and to vote at general meetings of Strike.

(c) **Voting**

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at the present time there are none), at a general meeting of Strike, every Strike Shareholder present in person, or by proxy, attorney or representative may vote. On a show of hands each Strike Shareholder has one vote and where a poll is demanded each Strike Shareholder has one vote for each Strike Share they hold.

(d) **Dividends**

The Strike Directors may declare a dividend to be paid to Strike Shareholders who are entitled to the dividend.

(e) **Winding-up**

On the winding-up of Strike, the liquidator may, upon the passing of a special resolution, distribute among Strike Shareholders the whole or part of any of the assets of Strike and may for that purpose decide how the assets are to be distributed as between the shareholders or different classes of Strike Shares, value the assets to be distributed in such manner as the liquidator thinks fit and vest the whole or any part of any assets in such trustees and on such trusts for the benefit of the Strike Shareholders entitled to the distribution of those assets as the liquidator thinks fit.

(f) **Transfer rights**

Generally, Strike Shares are freely transferable whether on market or by written instrument, subject to the transfer not resulting in a contravening or failure to observe any applicable law, regulation or rule of any stock exchange on which the Strike Shares are traded. Applicable securities laws and rules of any stock exchange on which Strike Shares may be listed may also impose hold periods on such shares. The Strike Board may refuse to register a transfer in certain circumstances including, where Strike has a lien on the shares, the transfer would breach the terms of an employee incentive scheme or where the transfer would create an unmarketable parcel of Strike Shares.

(g) **Variation of rights attaching to shares**

Subject to the Corporations Act and ASX Listing Rules, the rights attaching to Strike Shares may be varied with the written consent of Strike Shareholders holding 75% of the issued Strike Shares of that class or by special resolution passed by Strike Shareholders.

(h) **Directors**

Strike's constitution prescribes a minimum of three and a maximum of nine directors, two of whom must ordinarily reside in Australia and also contains provisions relating to the rotation and election of directors. Strike Shareholders may elect and remove a director from office by resolution.

Full details of the rights and liabilities attaching to New Strike Shares are set out in Strike's constitution, a copy of which is available for inspection at Strike's registered office during normal business hours and on the Strike website (www.strikeenergy.com.au).

14.7 Remuneration of Talon Directors

The Talon Directors are entitled to receive remuneration for their services as directors of Talon. The Talon Directors have received the following salaries and fees (inclusive of superannuation entitlements) and equity based payments in the past two financial years:

Talon Director	FY2021	FY2022
Douglas Jendry ¹	145,505 ⁷	48,000 ⁸
David Casey ²	954,166 ⁹	368,724 ¹⁰
Mathew Worner ³	333,545 ¹¹	133,974 ¹²
Stephen Jenkins ⁴	49,130 ¹³	10,000 ¹⁴
Colby Hauser ⁵	-	934,168 ¹⁵
Greg Columbus ⁶	-	-

Notes:

1. Resigned 30 May 2023.
2. Transitioned from Managing Director/CEO to Non-Executive Director on 1 January 2022.
3. Transitioned from Executive Director to Non-Executive Director on 1 July 2022.
4. Resigned 23 February 2022.
5. Appointed 8 March 2022.
6. Appointed 3 April 2023.
7. Comprising of \$48,000 in director salary and \$97,505 in share based payments.
8. Comprising of \$48,000 in director salary.
9. Comprising of \$278,217 in director salary, \$23,659 in superannuation payments and \$652,290 in share based payments.
10. Comprising of \$58,568 in director salary, \$3,719 in superannuation payments and \$306,437 in share based payments.
11. Comprising of \$118,528 in director salary, \$11,549 in superannuation payments and \$203,468 in share based payments.
12. Comprising of \$77,074 in director salary, \$6,900 in superannuation payments and \$50,000 in termination benefits.
13. Comprising of \$40,000 in director salary and \$9,130 in share based payments.
14. Comprising of \$10,000 in director salary.
15. Comprising of \$244,565 in director salary, \$664,396 in share based payments and \$25,207 in superannuation payments.

Refer to Talon's annual reports for the financial years ended 31 December 2021 and 31 December 2022 for further details of the remuneration of the Talon Directors for these two financial years.

14.8 Payments to non-executive Strike Directors

Strike's constitution provides that non-executive Strike Directors may be paid, as remuneration for their services as directors of Strike, a sum determined from time to time by Strike Shareholders in a general meeting, with that sum to be divided amongst the non-executive directors in such manner and proportion as they agree. As at the date of this Scheme Booklet, the aggregate maximum remuneration for non-executive Strike Directors is \$1,000,000 per annum.

14.9 Benefits to Talon officers in connection with retirement from office

Other than as disclosed in this Scheme Booklet, there is no current proposal for a payment or other benefit to be made or given to a Talon Director, secretary or executive officer of

Talon or any Related Body Corporate of Talon as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office of Talon or any Related Body Corporate of Talon as a result of the Scheme.

14.10 Payments or benefits to Talon officers

Other than as disclosed in this Scheme Booklet, no Talon Director, secretary or executive officer of Talon or any Related Body Corporate of Talon has agreed to receive, or is entitled to receive, any payment or benefit from Strike which is conditional on, or is related to, the Scheme other than in their capacity as a Talon Scheme Shareholder.

Pursuant to the terms of Colby Hauser's executive services agreement, if Mr Hauser's employment with Talon is terminated following implementation of the Scheme, the Combined Group may elect to pay Mr Hauser six months' salary in lieu of notice, plus superannuation entitlements and payment of other accrued employment benefits (e.g. annual leave). In addition, in the event that the Combined Group makes Mr Hauser's position redundant or the Combined Group significantly reduces the skills, responsibilities or status of Mr Hauser's position, then, in addition to any notice period to be given or paid, Mr Hauser will be entitled to a redundancy or severance payment of twelve months' salary.

14.11 Interests of Talon officers in agreements connected with or conditional on the Scheme

Other than as disclosed in this Scheme Booklet, there is no agreement or arrangement made between any Talon Director and any other person, including Strike, in connection with or conditional on the outcome of the Scheme.

14.12 Other interests of the Talon Directors

Under the Scheme Implementation Deed, Talon must enter into a directors' and officers' run-off insurance policy (**Run Off Cover**) in respect of the Talon Board and relevant former directors and officers of any member of the Talon Group, in accordance with a tender process as set out in the Scheme Implementation Deed. The Run Off Cover will cover claims made up to 7 years after the Implementation Date in respect of conduct or matters occurring on or before the Implementation Date. Talon may, at its election, pay any reasonable amounts necessary to ensure maintenance of the Run Off Cover upfront and prior to the implementation of the Scheme. Strike has undertaken in favour of Talon that it will procure that the Run Off Cover is maintained if the Scheme becomes Effective.

14.13 Disclosure of interests

Except as disclosed elsewhere in this Scheme Booklet, no:

- (a) Talon Director or proposed director of Talon;
- (b) Strike Director or proposed director of Strike;
- (c) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet; or
- (d) promoter or underwriter of Strike or the Combined Group,

(together "**Interested Persons**") holds, or held at any time during the two years before the date of this Scheme Booklet, any interests in:

- (e) the formation or promotion of Strike or the Combined Group;
- (f) property acquired or proposed to be acquired by Strike in connection with the formation or promotion of Strike or the Combined Group; or

- (g) the offer of New Strike Shares under the Scheme.

14.14 Disclosure of fees and other benefits

Except as disclosed elsewhere in this Scheme Booklet, neither Strike nor Talon has paid or agreed to pay any fees, or provided or agreed to provide any benefit, to:

- (a) a director or proposed director of Strike to induce them to become or qualify as a director of Strike; or
- (b) any Interested Person for services provided by that person in connection with:
 - (i) the formation or promotion of Strike or the Combined Group; or
 - (ii) the offer of New Strike Shares under the Scheme.

14.15 Creditors of Talon

The Scheme, if implemented, will not affect the interests of creditors of Talon.

Talon has paid and is paying all its creditors within normal terms of trade. It is solvent and is trading in an ordinary commercial manner.

14.16 Right to inspect and obtain copies of the Talon Share Register

Talon Shareholders have the right to inspect the Talon Share Register, which contains the name and address of each Talon Shareholder and certain other prescribed details relating to Talon Shareholders, without charge.

Talon Shareholders also have the right to request a copy of the Talon Share Register, upon payment of a fee (if any) up to a prescribed amount.

Talon Shareholders have these rights by virtue of section 173 of the Corporations Act.

14.17 Regulatory relief, exceptions and waivers

Paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires this Scheme Booklet to set out whether, within the knowledge of the Talon Directors, the financial position of Talon has materially changed since the date of the last balance sheet laid before Talon in general meeting (being its financial statements for the year ended 31 December 2022) or sent to Talon Shareholders in accordance with sections 314 or 317 of the Corporations Act and, if so, provide full particulars of any such change.

ASIC has granted Talon relief from this requirement so that this Scheme Booklet only needs to set out whether, within the knowledge of the Talon Directors, the financial position of Talon has materially changed since 30 June 2023 (being the balance date of the financial statements of Talon for the half-year ended 30 June 2023) and, if so, provide full particulars of any such change.

Talon will give a copy of the financial statements for the half-year ended 30 June 2023 free of charge to anyone who asks for them before the Scheme is approved by the Court. Copies can be requested by contacting the Company on +61 8 6319 1900 between 9.00am and 5.00pm (Perth time), Monday to Friday.

Talon Shareholders can also access a copy of Talon's financial statements for the half-year ended 30 June 2023 on the ASX website (www.asx.com.au) or on Talon's website (www.talonenergy.com.au).

14.18 No administrator

It is not proposed that any person be appointed to manage or administer the Scheme.

14.19 No relevant restrictions in the constitution of Talon

There are no restrictions on the right to transfer Talon Shares in Talon's constitution.

14.20 No unacceptable circumstances

The Talon Directors do not believe that the Scheme involves any circumstances in relation to the affairs of any member of Talon that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of section 657A of the Corporations Act.

14.21 Foreign jurisdictions

This Scheme Booklet and the Scheme are subject to Australian disclosure requirements that may be different to those applicable in other jurisdictions.

Neither this Scheme Booklet nor the Scheme constitute, or are intended to constitute, an offer of securities in any place in which or to any person to whom, the making of such an offer would not be lawful under the laws of any jurisdiction outside Australia and its external territories. Strike will not issue New Strike Shares to an Ineligible Foreign Shareholder. Ineligible Foreign Shareholders should refer to Sections 5.7 and 5.8 of this Scheme Booklet for further information.

No action has been taken to register or qualify the New Strike Shares or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

Based on the information available to Talon, Talon Shareholders whose addresses are shown in the Talon Share Register on the Record Date for the Scheme as being in the following jurisdictions will be entitled to receive this Scheme Booklet and have New Strike Shares issued to them under the Scheme subject to any qualification set out in this Scheme Booklet in respect of that jurisdiction:

- Australia;
- Germany, where (i) the Talon Shareholder is a "qualified investor" (as defined in Article 2(e) of the Prospectus Regulation) or (ii) the number of other Talon Shareholders is less than 150;
- Hong Kong;
- New Zealand;
- United Kingdom; and
- any other person or jurisdiction in respect of which Talon reasonably believes that it is not prohibited and not unduly onerous or impractical to issue New Strike Shares to a Talon Shareholder with a registered address in such jurisdiction.

Nominees and custodians who hold Talon Shares on behalf of a beneficial owner resident outside Australia, Hong Kong, New Zealand and the United Kingdom may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of Talon, except nominees and custodians may forward this Scheme Booklet to any beneficial shareholder in Germany who is a "qualified investor" (as defined in Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union).

Refer to the 'Important Information' Section for further information.

14.22 Privacy and personal information

Talon and Strike, their respective share registries and investor relations advisers may collect personal information about you in the process of implementing the Scheme. The personal information may include the names, contact details and details of the security holdings of Talon Shareholders, and the names of individuals appointed by Talon Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting.

The personal information is collected for the primary purpose of implementing the Scheme. The personal information may be disclosed to the Talon Registry and/or the Strike Registry and investor relations advisers, to securities brokers and to print and mail service providers of Talon and/or Strike.

Talon Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact the Talon Registry, Computershare, on 1300 850 505 (within Australia) or +61 (03) 9415 4000 (outside Australia) in the first instance if they wish to request access to that personal information.

Talon Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

14.23 Supplementary information

Talon will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of lodgement of this Scheme Booklet for registration by ASIC and the date of the Scheme Meeting:

- (a) a material statement in this Scheme Booklet that is false or misleading;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter arising that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC.

The form of the supplementary document and whether a copy will be sent to each Talon Shareholder will depend on the nature and timing of the new or changed circumstances. Any such supplementary document will be made available on Talon's website (www.talonenergy.com.au). Any such supplementary document will also be released to ASX and accordingly will be available from ASX's website (www.asx.com.au).

14.24 Advisers and experts

(a) Roles of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation or distribution of this Scheme Booklet are:

Name	Role
BDO Corporate Finance (WA) Pty Ltd	Independent Expert
ERC Equipoise Ltd	Independent Technical Expert
Sternship Advisers RBC Capital Markets	Talon's financial advisors
Steinepreis Paganin	Legal adviser to Talon
DLA Piper Australia	Legal adviser to Strike
Computershare Investor Services Pty Limited	Talon's share registry
PricewaterhouseCoopers	Tax adviser to Talon

(b) Consents of advisers and experts

BDO Corporate Finance (WA) Pty Ltd has given its consent to the inclusion of its Independent Expert's Report in this Scheme Booklet in the form and context in which it appears in Annexure A of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet. BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of this Scheme Booklet other than the Independent Expert's Report. The interests of BDO Corporate Finance (WA) Pty Ltd in its capacity as Independent Expert are disclosed in the Independent Expert's Report.

ERC Equipoise Ltd has given its consent to the inclusion in the Independent Expert's Report in this Scheme Booklet of technical information relating to Talon and Strike in the form and context in which the information appears, and has not withdrawn that consent before the date of this Scheme Booklet.

Sternship Advisers has given its consent to be named in this Scheme Booklet as financial adviser to Talon in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

RBC Capital Markets has given its consent to be named in this Scheme Booklet as financial adviser to Talon in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

Steinepreis Paganin has given its consent to be named in this Scheme Booklet as legal adviser to Talon in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

DLA Piper Australia has given its consent to be named in this Scheme Booklet as legal adviser to Strike in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

Computershare Investor Services Pty Limited has given its consent to be named in this Scheme Booklet as Talon's share registry in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

PricewaterhouseCoopers has consented to the inclusion of Section 11 of this Scheme Booklet and references to the information set out in that Section in the form and context in which they appear and has not withdrawn that consent before the date of this Scheme Booklet.

Each person named in Section 14.24(a) has given, and before the time of registration of this Scheme Booklet with ASIC, has not withdrawn, their consent to being named in this Scheme Booklet in the capacity indicated next to their name.

(c) **Disclaimers of responsibility**

Each person named in Section 14.24(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation or distribution of this Scheme Booklet:

- (i) has not authorised or caused the issue of this Scheme Booklet or the making of the offer of New Strike Shares under the Scheme;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than a statement included in this Scheme Booklet with the written consent of that person as stated in Section 14.24(b); and
- (iii) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for, any statements in or omissions from any part of this Scheme Booklet, other than a reference to its name and any statement or report that has been included in this Scheme Booklet with the consent of that person.

(d) **Fees and expenses**

All of the persons named in Section 14.24(a) as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

The aggregate amount of the fees and expenses expected to be incurred by Talon in connection with the Scheme is approximately \$4,100,000 (excluding GST and disbursements). This includes the following amounts (all excluding GST and disbursements):

- (i) fees and expenses paid or payable (excluding GST and disbursements) to Talon's professional advisers (including its financial, legal, accounting, communications and tax advisers) of approximately \$3,825,000 if the Scheme becomes Effective or approximately \$745,000 if it does not become Effective;
- (ii) fees paid or payable to the Independent Expert and the Independent Technical Expert of approximately \$195,000 in aggregate; and
- (iii) registry costs, fees and expenses associated with the Court proceedings, costs relating to design, printing and dispatch of this Scheme Booklet, expenses associated with convening and holding the Scheme Meeting and other general and administrative expenses in connection with the Scheme, of approximately \$80,000 in aggregate.

Of this, Talon expects approximately \$1,020,000 (excluding GST and disbursements) will be paid irrespective of whether the Scheme becomes Effective (and is implemented).

These amounts do not include the transaction costs that may be incurred by Strike in relation to the Scheme.

It should be noted that some of the persons named in Section 14.24(a) will also be entitled to receive professional fees charged in accordance with their normal basis of charging in connection with the Gurvantes Transaction, and which are separate to the professional fees being received in connection with the Scheme.

The aggregate amount of the fees and expenses expected to be incurred by Strike in connection with the Scheme is approximately \$300,000 (excluding GST and disbursements), for legal advisers.

14.25 Effects of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding. Accordingly, the actual calculations of these figures may differ from the figures set out in this Scheme Booklet.

14.26 Data in charts, graphs and tables

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Last Practicable Date. Any discrepancies in any chart, graph or table between totals and sums of amounts presented or listed therein or to previously published financial figures are due to rounding.

14.27 No other material information

Other than as set out in this Scheme Booklet, including the Annexures to this Scheme Booklet, there is no information material to the making of a decision in relation to the Scheme or a decision by a Talon Shareholder whether or not to vote in favour of the Scheme, being information that is within the knowledge of any Talon Director or any director of a Related Body Corporate of Talon at the date of this Scheme Booklet and which has not previously been disclosed to Talon Shareholders.

15. Glossary of defined terms

The following defined terms used throughout this Scheme Booklet have the meaning set out below unless the context otherwise requires.

A\$ or \$	The lawful currency of Australia.
AASB	The Australian Accounting Standards Board, being the Australian Regulatory Authority responsible for developing and issuing accounting standards applicable to Australian entities and the “care and maintenance” of the body of standards as set out in the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
Annexure	An annexure of this Scheme Booklet.
Announcement Date	14 August 2023, being the date of announcement of the Scheme.
ASIC	The Australian Securities and Investments Commission.
Associate	Has the meaning given to it in section 12 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The official listing rules of ASX.
ASX Settlement Operating Rules	The settlement rules of ASX Settlement Pty Ltd (ACN 008 504 532).
Australian Accounting Standards	The Australian Accounting Standards issued by the AASB.
BDO	BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045)
Budget	the agreed budget in connection with any financial accommodation to be provided by Strike to Talon during the period from execution of the Scheme Implementation Deed until the Implementation of the Scheme.
Business Day	A day as defined in the ASX Listing Rules other than any day which banks are not open for general banking business in Perth, Western Australia.
Cash Out Shareholder	A Talon Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Talon Scheme Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Strike Shares (assessed by reference to the last traded price of Strike Shares on ASX on the trading day prior to the Record Date).
CGT	Capital Gains Tax, as defined in the <i>Income Tax Assessment Act 1997</i> .
Combined Group	The corporate group comprising Strike and its subsidiaries, including the Talon Group, if the Scheme is implemented.
Competing Proposal	Has the meaning given to it in the Scheme Implementation Deed. For the avoidance of doubt, the Gurvantes Transaction shall not be a Competing Proposal.
Control	Has the meaning given in section 50AA of the Corporations Act disregarding section 50AA(4) of the Corporations Act.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).

Corporations Regulations	The <i>Corporations Regulations 2001</i> (Cth).
Court	The Federal Court of Australia, Western Australian Division.
Dongara Farm-In Agreement	The binding farm in agreement dated 28 February 2023, between Triangle Energy Onshore Pty Ltd, Key Petroleum (Australia) Pty Ltd, Talon (L7) Pty Ltd and Talon (EP437) Pty Ltd, pursuant to which Talon will farm into a 25% participating interest in L7 and EP437.
Dongara Payment Event	An obligation of Talon to make a payment of an amount in addition to those set out in the Budget pursuant to a validly arising obligation pursuant to an express term of the Dongara Joint Operating Agreements or the Dongara Farm-In Agreement.
Dongara Joint Operating Agreements	Means: (a) the joint operating agreement dated 31 March 2023, between Talon (L7) Pty Ltd, Key Petroleum (Australia) Pty Ltd, NZOG Acacia Pty Ltd relating to L7; and (b) the joint operating agreement dated 31 March 2023, between Key Petroleum (Australia) Pty Ltd, Key Midwest Pty Ltd, Triangle Energy (EP457) Pty Ltd, Talon (EP437) Pty Ltd and NZOG Compass Pty Ltd relating to EP437.
Deed Poll	The deed poll dated 1 November 2023 executed by Strike pursuant to which, among other things, Strike covenants in favour of Talon Scheme Shareholders to perform its obligations under the Scheme Implementation Deed and the Scheme, as set out in Annexure C.
Effective	When used in relation to the Scheme, means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Scheme.
Effective Date	The date on which the Scheme becomes Effective.
Encumbrance	Any security interest (within the meaning of section 51A of the Corporations Act) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind, and any agreement to create any of the foregoing.
Excluded Shares	any Talon Shares held by any person on behalf of or for the benefit of any member of the Strike Group.
End Date	13 February 2024, or such later date as Talon and Strike agree in writing.
ERCE Energy	ERC Equipoise Ltd
Funding Event	means a Dongara Payment Event or a Gas Flow Event
FY22	The period of 12 months (financial year) ending 30 June 2022.
FY23	The period of 12 months (financial year) ending 30 June 2023.

Gas Flow Event	<p>The material delay to, or material underperformance of, gas production from the Waylaring gas project relative to an estimated gross production rate of 20Tj/day on average from 1 October 2023, such that Talon is unable to fund:</p> <p>(a) its commitments until the Implementation Date in accordance with the Budget; and</p> <p>(b) any liabilities directly resulting from the shortfall in supply of gas under firm gas supply agreements, from its existing cash balance and available debt financing without raising additional equity or debt funding.</p>
Government Agency	Any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere and includes any self-regulatory organisation established under statute or any stock exchange.
Gurvantes Transaction	Has the meaning given in the ' <i>Gurvantes Transaction</i> ' Section at page ix of this Scheme Booklet.
Gurvantes Transaction Agreement	Has the meaning given in the ' <i>Gurvantes Transaction</i> ' Section at page ix of this Scheme Booklet.
Implementation Date	The date that is the 5 Business Days after the Record Date, or such other date as agreed in writing between Talon and Strike.
Independent Expert	BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045)
Independent Expert's Report	The report of the Independent Expert in relation to the Scheme as set out in Annexure A of this Scheme Booklet.
Independent Technical Expert	ERC Equipoise Ltd.
Independent Technical Report	The report of the Independent Technical Expert set out in Appendix 6 of the Independent Expert's Report.
Ineligible Foreign Shareholder	A Talon Scheme Shareholder whose address is shown in the Talon Share Register (as at the Record Date) as being in a place outside of Australia and its external territories, Germany, Hong Kong, New Zealand and the United Kingdom, other than any Talon Scheme Shareholder in respect of whom Strike reasonably determines (at its sole and absolute discretion) that it is lawful and not unduly onerous to issue that Talon Scheme Shareholder with New Strike Shares when the Scheme becomes Effective.
Interested Person	A person named in Section 14.13.
Last Practicable Date	31 October 2023, being the last practicable date before the finalisation of this Scheme Booklet.
Mongolian Project	Talon's 33% interest in the Gurvantes XXXV Coal Seam Gas Project.
Net Sale Proceeds	The net proceeds of sale of the New Strike Shares sold by the Sale Nominee under the Sale Nominee Process (after deducting any applicable brokerage, duty and other selling costs, taxes and charges).
New Strike Shares	the Strike Shares to be issued under the Scheme as Scheme Consideration.
Notice of Scheme Meeting	The notice convening the Scheme Meeting as set out in Annexure D.

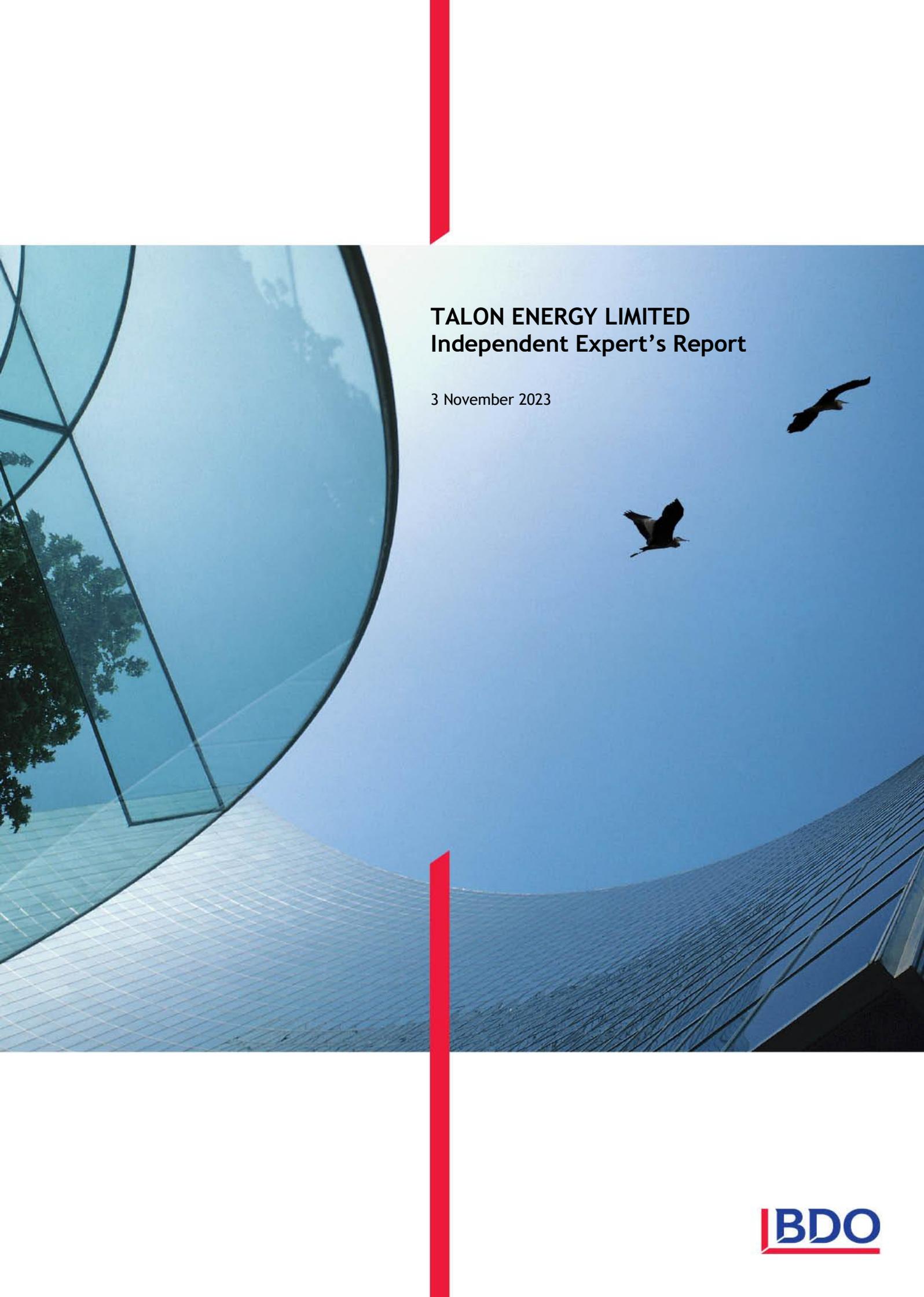
Proxy Form	The proxy form that is dispatched to Talon Shareholders in accordance with the orders of the Court or is available from the Share Registry.
Record Date	7.00pm (Perth time) on the date which is two Business Days after the Effective Date or such other time and date agreed to in writing between Talon and Strike.
Regulatory Authority	Includes: (a) ASX; (b) ASIC; (c) the Takeovers Panel; (d) a government or governmental, semi-governmental or judicial entity or authority; (e) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and (f) any regulatory organisation established under statute.
Related Body Corporate	The meaning given to it in the Corporations Act.
Related Entity	(a) in respect of Strike, an entity that: (i) Controls Strike; (ii) is under the Control of Strike; or (iii) is under the Control of another entity that also Controls Strike; and (b) in respect of Talon, an entity that is under the Control of Talon.
Relevant Interest	The meaning given to it in sections 608 and 609 of the Corporations Act.
Requisite Majorities	Approval of the Scheme Resolution by: (a) unless the Court orders otherwise, a majority in number (more than 50%) of Talon Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney, or in the case of corporate Talon Shareholders, by corporate representative); and (b) at least 75% of the total number of votes cast on the Scheme Resolution by Talon Shareholders at the Scheme Meeting.
Sale Nominee	The nominee to be appointed by Strike to sell the New Strike Shares under the Sale Nominee Process.
Sale Nominee Process	The process by which Ineligible Foreign Shareholders and Cash Out Shareholders receive the Net Sale Proceeds of any sale of New Strike Shares they would otherwise receive, as described in Section 5.8.
Scheme	The scheme of arrangement under Part 5.1 of the Corporations Act between Talon and the Talon Scheme Shareholders as described in clause 4 of the Scheme Implementation Deed and in the form set out in Annexure B, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by Talon and Strike in writing.
Scheme Booklet	This booklet that comprises the explanatory statement in respect of the Scheme to be approved by the Court and sent to Talon Shareholders and includes the Annexures to this booklet.

Scheme Conditions	The conditions for implementation of the Scheme as set out in clause 3.1 to the Scheme Implementation Deed as detailed at Section 12.2.
Scheme Consideration	0.4828 New Strike Shares for every Talon Share held to be issued to Talon Scheme Shareholders (other than Ineligible Foreign Shareholders and Cash Out Shareholders) under the terms of the Scheme or, in respect of Ineligible Foreign Shareholders and Cash Out Shareholders, the Net Sale Proceeds equivalent to be paid under the Sale Nominee Process.
Scheme Implementation Deed	The Scheme Implementation Deed dated 13 August 2023 between Talon and Strike (as restated and amended on 10 October 2023 and varied on 31 October 2023), relating to the implementation of the Scheme, as summarised in Section 13.
Scheme Meeting	The meeting of Talon Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, approve the Scheme.
Scheme Order	The order of the Court approving the Scheme under section 411(4)(b) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by Strike).
Scheme Resolution	The resolution set out in the Notice of Scheme Meeting set out in Annexure D.
Second Court Date	The first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.
Second Court Hearing	The hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
Section	A section of this Scheme Booklet.
Strike	Strike Energy Limited (ACN 078 012 745).
Strike Board	The board of Strike Directors as at the date of this Scheme Booklet.
Strike Directors	The directors of Strike.
Strike Energy Holdings	Strike Energy Holdings Pty Ltd (ACN 616 372 117).
Strike FY23 Annual Report	The annual financial report of Strike for the year ended 30 June 2023.
Strike Group	Strike and its Related Entities.
Strike Information	Has the meaning given to it in the Scheme Implementation Deed, including: <ul style="list-style-type: none"> (a) the Letter from the Chairman of Strike; (b) the information regarding Strike and the Combined Group in Section 4; (c) the information contained in Section 7; (d) the information contained in Sections 8 and 9 (other than to the extent of financial information provided or published by Talon); (e) the information contained in Sections 10.3 and 10.4; and (f) the information contained in Section 14 regarding Strike or the interests of Strike Directors or their Associates.

Strike Material Adverse Change	Has the meaning given to it in the Scheme Implementation Deed.
Strike NED Rights	An unquoted right to acquire a Strike Share issued under Strike's Non-Executive Director Equity Plan.
Strike Options	An option to subscribe for a Strike Share.
Strike Performance Rights	An unquoted right to acquire a Strike Share issued under Strike's Performance Rights Plan which will vest upon the satisfaction of certain performance milestones.
Strike Prescribed Occurrence	Has the meaning given to it in the Scheme Implementation Deed.
Strike Registry	Strike's share registry from time to time.
Strike Regulated Event	Has the meaning given to it in the Scheme Implementation Deed.
Strike Rights	Strike Performance Rights and Strike NED Rights.
Strike Share	A fully paid ordinary share in the capital of Strike.
Strike Shareholder	Each person who is registered in the Strike Share Register from time to time as the holder of a Strike Share.
Strike Share Register	The register of Strike Shares maintained by Strike or the Strike Registry in accordance with the Corporations Act.
Strike Undertakings	Has the meaning given to it in the Scheme Implementation Deed.
Strike Warranties	Has the meaning given to it in the Scheme Implementation Deed.
Subsidiaries	Has the meaning it has in the Corporations Act.
Superior Proposal	Has the meaning given to it in the Scheme Implementation Deed.
Talon or Company	Talon Energy Limited (ACN 153 229 086).
Talon Board	The board of Talon Directors as at the date of this Scheme Booklet.
Talon Directors	The directors of Talon.
Talon Group	Talon and its Related Entities.
Talon Material Adverse Change	Has the meaning given to it in the Scheme Implementation Deed.
Talon Mongolia Group	Has the meaning given to it in the Scheme Implementation Deed.
Talon Option	An option to subscribe for a Talon Share, as set out in the table in Section 6.6.
Talon Option Register	The register of Talon Optionholders maintained by Computershare in accordance with the Corporations Act.
Talon Optionholder	Each person who is registered in the Talon Option Register from time to time as the holder of a Talon Option.
Talon Performance Right	A right to subscribe for a Talon Share, as set out in the table in Section 5.11.

Talon Performance Rights Holder	The person who is registered as being the holder of a Talon Performance Right.
Talon Prescribed Occurrence	Has the meaning given to it in the Scheme Implementation Deed.
Talon Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277).
Talon Regulated Event	Has the meaning given to it in the Scheme Implementation Deed.
Talon Scheme Shares	All of the Talon Shares on issue at the Record Date, other than Excluded Shares.
Talon Scheme Shareholders	Each person who is registered in the Talon Share Register as the holder of one or more Talon Scheme Shares as at the Record Date.
Talon Security	A Talon Share, a Talon Performance Right or a Talon Option.
Talon Share	A fully paid ordinary share in the capital of Talon.
Talon Share Register	The register of Talon Shares maintained by Talon or the Talon Registry in accordance with the Corporations Act.
Talon Shareholder	Each person who is registered in the Talon Share Register as the holder of one or more Talon Shares from time to time.
Talon Superior Proposal	Has the meaning given to that term in clause 1.1 of the Scheme Implementation Deed.
Talon Undertakings	Has the meaning given to it in the Scheme Implementation Deed.
Talon Warranties	Has the meaning given to it in the Scheme Implementation Deed.
TMK	TMK Energy Limited (ACN 127 735 442) (ASX: TMK).
TMK Consideration Options	Has the meaning given in the ' <i>Gurvantes Transaction</i> ' Section at page ix of this Scheme Booklet.
TMK Consideration Securities	Has the meaning given in the ' <i>Gurvantes Transaction</i> ' Section at page ix of this Scheme Booklet.
TMK Consideration Shares	Has the meaning given in the ' <i>Gurvantes Transaction</i> ' Section at page ix of this Scheme Booklet.
VWAP	The volume weighted average price.

Annexure A – Independent Expert's Report



TALON ENERGY LIMITED
Independent Expert's Report

3 November 2023



Financial Services Guide

3 November 2023

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Talon Energy Limited ('Talon') to provide an independent expert's report on the proposed scheme of arrangement ('the Scheme') with Strike Energy Limited ('Strike'). Pursuant to the Scheme, shareholders of Talon will receive 0.4828 shares in Strike for every Talon share that they hold. You are being provided with a copy of our report because you are a shareholder of Talon and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Scheme Booklet required to be provided to you by Talon to assist you in deciding on whether or not to approve the Scheme.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$105,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Talon or Strike.

Other Assignments

BDO Audit (WA) Pty Ltd is the appointed Auditor of Talon. The total fees received by BDO Audit (WA) Pty Ltd over the prior two years is approximately \$117,000. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Talon for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	www.afca.org.au
Email:	info@afca.org.au
Interpreter Service:	131 450

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Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Discount Rate

Appendix 4 - Control Premium

Appendix 5 - Comparable Company Descriptions

Appendix 6 - Independent Technical Specialist Report prepared by ERC Equipoise Ltd

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3 November 2023

The Directors
Talon Energy Limited
1202 Hay Street
West Perth WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 14 August 2023, Talon Energy Limited ('Talon' or 'the Company') announced that it had entered into a Scheme Implementation Deed ('SID') with Strike Energy Limited ('Strike'), under which Strike proposes to acquire the entire issued capital of Talon by way of a scheme of arrangement under the Australian Corporations Act 2001 ('the Act') ('the Scheme'). Under the Scheme, each Talon shareholder will receive 0.4828 Strike shares for every Talon share held at the record date ('Scheme Consideration').

On 11 October 2023, the Company announced that it had entered into a binding heads of agreement with TMK Energy Limited ('TMK') to sell its 33% interest in the Gurvantes XXXV Project, located in Mongolia ('Gurvantes') ('Gurvantes Transaction'). As consideration for the sale, TMK has agreed to issue up to 1.1 billion fully paid ordinary shares in TMK ('TMK Consideration Shares') and up to 550 million options exercisable at \$0.025 with an expiry date of 30 April 2026 ('TMK Consideration Options'), collectively 'TMK Consideration'. Following completion of settlement of the Gurvantes Transaction, Talon is to undertake an in-specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to Shareholders on a record date to be determined by Talon ('Distribution'). The Gurvantes Transaction is conditional on TMK and Talon obtaining the requisite approvals and is not conditional on the implementation of the Scheme. Therefore, we have not incorporated the Gurvantes Transaction into our assessment of whether the Scheme is fair, but have disclosed the valuation impact of the Gurvantes Transaction in Section 13, as another consideration for the shareholders of Talon ('Shareholders'). Further details on the terms of the Scheme and the Gurvantes Transaction are set out in Section 4 of our independent expert's report ('our Report').

Upon implementation of the Scheme, Talon will become a wholly owned subsidiary of Strike and will be removed from the official list of the Australian Securities Exchange ('ASX'). Shareholders of Talon will receive shares in Strike following the implementation of the Scheme (the 'Proposed Merged Entity').

All currencies are quoted in Australian Dollars unless otherwise stated. References to US Dollars are denoted as ('US\$' or 'USD').

2. Summary and Opinion

2.1 Requirement for the report

The directors of Talon have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report to express an opinion as to whether the Scheme is fair and reasonable and in the best interests of Shareholders.

Our Report is prepared pursuant to section 411 of the Corporations Act 2001 ('Corporations Act' or 'the Act') and is to be included in the Scheme Booklet for Talon and Strike, in order to assist the Shareholders in their decision whether to approve the Scheme.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 60 'Schemes of Arrangements' ('RG 60'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Scheme as outlined in the body of this report. We have considered:

- How the value of a Talon share prior to the Scheme (on a control basis) compares to the value of the Scheme Consideration, being 0.4828 Strike shares (on a minority interest basis) following the Scheme;
- The likelihood of an alternative offer being made to Talon;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Scheme; and
- The position of Shareholders should the Scheme not proceed.

2.3 Opinion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that, in the absence of a superior proposal, the Scheme is fair and reasonable to Shareholders. Therefore, we consider the Scheme to be in the best interests of Shareholders.

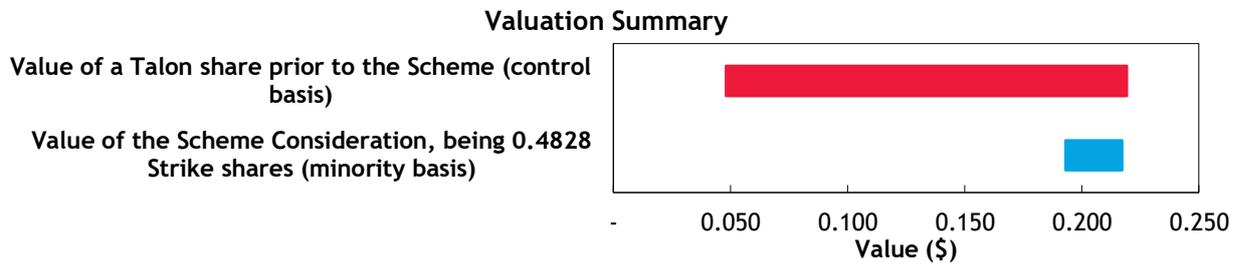
2.4 Fairness

In section 12, we determined that the Scheme Consideration compares to the value of a Talon share prior to the Scheme (on a control basis), as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a Talon share prior to the Scheme (control basis)	10.1	0.048	0.098	0.219
Value of the Scheme Consideration, being 0.4828 Strike shares (minority basis)	11.3	0.193	0.208	0.217

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, the Scheme is fair for Shareholders.

We note that our above assessment that the Scheme is fair is under the assumption that the Gurvantes Transaction does not complete, i.e. that Talon retains its 33% interest in Gurvantes. We have considered the Gurvantes Transaction in Section 13.4 of our Report, whereby we value the consideration to be received pursuant to the Gurvantes Transaction. Our analysis in Section 13.4 shows that our opinion would remain unchanged if the Gurvantes Transaction completed prior to the implementation of the Scheme. Further, if the Gurvantes Transaction completes following the implementation of the Scheme then our opinion would also remain unchanged.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both

- advantages and disadvantages of the Scheme; and
- other considerations, including the position of Shareholders if the Scheme does not proceed and the consequences of not approving the Scheme.

In our opinion, the position of Shareholders if the Scheme is approved is more advantageous than the position if the Scheme is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Scheme is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.1.1	The Scheme is fair	13.2.1	Dilution of Shareholders' interests and exposure to Walyering
13.1.2	Shareholders will gain exposure to Strike's portfolio of Perth Basin assets	13.2.2	Shareholders will be exposed to the risk associated with holding shares in a company with debt
13.1.3	Shareholders will retain exposure to Walyering, albeit with a diluted interest	13.2.3	The exact value of the Scheme Consideration is not certain

ADVANTAGES AND DISADVANTAGES

Section	Advantages	Section	Disadvantages
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13.1.4	Creates a group with a stronger balance sheet, access to Strike's cash reserves and debt funding which will reduce potential dilution from equity fund raisings		
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13.1.5	Increased liquidity and lower volatility of trading in the shares in the Proposed Merged Entity		
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Other key matters we have considered include:

Section	Description
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13.3	Consequences of not approving the Scheme
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13.4	Gurvantes Transaction
------	-----------------------

13.5	Tax implications
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3. □ Scope of the Report

3.1 □ Purpose of the Report

The Scheme is to be implemented pursuant to section 411 of the Corporations Act. Part 3 of Schedule 8 to the Corporations Act Regulations 2001 (**‘Regulations’**) prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to section 411 of the Act (**‘Section 411’**).

An independent expert’s report must be obtained by a scheme company if:

- □ There is one or more common directors; or
- □ The other party to the scheme holds 30% or more of the voting shares in the scheme company.

The expert must be independent and must state whether or not, in his or her opinion, the proposed scheme is in the best interest of the members of the company the subject of the scheme and set out the reasons for that opinion.

There are no common directors of Talon and Strike, nor is there any party to the Scheme that holds 30% or more of the scheme company, being Talon. Accordingly, there is no requirement for this report pursuant to Section 411. Notwithstanding the fact that there is no legal requirement to engage an independent expert to report on the Scheme, the directors of Talon have requested that BDO prepare this report as if it were an independent expert’s report pursuant to Section 411 and to provide an opinion as to whether the Scheme is fair and reasonable and in the best interests of Shareholders.

The requirement for an independent expert’s report is also a condition precedent in the SID, which states that, for the Scheme to proceed, the independent expert must conclude that the Scheme is in the best interests of Shareholders.

3.2 □ Regulatory guidance

Neither the Act nor the Regulations defines the term ‘in the best interests of’. In determining whether the Scheme is in the best interests of Shareholders, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover bid and is therefore representative of a change of ‘control’ transaction.

In the circumstance of a scheme that achieves the same outcome as a takeover bid, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover. Independent expert reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover bid is ‘fair and reasonable’. While there is no definition of ‘fair and reasonable’, RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances.

RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect the transaction.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, ‘in the best interests’ must be capable of a broad interpretation to meet the particular

circumstances of each transaction. This involves a judgment on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the transaction and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposed transaction and form an overall view as to whether shareholders are likely to be better off if the proposed transaction is implemented than if it is not. This assessment is the same as that required for a 'fair and reasonable' assessment in the case of a takeover. If the expert would conclude that a proposal was 'fair and reasonable'; if it was in the form of a takeover bid, the expert will also be able to conclude that the scheme is in the best interests of shareholders. An opinion of 'in the best interests' does not imply the best possible outcome for shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in three parts:

- A comparison between the value of a Talon share including a premium for control and the value of the Scheme Consideration, being 0.4828 shares in Strike on a minority interest basis (fairness - see Section 12 'Is the Scheme Fair?');
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Scheme, after reference to the value derived above (reasonableness - see Section 13 'Is the Scheme Reasonable?'); and
- A consideration of whether the Scheme is in the best interests of Shareholders.

RG 111 states that if a transaction is fair and reasonable then the expert can conclude that the transaction is in the best interests of shareholders; if a transaction is not fair but reasonable an expert can still conclude that the transaction is in the best interests of shareholders; if a transaction is neither fair nor reasonable then the expert would conclude that the transaction is not in the best interests of shareholders.

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Scheme

On 14 August 2023, Talon announced that it had entered into a SID with Strike, under which Strike proposes to acquire the entire issued capital of Talon by way of a scheme of arrangement under the Australian Corporations Act 2001 ('the Scheme'). Under the Scheme, each Talon shareholder will receive 0.4828 Strike shares for every Talon share held at the record date ('Scheme Consideration').

The Scheme is subject to certain conditions precedent, including the following:

- Court approval of the Scheme, in accordance with section 411(4)(b) of the Corporations Act;
- Talon Shareholders' approval of the Scheme, by the requisite majority of Talon shareholders, in accordance with section 411(4)(a)(ii) of the Corporations Act;
- The Independent Expert, having issued its report which concludes that the Scheme is in the best interests of Talon Shareholders and not changing or publicly withdrawing its conclusion;
- No Government Agency issuing an order, temporary restraining order, preliminary or permanent injunction, decree, or ruling or has taken any action, or imposes any legal restraint or prohibition, to prevent implementation of the Scheme;
- No material adverse change, no prescribed occurrence, no regulated events or no breach of undertakings occurring in respect of Talon and Strike; and
- The representations and warranties of Talon and Strike being true and correct in all material respects.

The complete terms of the Scheme, including all conditions precedent are set out in the SID, announced on 14 August 2023.

Capital Structure

The capital structure of the Proposed Merged Entity is set out in the table below.

Capital structure following the implementation of the Scheme	
Number of Talon shares on issue prior to the Scheme	646,997,893
Number of Talon performance rights to be converted into Talon shares	12,500,000
Number of Talon options to be converted into Talon shares	12,000,000
Total number of Talon shares on issue at the Record Date	671,497,893
<i>Number of Strike shares that Talon Shareholders will receive for every Talon share held</i>	<i>0.4828</i>
Number of Proposed Merged Entity shares to be issued to Shareholders	324,199,183
Number of Strike shares on issue prior to the Scheme	2,539,297,384
Total ordinary shares on issue in the Proposed Merged Entity following the implementation of the Scheme	2,863,496,567
<i>Percentage of the Proposed Merged Entity held by Talon Shareholders</i>	<i>11.32%</i>
<i>Percentage of the Proposed Merged Entity held by Strike Shareholders</i>	<i>88.68%</i>

Gurvantes Transaction

On 11 October 2023, the Company announced that it had entered into a binding heads of agreement with TMK to sell its 33% interest in Gurvantes. As consideration for the sale, TMK has agreed to issue up to 1.1

billion TMK Consideration Shares and up to 550 million TMK Consideration Options. Following completion of settlement of the Gurvantes Transaction, Talon is to undertake an in-specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to Shareholders on a record date to be determined by Talon.

The final number of TMK Consideration Securities to be distributed to Talon Shareholders under the Distribution will be subject to any adjustment required at settlement in accordance with the terms of the Gurvantes Transaction. Following the completion of the Gurvantes Transaction, 90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options will be retained by Talon, which are then to be distributed to the Company's advisors.

Under the Gurvantes Transaction, Talon is to commit up to \$850,000 in cash (less costs incurred in connection with its disposal of Gurvantes or the Gurvantes Transaction) to satisfy Talon's obligations to contribute to any funding for expenditure or other commitments under the project agreements associated with Gurvantes for the period commencing on 1 September 2023 and ending on completion of the Gurvantes Transaction.

Talon Funding Facility

In connection with the Scheme, Strike and Talon have entered into a binding facility agreement pursuant to which Strike has agreed to provide a \$6 million secured convertible financing facility to assist Talon in funding its short-term working capital needs through the Scheme process ('**Talon Funding Facility**'). The key terms of the Talon Funding Facility are as follows:

- A maximum of \$6 million provided in advances in accordance with an agreed budget;
- An establishment fee of 2% (capitalised);
- A commitment fee of 3.5% on undrawn funds (capitalised);
- An interest rate of bank bill swap rate ('**BBSW**') plus an 11% margin (capitalised);
- A maturity date of the earlier to occur of 30 days after the date Talon becomes a wholly owned subsidiary of Strike, 30 days after a person other than Strike (or any of its subsidiaries) becomes entitled to hold 50% more of Talon's issued capital or otherwise acquires control of Talon, 60 days after the termination of the Scheme (if terminated) or 270 days following the date of the first advance;
- Strike may by written notice on or before the relevant maturity date elect to convert any principal and capitalised amounts into fully paid ordinary Talon shares at \$0.180, being the 5-day volume weighted average price ('**VWAP**') to 26 July 2023; and
- The Talon Funding Facility is to be repaid out of net petroleum proceeds received by Talon from the sale of Walyering gas and condensate.

As at the date of our Report, Talon has drawn approximately \$4.41 million of net proceeds from the Talon Funding Facility, with costs of approximately \$0.24 million making up the total loan balance of \$4.65 million.

Break fee

Under the terms of the SID, a break fee of \$1.42 million (plus GST) may become payable by Talon if during the exclusivity period:

- Any Talon Director withdraws or adversely modifies their support of the Scheme, except in the circumstances permitted under the SID;
- If a competing proposal is announced or made, and within 12 months after the date of that announcement, a competing proposal is completed; and
- If Strike validly terminates the SID and the Scheme does not complete.

There is also a reverse break fee of \$1.42 million (plus GST) payable by Strike if Talon validly terminates the SID under certain provisions relating to a material breach by Strike. For further information regarding the break fee and reverse break fee, refer to Sections 12 and 13 of the SID.

Treatment of Talon options and performance rights in connection with the Scheme

Talon has a total of 12,000,000 options on issue ('Talon Options') and 12,500,000 performance rights on issue that will immediately vest upon a change of control occurring. All existing Talon Options that have not been exercised by the holder and converted into Talon shares before the Record Date will remain on issue in Talon following implementation of the Scheme. Therefore, if the Scheme is implemented and the Talon Options have not been exercised, the holders of the Talon Options will hold options over an unlisted wholly-owned subsidiary of Strike.

5. □ Profile of Talon

5.1 □ History

Talon is an ASX-listed oil and gas exploration and development company with operations located in Western Australia ('WA') and Mongolia. The Company's asset portfolio is concentrated in the Perth Basin and includes the following:

- A 45% interest in the Production Licence L23 ('L23') containing the Walyering Gas Field ('Walyering') and Exploration Permit 447 ('EP447');
- A 25% interest in Production Licence L7 ('L7') and Exploration Permit 437 ('EP437');
- An agreement to acquire a 100% interest in Blocks 7977, 8048 and 8121 within Exploration Permit 494 ('EP494') and Exploration Permit 511 ('EP511') (collectively 'Condor'); and
- A 33% beneficial interest in Gurvantes, located in Mongolia.

Talon was incorporated in 2011 and listed on the ASX in 2013 under the name 'Talon Petroleum Limited', following its demerger from Texon Petroleum Limited. In June 2021, the Company underwent a name change, becoming 'Talon Energy Limited'. Talon is based in West Perth, WA.

The current directors of Talon are:

- Mr. Gregory Columbus - Independent Non-Executive Chairman;
- Mr. Colby Hauser - Managing Director and Chief Executive Officer;
- Mr. Matthew Worner - Non-Executive Director; and
- Mr. David Casey - Non-Executive Director.

5.2 □ Walyering

Walyering is a joint venture project in which Strike is the operator and owner of a 55% equity interest, with Talon owning the remaining 45% participating interest (**'the Walyering Joint Venture'**). Walyering is located in the Shire of Dandaragan, 140 kilometres (**'km'**) north of Perth, WA, between the Parmelia Gas Pipeline (**'PGP'**) and the Dampier to Bunbury Natural Gas Pipeline (**'DBNGP'**). Initially, Walyering was situated within EP447, which covers an area of 1,110 square kilometres (**'km²'**). However, in January 2023, following the grant of L23, Walyering was formally excised from EP447 and transferred to L23, with EP447 now representing exploration opportunities outside of Walyering.

Walyering was discovered in 1971 by Western Australian Petroleum Pty Ltd, following the identification of a gas reservoir after drilling the Walyering-1 well. Strike acquired a 100% equity interest in EP447 in 2018 through its acquisition of UIL Energy Limited (**'UIL'**), the former operator of EP447.

On 14 September 2020, Talon announced that it had executed a farm-in agreement with Strike, which was first announced on 21 July 2020. The farm-in right was earned through a contribution of \$6 million towards the cost of an exploration well, which was partially funded through a \$5 million placement completed in July 2020 at \$0.002 per share (on a pre-Capital Consolidation basis). Following Talon's acquisition of its interest in Walyering, it announced the discovery of conventional gas accumulation at Walyering on 6 December 2021 after drilling the Walyering-5 appraisal well.

On 21 July 2022, Strike announced the maiden independently certified Reserves and Resources report for Walyering, estimating gross 2P gas reserves of 54 petajoules (**'PJ'**) and 0.55 million barrels (**'MMbbls'**) of associated condensate. In addition, the report also highlighted additional contingent and prospective resources.

On 15 August 2022, the Company announced that it had reached final investment decision (**'FID'**) and therefore would proceed with the commercial development of Walyering, in which Momentum Engineering would complete the front-end engineering and design (**'FEED'**) for the Walyering upstream processing facilities and related infrastructure. Talon noted that the development would also entail the completion of the Walyering 5 and Walyering 6 wells, with on-site production processing through a facility designed to process 33 terajoules per day of gas (**'TJ/d'**), along with a 1,400 barrel (**'bbl'**) on-site condensate storage facility.

On 14 December 2022, the Company announced that its Walyering Joint Venture had entered into a binding agreement for the supply of 36.5 PJ gas to Santos Limited (**'Santos'**) for a period of five years on a take or pay basis. The agreement also provides the Walyering Joint Venture with the ability to supply additional gas production at an agreed price on an 'as available' basis, with gas production being delivered into the PGP.

Talon announced on 12 January 2023 that L23 had been granted by the Department of Mines, Industry Regulation and Safety (**'DMIRS'**). On 14 March 2023, the Company announced that the Environmental Plan for the construction and commissioning of Walyering had been approved.

On 17 May 2023, Talon announced that it had executed agreements to deliver, process and sell condensate produced from the Walyering field to the Santos operated processing and storage facility in Port Bonython, South Australia. Additionally, the Company announced that all regulatory approvals for the construction, commissioning, and production at Walyering were secured, including the approval of the Walyering Joint Venture's Safety Case by DMIRS.

On 19 June 2023, Talon announced that the Walyering Joint Venture had executed a condensate transportation services agreement with Road Trains Australia for the delivery of condensate liquids. Furthermore, Talon outlined that several key construction milestones had been completed, including the completion of construction of condensate tanks and offload facilities, utilities installation and the completion of the PGP connection.

On 26 September 2023, Strike announced that Walyering commenced stabilised export of sales gas into the PGP under its commissioning arrangements with Santos, with firm gas sales commencing on 1 October 2023.

Ocean Hill

In connection with Talon's farm-in to Walyering, the Company also secured a first right of refusal to farm into Exploration Permit 495 ('**EP495**'), containing the Ocean Hill gas discovery ('**Ocean Hill**').

Talon retains a limited first right of refusal should Strike pursue a farm-in transaction with a third party on more favourable terms than those entered into with Talon.

For more information concerning Ocean Hill, refer to Section 6.4 of our Report.

5.3 □ L7/EP437

L7 and EP437 are situated in the northern Perth Basin, collectively covering an area of 865 km². L7 and EP437 are operated by Triangle Energy (Global) Limited ('**Triangle**'), which holds a 50% interest. Talon holds a 25% interest and New Zealand Oil and Gas Limited holds the remaining 25% interest ('**the L7 Joint Venture**').

Talon acquired a 25% interest in L7 and EP437 on 1 March 2023 following the formalisation of a farm-in agreement with Triangle. As part of its agreement, Talon committed to paying Triangle \$1.9 million to cover past expenditures. There is also an agreement to fund the costs associated with drilling three exploration wells, with these drilling activities anticipated to take place in 2024.

On 27 March 2023, Talon announced that the L7 Joint Venture had identified three potential gas prospects at L7. The prospects, named Booth, Huntswell Deep, and Mountain Bridge South, were identified following preliminary analysis and interpretation of 3D seismic survey data. Preliminary findings suggest that combined, the prospects hold a combined estimated prospective resource of 393 billion cubic feet ('**Bcf**') (P50 recovery, unrisks), with the largest prospect, Booth, having the largest identified prospective resource at 279 Bcf (P50 recovery, unrisks), and is situated 2km from the DBNGP.

On 9 October 2023, Triangle announced that the formal transfer of Talon's 25% interest had been approved by the regulator.

The L7 Joint Venture intends to drill three exploration wells throughout 2024, subject to rig availability.

5.4 □ Condor

Condor is located within EP494 and EP511, situated in the Perth Basin, WA.

On 17 March 2021, Talon announced that it had executed a binding agreement with Macallum Group Limited ('**Macallum**') to acquire a 100% interest in Blocks 7977, 8049 and 8121 (located within EP494) and EP511 (formerly SPA-34 AO). The deferred and staged consideration allowed Talon to conduct initial exploration activities at Condor progressively whilst still allocating funds to Walyering.

The consideration payable for the first stage of the acquisition was \$0.09 million and 54 million Talon Shares (on a pre-Capital Consolidation basis). Following Talon's initial exploration work, if Talon elected to proceed with the acquisition of Condor, it would pay additional consideration of \$0.35 million in Talon shares and a royalty of 1.95% on future production. Furthermore, on 17 March 2021, the Company also announced a Maiden Prospective Resource for Condor.

In the Company's annual report for the year ended 31 December 2022, Talon noted that Macallum (on behalf of Talon) lodged an application with DMIRS to convert SPA-34 AO to an exploration permit, which was subsequently approved and awarded as EP511, with a secondary application to excise three blocks from EP494 still under review by DMIRS.

Talon is currently working with Macallum and the DMIRS to complete the conditions precedent and finalise the acquisition.

5.5 □ Gurvantes

Gurvantes is a coal-seam gas project located in the South Gobi Basin, Mongolia and covers an area of approximately 8,400 km². Gurvantes is operated by TMK Energy Limited ('TMK'), with Talon holding a 33% beneficial interest.

Talon acquired its interest in Gurvantes on 3 February 2021 after formalising a binding agreement with Telemen Resource JSC (Now TMK) to earn a 33% interest in Gurvantes ('Gurvantes Option Agreement'). The agreed consideration for Talon's entry was initial cash consideration of US\$0.35 million, with a further committed US\$1.50 million for an initial work program, which included drilling a minimum of four holes, after which Talon was required to commit to a second work program amounting to US\$3.15 million. Talon's entry into Gurvantes was partially funded by a \$5 million capital raise, completed on 6 April 2021.

On 9 November 2021, TMK announced a maiden independent Contingent Resource estimate for the Nariin Sukhait area located within Gurvantes, which confirmed a 2C resource of 1.2 trillion cubic feet ('Tcf'). On 1 December 2022, Talon announced that it had exercised the Gurvantes Option Agreement after satisfying the first stage of the farm-in commitment and as a result would commit to funding the second work program.

On 30 May 2023, Talon announced that the pilot well drilling program at Gurvantes had been completed, following the completion of a drilling program on three pilot production wells. Furthermore, on 9 August 2023, Talon announced that permanent gas flow had been achieved at all three wells at Gurvantes, with gas flow sufficient to support continuous flares at each of the three wells.

5.6 □ Recent Corporate Events

Capital Raisings

On 29 April 2022, the Company announced that it had completed a placement to raise \$11 million (before costs) through the issue of 1.375 billion shares at an offer price of \$0.008 per share to institutional and sophisticated investors (on a pre-Capital Consolidation basis). In conjunction with the capital raising, Talon offered all shareholders the opportunity to participate in a Share Purchase Plan ('SPP') at the same price per share of \$0.008. On 25 May 2022, Talon announced that the Company raised an additional \$2.53 million from the SPP.

On 9 December 2022, Talon announced that it had completed a placement to institutional and sophisticated investors to raise \$12 million (before costs) through the issuance of approximately 85.7 million new shares at an offer price of \$0.14 per share.

On 3 March 2023, Talon announced that it had received commitments from institutional and sophisticated investors to raise \$12 million (before costs) through a placement of approximately 82.8 million shares at an issue price of \$0.145 per share. In addition, Talon offered Shareholders the opportunity to participate in a SPP to raise up to \$2 million. Talon noted that the SPP was oversubscribed, with the Company receiving a total of \$2.3 million in applications, coinciding with the issuance of approximately 15.6 million shares at an issue price of \$0.145.

Capital Consolidation

On 29 July 2022, the Company completed a consolidation of its share capital on a 20:1 basis (**‘Capital Consolidation’**).

Disposal of Assets

On 26 April 2022, Talon executed a Sale and Purchase Agreement with Finder Energy UK limited (**‘Finder’**) for the sale of a 100% interest in License P2527 (**‘P2527’**), located offshore in the North Sea, United Kingdom.

Under the terms of the sale, Talon will be entitled to receive 12.5% of gross income received by Finder in relation to P2527 including any cash received for farmout or divestment, which converts to a royalty of 3% of Finder’s net share of production petroleum, should production commence.

5.7 Historical Statement of Financial Position

Statement of Financial Position	Reviewed as at 30-Jun-23 \$	Audited as at 31-Dec-22 \$	Audited as at 31-Dec-21 \$
CURRENT ASSETS			
Cash and cash equivalents	9,153,974	11,996,947	6,714,830
Trade and other receivables	328,927	317,635	88,110
Prepayments	53,830	736,010	30,421
Security deposit	5,740	5,740	27,300
TOTAL CURRENT ASSETS	9,542,471	13,056,332	6,860,661
NON-CURRENT ASSETS			
Exploration and evaluation asset	11,703,973	5,796,986	8,948,069
Oil and gas properties	23,047,813	10,984,402	-
Property, plant & equipment	202,389	43,447	-
TOTAL NON-CURRENT ASSETS	34,954,175	16,824,835	8,948,069
TOTAL ASSETS	44,496,646	29,881,167	15,808,730
CURRENT LIABILITIES			
Trade and other payables	2,319,547	1,927,020	1,526,503
Provisions	12,885	7,276	5,128
Deferred consideration	915,041	-	688,375
TOTAL CURRENT LIABILITIES	3,247,473	1,934,296	2,220,006
NON-CURRENT LIABILITIES			
Provisions	2,738,848	973,050	-
TOTAL NON-CURRENT LIABILITIES	2,738,848	973,050	-
TOTAL LIABILITIES	5,986,321	2,907,346	2,220,006
NET ASSETS	38,510,325	26,973,821	13,588,724
EQUITY			
Issued capital	91,353,741	77,360,647	51,889,202
Reserves	4,705,345	6,866,163	6,009,297
Accumulated losses	(57,548,761)	(57,252,989)	(44,309,775)
TOTAL EQUITY	38,510,325	26,973,821	13,588,724

Source: Talon's audited financial statements for the years ended 31 December 2021, 31 December 2022 and reviewed financial statements for the half year ended 30 June 2023.

We note that in Talon's reviewed financial statements for the half year ended 30 June 2023, the Company's auditor included an emphasis of matter in relation to the material uncertainty relating to the ability of the Company to continue as a going concern.

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents increased from \$6.71 million as at 31 December 2021 to \$12.00 million as at 31 December 2022. This increase was primarily the result of Talon raising a total of \$25.50 million from placements and the SPP over the 2022 calendar year, as detailed in Section 5.6 of our Report. This increase was partially offset by payments for exploration and evaluation expenditures totalling \$13.10 million, payments for development costs for Walyering of \$4.02 million and

payments to suppliers and employees of \$2.72 million. Over the six month period to 30 June 2023, cash and cash equivalents decreased to \$9.15 million which was primarily the result of payments for development costs incurred for Walyering of \$8.87 million, payments to suppliers and employees of \$1.51 million and payments for exploration and evaluation expenditure of \$0.71 million. This decrease was partially offset by proceeds from the capital raising to institutional and sophisticated investors and a SPP to existing shareholders for a total amount raised of \$14.32 million.

- Exploration and evaluation assets of \$11.70 million as at 30 June 2023 relate to acquisition costs in relation to Talon's joint venture projects, and comprises:
 - \$9.14 million in relation to Gurvantes;
 - \$1.65 million in relation to L7;
 - \$0.29 million in relation to EP437; and
 - \$0.63 million in relation to Condor.
- Oil and gas properties of \$23.05 million as at 30 June 2023 relates to capitalised costs at Walyering. Costs are capitalised as assets in development, a subcategory of oil and gas properties when the work completed to date on the asset supports the future development of the asset. The additions between 31 December 2022 and 30 June 2023 largely relate to costs incurred on Walyering but also includes a change in the restoration provision of the production facility of \$1.74 million.
- Deferred consideration relates to Talon's farm-in agreement with Triangle. As consideration for its 25% interest in L7 and EP437, Talon agreed to pay Triangle \$1.9 million towards past expenditure. In March 2023, \$1 million was paid, and the remaining balance plus capitalised accrued interest as at 30 June 2023 was \$0.92 million.
- Non-current provisions of \$2.70 million as at 30 June 2023 primarily represents the present value of expected restoration costs at Walyering, including the best estimate for costs of removing facilities, abandoning wells and restoring affected areas.

5.8 □ Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Reviewed for the half- year ended 30-Jun-23 \$	Audited for the year ended 31-Dec-22 \$	Audited for the year ended 31-Dec-21 \$
Revenue	-	-	8,659
Cost of oil and gas sold	-	-	(7,634)
Gross profit	-	-	1,025
Other income	163,193	46,086	43,236
Employee benefits	(461,546)	(375,049)	(103,697)
Professional and consultancy fees	(682,922)	(1,161,630)	(1,152,497)
Marketing and travel expenses	(86,920)	(132,207)	(177,329)
Corporate and administrative expenses	(272,075)	(398,936)	(522,515)
Directors' fees	(107,667)	(526,912)	(519,951)
Share based payment expense	(725,964)	(1,120,167)	(1,114,293)
Exploration expenditure	(756,885)	(9,274,399)	(385,840)
Impairment expense	-	-	(341,137)
Finance costs	(23,163)	-	(6,601)
Loss from continuing operations before income tax	(2,953,949)	(12,943,214)	(4,279,597)
Income tax (expense) / benefit	-	-	-
Loss from continuing operations after income tax	(2,953,949)	(12,943,214)	(4,279,597)
Discontinued operations			
Profit after income tax from discontinued operations	2,658,177	-	-
Loss for the period	(295,772)	(12,943,214)	(4,279,597)
Other comprehensive income / (loss)			
Exchange differences on translation of discontinued operations	(2,658,177)	-	-
Foreign exchange translation differences, net of tax	33,478	174,199	834
Other comprehensive income/(loss) (net of tax) for the period	(2,624,699)	174,199	834
Total comprehensive loss for the period, net of tax	(2,920,471)	(12,769,015)	(4,278,763)

Source: Talon's audited financial statements for the years ended 31 December 2021, 31 December 2022 and reviewed financial statements for the half year ended 30 June 2023.

We note that in Talon's reviewed financial statements for the half year ended 30 June 2023, the Company's auditor included an emphasis of matter in relation to the material uncertainty relating to the ability of the Company to continue as a going concern.

Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Exploration expenditure of \$0.76 million for half year ended 30 June 2023 included \$0.51 million in exploration expenditure for Gurvantes, \$0.13 million exploration expenditure for L7 and \$0.11 million in exploration expenditure across Talon's other projects. Exploration expenditure of \$9.27 million for the year ended 30 June 2022 largely relates to expenditure at Walyering prior to FID.

- Impairment expenses of \$0.34 million for the year ended 31 December 2021 related to the Company's formerly owned prospects Skymoos and Rocket, located in the North Sea, UK. Talon noted that applications to extend the expiry date on these prospects were unsuccessful and lapsed on 30 September 2021, leading to the full impairment of the Skymoos and Rocket prospects.

5.9 Capital Structure

The share structure of Talon as at 31 October 2023 is outlined below:

	Number
Total ordinary shares on issue	646,997,893
Top 20 shareholders	258,442,173
Top 20 shareholders - % of shares on issue	39.94%

Source: Talon's share registry

The range of shares held in Talon as at 31 October 2023 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	168	32,542	0.01%
1,001 - 5,000	753	2,715,271	0.42%
5,001 - 10,000	565	4,297,405	0.66%
10,001 - 100,000	1,462	57,829,703	8.94%
100,001 - and over	628	582,122,972	89.97%
TOTAL	3,576	646,997,893	100.00%

Source: Talon's share registry

Talon Options and Performance Rights

The Talon Options on issue as at 31 October 2023 are detailed below:

Description	No. of Options
Options expiring 28-Feb-24 and exercisable at \$0.12	3,000,000
Options expiring 5-May-25 and exercisable at \$0.20	5,000,000
Options expiring 4-Jul-24 and exercisable at \$0.20	2,000,000
Options expiring 12-Jun-28 and exercisable at \$0.26	2,000,000
Total number of Talon Options	12,000,000

Source: Talon's option register

Talon also has 12,500,000 performance rights on issue that will immediately vest upon a change of control occurring. Therefore, if the Scheme is approved by Shareholders, all Talon performance rights will vest and be converted into shares. For further information on the vesting conditions of Talon's performance rights refer to Section 5.11 of the Scheme Booklet.

6. □ Profile of Strike

6.1 □ History

Strike is an ASX-listed oil and gas exploration and development company. Strike's asset portfolio is centred in the Perth Basin, WA, and includes the following projects:

- A 100% equity interest in Exploration Permit 503 ('EP503') containing the South Erregulla Gas Field ('South Erregulla') and a 50% operating interest in Exploration Permit 469 ('EP469') containing the West Erregulla Gas Field ('West Erregulla') (collectively 'Greater Erregulla');
- A 55% equity and operating interest in Walyering;
- A 100% equity interest in Ocean Hill;
- A 100% equity interest in Exploration Permit 506 ('EP506 or 'Eneabba Deep');
- A 100% equity interest in Exploration Permit 505 ('EP505') and Exploration Permit 504 ('EP504'); and
- A 100% equity interest in Exploration Permit 488 ('EP488') and Exploration Permit 489 ('EP489').

Strike was incorporated in 1997 and listed on the ASX in 2004 as 'Strike Oil Limited'. In December 2009, it changed its name to 'Strike Energy Limited'. Strike is headquartered in West Perth, WA.

The current directors of Strike are:

- Mr. John Poynton AO - Independent Non-Executive Chairman;
- Mr. Stuart Nicholls - Managing Director and Chief Executive Officer;
- Mr. Neville Power - Independent Non-Executive Deputy Chairman;
- Mr. Stephen Bizzell - Non-Executive Director;
- Ms. Mary Hackett - Non-Executive Director;
- Ms. Jillian Hoffmann - Non-Executive Director; and
- Mr. Andrew Seaton - Non-Executive Director.

6.2 □ Greater Erregulla

Greater Erregulla comprises EP469 (West Erregulla) and EP503 (South Erregulla). In the following paragraphs, we set out a brief overview of the projects within Greater Erregulla.

West Erregulla

West Erregulla is situated within EP469, located approximately 300 km north of Perth, covering an area of 224 km². Strike operates and owns a 50% equity interest in West Erregulla, while Warrego Energy Pty Ltd ('Warrego') holds the remaining 50% interest ('West Erregulla Joint Venture').

Strike acquired its 50% equity interest and operatorship in EP469 from Warrego on 13 June 2018. On 29 May 2019, Strike announced that it had executed a gas sales option agreement with CSBP Limited ('CSBP'), under which CSBP paid \$5 million to Strike for the option to receive up to 100 PJs of gas (Strike's share) produced from West Erregulla. CSBP subsequently converted its gas supply option to an offtake agreement on 31 August 2020.

On 24 September 2019, Strike announced the completion of drilling at the West Erregulla-2, leading to the identification of three gas discoveries at the Kinga, Wagina and High Cliff formations. On 25 October 2019, Strike announced the completion of multi-rate flow testing at Kingia, which indicated a flow rate of approximately 69 million standard cubic feet per day ('MMscfd'). On 11 November 2019, Strike confirmed a gross 2C contingent gas resource at West Erregulla of 1,185 Bcf.

On 13 November 2020, Strike executed a pre-development debt facility with Macquarie Bank Limited ('Macquarie') for up to \$28 million to support appraisal drilling costs and allow Strike to secure long lead items for the construction of a proposed gas plant at West Erregulla. For further information regarding Strike's Macquarie Debt Facilities, refer to Section 6.7 of our Report.

On 11 October 2021, Strike announced a maiden gross gas reserve, in which Netherland, Sewell & Associates, Inc. ('NSAI') certified a gross 2P gas reserve of 300 PJ (150 PJ net to strike). Strike subsequently announced a 41% upgrade to the maiden reserve at West Erregulla on 27 July 2023 to a gross 2P gas reserve of 422 PJ (211 PJ net to Strike) and a gross 2C Contingent Resource of 30 PJ (15 PJ net to Strike), which was also independently certified by NSAI.

On 16 December 2022, Strike released a prospective resource statement pertaining to two supplementary prospects on EP469: Southwest Erregulla and Erregulla Deep. In the prospective resource statement, Strike declared an estimated unrisks gross 2U gas resource of 272 PJ (163 PJ net to Strike) for Southwest Erregulla and 278 PJ (167 PJ net to Strike) for Erregulla Deep. In its Quarterly Activities Report for December 2022, released on 30 January 2023, Strike announced that the West Erregulla Joint Venture agreed on a two well appraisal program, anticipated to commence in early 2024.

South Erregulla

South Erregulla is situated within the 100% Strike-owned EP503, located approximately 280 km north of Perth, adjacent to EP469 in the Perth Basin, WA.

On 2 June 2022, Strike reported that the South Erregulla-1 well achieved a peak gas rate of 80 MMscfd following production tests at the Kinga discovery, with Strike also noting that the tests demonstrated high quality gas composition with low impurities. On 18 October 2022, Strike announced that NSAI had independently certified a 2P gas reserve of 128 PJ and 2C Contingent Resource of 271 PJ across the Kingia and the Wagina Sandstones.

On 7 June 2022, Strike announced that it had entered into a binding agreement to purchase 35 km² of freehold farming land in the Shire of Three Springs, located above the South Erregulla gas fields within EP503. Strike indicated its intent to use the freehold land to create a low carbon integrated energy and industrial manufacturing centre, named the Mid-West Low Carbon Manufacturing Precinct ('the Precinct').

In its announcement titled 'Erregulla Domestic Gas Strategy Update' on 23 December 2022, Strike outlined its decision to relocate the planned domestic gas processing infrastructure from West Erregulla to the Precinct on the basis that the development would act as a centralised facility with the capacity to process gas across Greater Erregulla, avoid duplication of infrastructure and potentially provide accelerated environmental approvals. In the same announcement, Strike stated that after undertaking a strategic review of its development options for Greater Erregulla, it would not extend the tri-partite arrangements between Strike, Warrego and Australian Gas Infrastructure Group for the proposed gas infrastructure at West Erregulla. Instead, Strike outlined that it would seek to engage a third party to build, own and operate the proposed gas infrastructure at South Erregulla.

On 20 April 2023, Strike reported concluding initial engineering work with Technip Energies for a low-cost, fast-to-market, modular and expandable gas plant to be built at the Precinct, with Strike noting that it aims to commission the proposed gas infrastructure by the end of 2024, contingent upon various factors, including but not limited to, FEED, contract procurement, project financing, and securing all requisite permits and approvals.

On 13 September 2023, Strike announced that Production Licence L24 had been granted by DMIRS for South Erregulla, allowing Strike to submit the Facility Safety Case and Environment Plan required to commence construction of Phase 1 of the proposed gas infrastructure development, which remains subject to FID.

6.3 □ Walyering

Walyering is 55% owned and operated by Strike, with the remaining interest held by Talon. For further information regarding Walyering, refer to Section 5.2 of our Report.

6.4 □ Other Perth Basin Exploration Assets

Ocean Hill

Ocean Hill is situated within EP495, located in the Perth Basin, WA and is 100% owned by Strike, covering 297 km². Strike acquired its interest in Ocean Hill in 2018 through its acquisition of UIL.

The Ocean Hill-1 well was first drilled in 1991, resulting in a gross 2C Contingent Resource of 360 Bcf and 1.18 MMbbl of associated condensate.

On 10 October 2022, Strike released the independent certification of net 2C conventional Contingent Gas Resources of approximately 300 PJ in the Cadda and Cattamarra formations at Ocean Hill.

On 27 July 2023, Strike announced that it awarded a 240 km² 3D seismic campaign at Ocean Hill to Terrex Seismic, with the seismic campaign to delineate a drilling location to support the Ocean Hill-2 appraisal well.

Eneabba Deep

Eneabba Deep is situated within EP506, located in the Perth Basin, WA.

On 6 July 2021, Strike announced that DMIRS granted Strike EP506, which it had won in a bid round during the WA 2020 acreage release.

On 9 May 2023, Strike announced that it had received final approval for a 128 km 2D seismic campaign to further evaluate Eneabba Deep. The seismic campaign was completed on 27 July 2023.

EP505 and EP504

EP505 and EP504 are located in the Perth Basin, WA.

On 27 July 2023, Strike announced that a 484 km 2D seismic campaign (in EP503, EP504 and EP505) had been awarded to Terrex Seismic and is currently subject to approvals.

EP488 and EP489

Strike also holds a 100% equity interest in EP488 and EP489, situated in the southern region of the Perth Basin, WA. Strike has used seismic and regional well data to identify conventional and unconventional

reservoir targets within EP488 and EP489. There has been limited exploration activities conducted by Strike to date at EP488 and EP489.

6.5 □ Mid-West Geothermal

On 1 April 2021, Strike announced that it had signed a non-binding term sheet to acquire 100% of the existing geothermal rights of the Perth Basin, covering approximately 3,500 km² via the acquisition of Mid-West Geothermal Power Pty Ltd.

In its Quarterly Report dated 21 January 2021, Strike announced that it had made an application for a 1,750 km² Geothermal Exploration Permit, which it noted would facilitate the commencement of dedicated geothermal operations.

On 28 April 2022, Strike reported that it had secured a \$2 million grant from the WA Government funded Clean Energy Future Fund, which would be directed toward the preparation and execution of drilling of Future State-1, Strike's planned test of the geothermal potential of Mid-West Geothermal.

On 5 May 2022, Strike announced an Inferred Resource for Mid-West Geothermal. Due to the overlapping tenure of Strike's Geothermal Permit Application with other petroleum and mineral permits and the resulting delays, there has been limited activity at Mid-West Geothermal since the independently assessed Inferred Resource.

6.6 □ Project Haber

Project Haber is a proposed urea plant with a capacity of 1.4 million tonnes per annum ('mtpa'), to be located in the Precinct, approximately 280 km north of Perth.

On 20 September 2021, Strike announced that it had completed the pre-FEED study for Project Haber. On 15 December 2021, Strike announced that it had been awarded a \$2 million grant for Project Haber under the Federal Government's Supply Chain Resilience Initiative. Strike also announced that Project Haber had been awarded Lead Agency Status by the WA Government.

On 2 February 2022, Strike announced that Project Haber had been awarded major project status by the Australian Federal Government, providing Strike access to the Major Projects Facilitation Agency for approvals and project support.

On 19 May 2022, Strike announced that it had entered into a non-binding term sheet with Koch Fertilizer, LLC for the offtake for 100% of the 1.4 mtpa of granulated urea production from Project Haber for a period of up to 15 years.

Subsequently, on 27 October 2022, Strike announced that it had awarded the FEED and Owner's Engineering Package. In addition, Strike reported the submission of the environmental referral for Project Haber to WA's Environmental Protection Agency.

In its annual report for the year ended 30 June 2023, Strike outlined that due to the significant changes in the WA gas market and the lower capital pathway to higher and nearer returns offered by domestic gas sales, Strike's Board of Directors determined to reprioritise Strike's resources towards accelerating gas sales from its gas projects into the WA domestic gas market. As a result, Strike outlined that it would continue to progress environmental approvals and other long lead planning items for Project Haber, but would defer all other activities to the latter part of the decade.

6.7 Recent Corporate Events

Capital Raisings

On 6 April 2021, Strike announced that it had received commitments to raise \$75 million (before costs) through the issue of 250 million shares at an issue price of \$0.30 per share from institutional, professional and sophisticated investors. In addition, Strike also announced its intention to raise up to \$5 million (before costs) through a SPP via the issue of new shares at the same price per share of \$0.30.

On 2 September 2022, Strike announced that it had received binding commitments to raise \$30 million (before costs) through the issue of 127.7 million new shares at an issue price of \$0.235 per share to institutional, professional and sophisticated investors.

Macquarie Debt Facilities

On 9 October 2020, Strike announced that it had finalised terms with Macquarie for a \$28 million secured debt facility to support the development of West Erregulla, with the facility divided into two tranches being: \$13 million committed, subject to definitive documentation and limited other conditions and \$15 million subject to certain drilling milestones and further lender conditions and approvals, the first tranche of \$13 million was fully drawn as at 30 June 2022.

On 23 June 2022, Strike announced it had entered into a \$20 million secured debt facility with Macquarie to cover the pre-development and development costs of its Perth Basin projects. In addition, Macquarie agreed to extend repayment for the existing \$13 million of fully drawn debt (outlined above) by one year. As part of the establishment cost, Strike agreed to issue Macquarie with 20.7 million options to subscribe for fully paid ordinary Strike shares, exercisable at \$0.34 (representing a 15% premium to the 30-day volume weighted average price ('VWAP') at the time of commitment) and will expire 22 December 2024.

Furthermore, on 19 December 2022, Strike announced that it had agreed to a \$153 million financing package with Macquarie to cover pre-development and development costs for the Walyering and Erregulla gas projects. The financing package from Macquarie includes:

- Refinancing the existing \$33 million drawn and undrawn debt into a new term facility at a 6% coupon plus BBSW and a 2.5-year tenor;
- A \$40 million facility to support the appraisal drilling of two wells at South Erregulla with the target of converting the existing 2C contingent Resources into Reserves;
- An \$80 million Erregulla domestic gas development facility, which is currently uncommitted and remains subject to approval from Macquarie.

As part of the establishment cost of the \$40 million South Erregulla drilling facility, Strike issued Macquarie with 82.8 million options to subscribe for fully paid ordinary Strike shares, exercisable at \$0.363 (representing a 15% premium to the 30-day VWAP at the time of commitment). These options issued to Macquarie will vest pro rata on drawdown of the South Erregulla drilling facility, with final vesting on the expiry of the facility's availability period (30 June 2024) and expire on 22 May 2022.

Rabobank Debt Facility

On 1 September 2022, Strike announced that it had secured a \$6 million agricultural finance facility from Rabobank Australia Limited to support the acquisition of the Precinct ('Rabobank Facility'). The

Rabobank Facility is due on 31 August 2025, bears interest at 3.25% plus BBSW and is secured over the property.

Warrego Takeover

On 11 January 2023, Strike made an off-market takeover bid to acquire all of the ordinary shares issued in the capital of Warrego that it did not already own for one new Strike share for each Warrego share (representing an implied offer price of \$0.385 per Warrego share based on Strike's last closing price prior to the takeover bid). Subsequently, Hancock Energy (PB) Pty Ltd ('Hancock') made a competing bid and secured control of Warrego after competing offers from Strike and Beach Energy Limited.

On 15 February 2023, Strike accepted Hancock's off-market takeover offer for its Warrego shares at \$0.36 per share in respect of the 377 million Warrego shares held by Strike (representing approximately 30.4% of Warrego's issued capital). The total cash consideration received by Strike was approximately \$136 million.

6.8 Historical Statement of Financial Position

Statement of Financial Position	Audited as at 30-Jun-23 \$'000s	Audited as at 30-Jun-22 \$'000s	Audited as at 30-Jun-21 \$'000s
CURRENT ASSETS			
Cash and cash equivalents	129,039	13,905	74,724
Trade and other receivables	1,015	2,119	2,609
Other assets	852	692	874
TOTAL CURRENT ASSETS	130,906	16,716	78,207
NON-CURRENT ASSETS			
Right of use assets	1,389	111	189
Exploration and evaluation assets	136,932	129,106	73,118
Oil and gas assets	43,525	-	-
Property, plant and equipment	15,624	421	219
Intangible assets	1,295	1,628	2,000
Investment in Equity Instruments	-	10,264	10,350
Other assets	12,203	500	-
TOTAL NON-CURRENT ASSETS	210,968	142,030	85,876
TOTAL ASSETS	341,874	158,746	164,083
CURRENT LIABILITIES			
Trade and other payables	5,863	8,372	8,457
Employee benefits	598	512	393
Provisions	2,540	1,752	1,165
Borrowings	13,560	-	-
Other liabilities	-	-	1,000
Lease liabilities	258	118	-
TOTAL CURRENT LIABILITIES	22,819	10,754	11,015
NON-CURRENT LIABILITIES			
Trade and other payables	-	950	-
Employee benefits	258	188	155
Provisions	9,469	5,153	3,741
Borrowings	14,789	18,291	5,769
Other liabilities	5,574	6,485	5,000
Lease liabilities	2,119	51	278
TOTAL NON-CURRENT LIABILITIES	32,209	31,118	14,943
TOTAL LIABILITIES	55,028	41,872	25,958
NET ASSETS	286,846	116,874	138,125
EQUITY			
Issued capital	450,893	301,339	297,960
Reserves	33,795	3,836	12,733
Accumulated losses	(197,842)	(188,301)	(172,568)
TOTAL EQUITY	286,846	116,874	138,125

Source: Strike's audited financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents decreased from \$74.72 million as at 30 June 2021 to \$13.91 million as at 30 June 2022. The decrease was primarily driven by payments for exploration and evaluation of

\$52.95 million, payments to suppliers and employees of \$13.52 million and payments of \$11.74 million in relation to the purchasing of Warrego shares prior to Strike's takeover bid. This was partially offset by \$10.50 million in funds drawn down from the Macquarie Debt Facilities and \$3.12 million in net receipts from joint operations recoveries.

- Cash and cash equivalents increased from \$13.91 million as at 30 June 2022 to \$129.04 million as at 30 June 2023. The increase was primarily the result of Strike receiving \$135.74 million pursuant to accepting Hancock's takeover offer for Warrego (refer to section 6.7 of our Report), conducting a \$30 million capital raise (refer to Section 6.7 of our Report) and receipt of \$20.27 million from the exercise of options during the year. Strike also drew down on debt of \$11.55 million, of which \$5.55 million related to the Macquarie Debt Facilities and \$6.0 million from the Rabobank Facility. This increase was partially offset by payments for exploration and evaluation assets of \$36.19 million, payments for oil and gas assets of \$16.31 million, payments to suppliers and employees of \$12.34 million and payments made for property, plant and equipment of \$14.99 million.
- Exploration and evaluation relates to capitalised exploration expenditure on Strike's oil and gas projects which are further detailed in Sections 6.2 to 6.4 of our Report, with the capitalised expenditure for each respective project being transferred to development assets upon approval for commercial development. During the year ended 30 June 2023, FID was made with respect to Walyering and the accumulated exploration and evaluation expenditure (\$23.89 million) was transferred to oil and gas assets. In addition, a \$3.08 million impairment was recognised for PEL 96 during the year ending 30 June 2023 due to an increase in estimated rehabilitation costs.
- Oil and gas assets refer to Strike's gas fields in development for future production or gas fields that are already in the production phase. Subsequent to demonstrating technical and commercial feasibility for an undeveloped oil or gas field, the asset is reclassified from exploration and evaluation. Expenditure related to the development and construction of the asset that are necessary to bring it to commercial production, as well as the exploration and evaluation expenditure are capitalised to the oil and gas asset once reclassified.
- Property, plant and equipment of \$15.62 million as at 30 June 2023 primarily comprises \$14.22 million in land.
- Other non-current assets of \$12.20 million as at 30 June 2023 primarily relates to \$11.54 million in capitalised debt costs, relating to options issued to Macquarie in connection with the Macquarie debt facilities. We note that Tranche C and Tranche D of these facilities were not drawn therefore the asset represents the unamortised portion of the capitalised debt costs.
- Current and non-current borrowings of \$28.50 million as at 30 June 2023 comprise \$26.48 million principal and interest payable in connection with the Macquarie facilities, less capitalised debt costs of \$4.13 million and \$6 million in relation to the Rabobank Facility. For further information on Strike's debt facilities, refer to Section 6.7 of our Report.

6.9 Historical Statement of Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-23 \$'000s	Audited for the year ended 30-Jun-22 \$'000s	Audited for the year ended 30-Jun-21 \$'000s
Other income	4,045	4,064	14,622
Total income	4,045	4,064	14,622
Operating and administration expenses	(18,254)	(15,449)	(13,218)
Profit / (loss) before financing and impairment	(14,209)	(11,385)	1,404
Finance income	3,151	22	147
Finance expenses	(7,164)	(4,085)	(2,157)
Impairment of exploration and evaluation assets	(3,083)	(235)	(1,956)
Loss before income tax	(21,305)	(15,683)	(2,562)
Income tax benefit / (expense)	2,941	(50)	9,342
Loss for the year from continuing operations	(18,364)	(15,733)	6,780
Other comprehensive income / (loss) net of tax			
Fair value gain / (loss) on investments in equity instruments designated at FVTOCI net of income tax	20,998	(11,614)	(562)
Total comprehensive profit / (loss) for the year	2,634	(27,347)	6,218

Source: Strike's audited financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Other income of \$4.05 million for the year ended 30 June 2023 primarily comprises costs recoveries from joint venture partners of \$2.82 million and a \$1.05 million gain on financial derivatives recognised for the difference in fair between transferred Strike and Warrego shares in connection with the Warrego Takeover, which is further detailed in Section 6.7 of our Report.
- Finance income of \$3.15 million for the year ended 30 June 2023 comprises \$1.64 million interest income on cash and cash equivalents and a \$1.51 million gain on debt modification, which was recognised as a result of Strike refinancing its existing debt facility with Macquarie, as outlined in Section 6.7 of our Report.
- Gain on investments in equity instruments of \$21.00 million for the year ended 30 June 2023 relates to the gain on the Warrego shares owned and subsequently sold via the accepting of Hancock's takeover offer. Prior to accepting Hancock's takeover offer, all Warrego shares owned by Strike were revalued to a fair value of \$0.36 per share, resulting in an upward valuation of \$23.9 million, which was reflected in other comprehensive income. A \$2.94 million tax expense was recognised against the fair value gain, resulting in a net gain recognised in other comprehensive income of \$21.00 million.

6.10 Capital Structure

The share structure of Strike as at 26 September 2023 is outlined below:

	Number
Total ordinary shares on issue	2,539,297,384
Top 20 shareholders	1,032,391,361
Top 20 shareholders - % of shares on issue	40.66%

Source: Strike's share registry

The range of shares held in Strike as at 26 September 2023 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	342	73,279	0.00%
1,001 - 5,000	2,837	8,450,699	0.33%
5,001 - 10,000	1,691	13,640,171	0.54%
10,001 - 100,000	5,215	204,008,794	8.03%
100,001 - and over	1,985	2,313,124,441	91.09%
TOTAL	12,070	2,539,297,384	100.00%

Source: Strike's share registry

7. Economic analysis

Talon and Strike own exploration and development assets within Australia (notwithstanding Talon's Gurvantes project located in Mongolia), and hence are predominantly exposed to the risk and opportunities of the Australian market. We have presented an analysis of the current Australian economy to the extent that it relates to considerations for our assessment.

7.1 Australia

At its September 2023 Monetary Policy Decision meeting, the Reserve Bank of Australia ('RBA') made the decision to leave the cash rate target unchanged at 4.10%. Since May 2022, the RBA has increased the interest rates by four percentage points, with the intention of easing inflationary pressures and returning inflation to its target rate within a reasonable timeframe. The decision in September to hold the interest rate for the third consecutive meeting was aimed to provide some additional time for the RBA to assess the impact of interest rate rises to date on key macroeconomic indicators.

Inflation reached 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. The RBA stated in its July statement that the decline in the monthly consumer price index ('CPI') indicator for May 2023 suggested that inflation has since passed its peak in Australia. However, the RBA considers that inflation is still too high at its current rate of 6.0%, however, it is forecast to continue to decline and return to the target range in late 2025.

According to the RBA, growth in the Australian economy has also slowed. Currently, the combination of heightened interest rates and cost-of-living pressures has led to a substantial deceleration in household spending. As a result, equity market conditions, particularly for retail investors have dampened with the decline in discretionary income.

Among major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022, which contributed to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, it is anticipated in 2023-24 that Gross Domestic Product ('GDP') growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months, supported by China's reversal of its COVID-19 measures in December 2022, which has stabilised the supply chain recovery trajectory.

The March 2023 banking system crisis in the United States and Switzerland resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs, albeit at higher interest rates compared to the rates during the pandemic.

Conditions in the labour market have eased, although remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. The unemployment rate at 3.5% remains close to a 50 year low, consequently, wage growth is stated to be increasing in response to the tight labour market and high inflation. With the economy and employment forecast to grow below trend, the unemployment rate is expected to rise gradually from its current rate to around 4.5% late next year.

Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes for the short term. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 5 September 2023 and prior periods, www.rba.gov.au Statement on Monetary Policy September 2023 and prior periods, and BDO analysis.

8. □ Industry analysis

Talon and Strike are ASX-listed oil and gas exploration and development companies, with operations primarily located in the Perth Basin, WA, with the exception of Talon's Gurvantes project located in Mongolia.

As such, we have included a brief overview of the global oil and gas industry, while also including an overview of the Australian and WA gas sectors. This is because the demand for gas is intrinsically linked to the demand for oil, and for this reason, we consider it relevant to include an overview of the broader oil industry to provide a greater context behind the determinants of the domestic gas market.

8.1 □ Global Oil and Gas Industry

The primary products of the oil and gas industry are crude oil and natural gas, and to a lesser extent, liquefied petroleum gas, coal seam gas and shale oil and gas. Historically, oil and gas have been extracted from "conventional" plays in which the hydrocarbons are trapped by an overlying layer of permeable rock allowing for traditional extraction methods. However, oil and gas can also be found in other geological settings, such as shale formations. Shale oil and gas resources are formed within the organic rich shale source rock. As the low permeability of the shale inhibits the oil and gas from migrating to permeable reservoir rocks, shale oil and gas is often referred to as 'unconventional' plays or 'tight' oil and gas.

Over the last decade, there has been significant growth in unconventional resource development due to breakthroughs in technology, which have resulted in resources located in shale and other tight formations becoming commercially viable. According to the US Energy Information Administration's short term energy outlook, global world crude oil and liquid fuels production in 2022 totalled 99.9 MMbbl daily. This is an increase of approximately 4.24 MMbbl daily on the year prior and represents a reversal of COVID-19 containment measures in China and an increase in OPEC production owing to Russia's invasion of Ukraine.

While the growth, cost and risk profiles of oil and gas industry products may vary, depending on the method and technology necessary for extraction, commodities are generally traded on the same market once extracted. The global oil and gas industry is therefore one of the largest in the world, and as is inherent to large markets, the industry is dominated by large, highly integrated companies. The scale of operations and the capital investment required to bring fields into production represent high barriers to entry.

The transport sector including road, rail, sea and air, accounts for the majority of global oil consumption, and as a result, demand for oil is largely influenced by global economic growth. According to the Australian

Department of Industry, Science, Energy and Resources’ (‘DISR’) June 2023 publication of the Resources and Energy Quarterly, global oil consumption increased by 1.1% year-on-year in the March quarter 2023.

However, according to DISR, global oil consumption growth is expected to decline to an average of 0.9% per year in 2024 and 2025. The increased introduction of electric vehicles will gradually replace internal combustion engine vehicles, displacing a portion of total oil demand. However, world oil consumption will continue to be underpinned by China’s rebounding petrochemical activity and the ongoing recovery of global air travel.

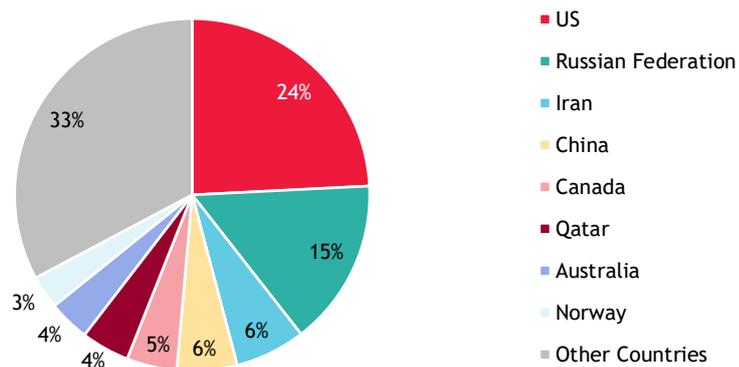
Historically, Russia has been the world’s largest global supplier of natural gas. However, following Russia’s invasion of Ukraine in 2022, Russia has since renounced its contractual obligations to supply Europe with pipeline natural gas, leaving a large portion of Russian gas stranded. In June 2023, the Ukrainian Energy Minister announced that Ukraine is unlikely to renew a 2024-expiring gas transit agreement that permits Russia to export natural gas to Europe, which could see Europe’s natural gas supplies become further stifled.

In late 2022, the G7, EU and Australia imposed price caps on Russian crude and refined products, to prevent Russia from earning a wartime premium. In response, Russia announced in early 2023 that it would decrease output volumes by 5%. However, DISR notes that Russian oil exports have not shown a major decline, as crude exports have instead been redirected from OECD countries to other countries such as India and China, and refined exports being diverted to countries geographically close to Europe such as Turkey, the Middle East and Africa or other large oil producing counties with the capacity to blend and resell Russian products.

Natural gas production and consumption

According to data released by Energy Institute, USA was the leading producer of natural gas in 2022, producing approximately 978 billion cubic metres, equivalent to 24% of global natural gas production. We have outlined global natural gas production by country in 2022 below:

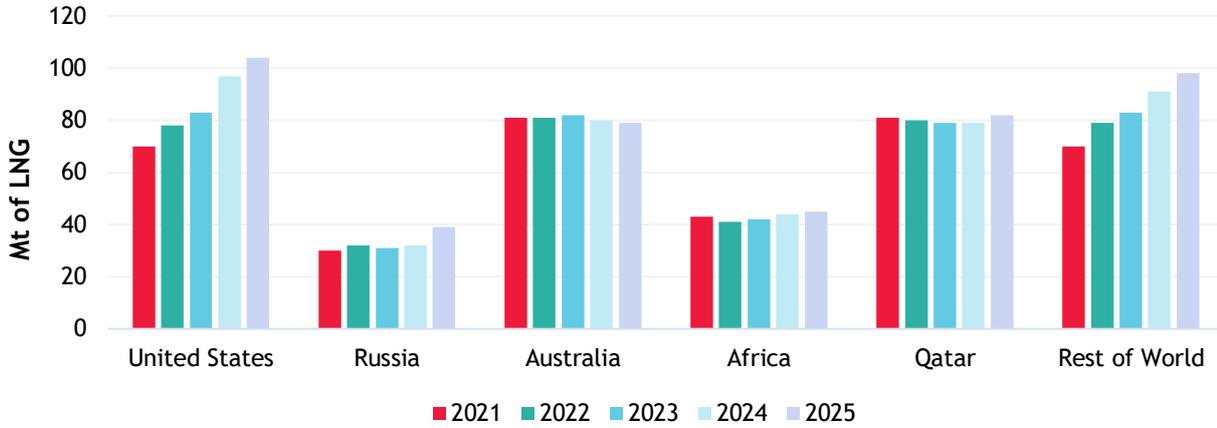
Natural Gas Production by Country 2022



Source: Energy Institute Statistical Review of World Energy, 2023

We have also presented the global historical and forecast Liquefied natural gas (‘LNG’) supply over the period from 2021 to 2025, according to DISR, in the table below:

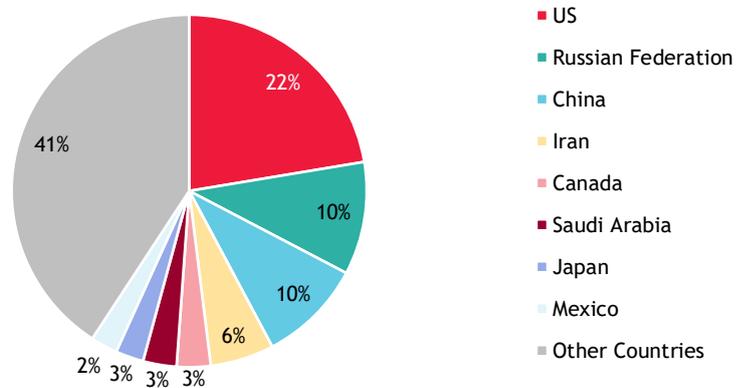
2021-2025 Global LNG Supply Forecast



Source: DISR Resources and Energy Quarterly report for June 2023 and BDO analysis

Alongside leading production quantities, USA was also the leading consumer of natural gas, consuming approximately 881 billion cubic metres in 2022. Combined, US, Russia, China and Iran contributed to approximately 50% of global natural gas consumption in 2022. We have outlined global natural gas consumption by country for 2022 below:

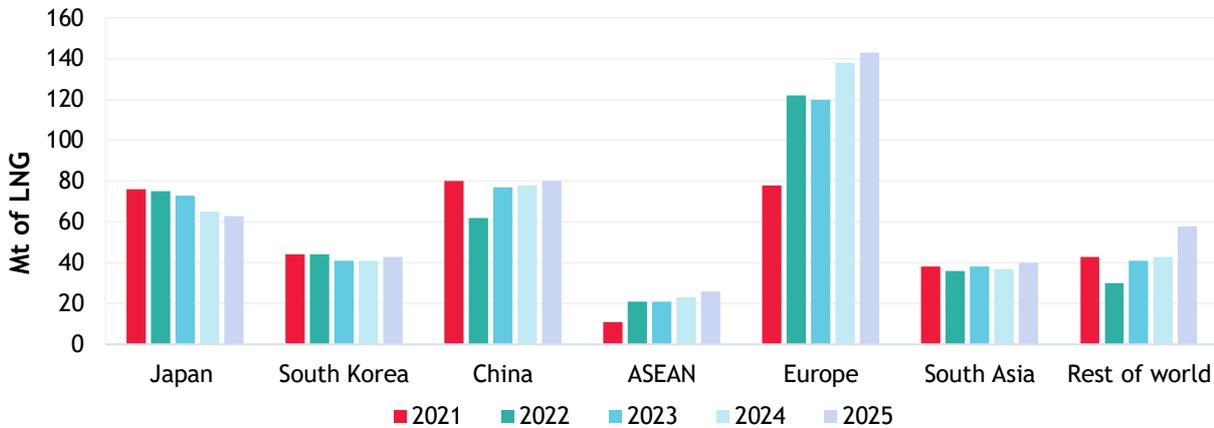
Natural Gas Consumption by Country 2022



Source: Energy Institute Statistical Review of World Energy, 2023

We have also presented the global LNG historical and forecast demand over the period from 2021 to 2025, according to DISR, in the table below:

2021-2025 Global LNG Demand Forecast



Source: DISR Resources and Energy Quarterly report for June 2023 and BDO analysis

8.2 □ Australian Gas Industry

LNG production has expanded rapidly in Australia, predominately on the back of large-scale capital investment. The wave of project development that has swept the Australian domestic gas industry over the past decade has recently culminated in the establishment of ten operational LNG facilities owned by six major corporations, including Chevron Australia Pty Ltd, Woodside Energy Group Limited (**‘Woodside’**), Shell Australia Pty Ltd, Santos, ConocoPhillips Company and INPEX Operations Australia Pty Ltd.

Australia’s LNG export volumes reached 81.5Mt in 2022, due to record-high utilisation rates on Australia’s West Coast LNG facilities and the prevailing high prices in international LNG markets. In 2022, the Australian Energy Market Operator (**‘AEMO’**) estimated that Wheatstone, Gorgon, and Pluto LNG operated above nameplate capacity and achieved a combined utilisation rate of 110%.

Excess utilisation in Australia’s West Coast facilities was sufficient to compensate for lost production at Darwin LNG due to oilfield depletion in the Bayu-Undan basin and at Prelude LNG, which experienced unplanned disruptions throughout the year. Export volumes are projected to increase to 82 Mt in 2023, under the assumption that Prelude LNG returns to a normal production profile and existent facilities continue to operate at their current capacity.

Following increased gas prices owing to Russia’s invasion of Ukraine, an emergency measure was put in place in December 2022 through the Competition and Consumer Order 2022, whereby the Australian Federal Government introduced a \$12 per gigajoule price cap on new wholesale gas contracts for 12 months. The Federal Government subsequently extended the gas price cap until mid-2025, however, arranged for smaller gas suppliers that supply the domestic market to be exempt from the price cap.

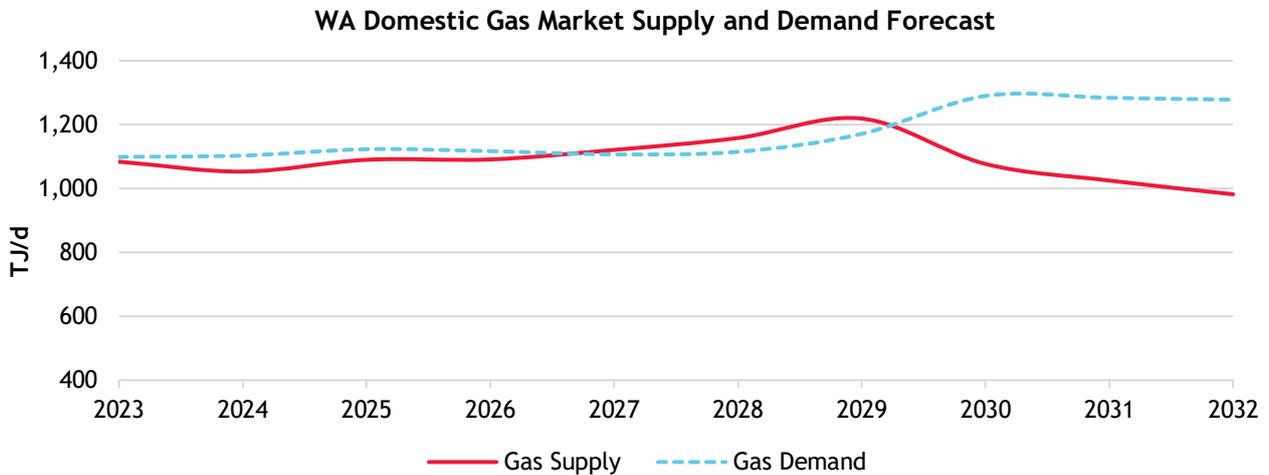
Western Australia

WA is Australia’s largest producer of LNG, holding approximately 90% of Australia’s recoverable reserves of conventional gas. Up to 60% of these reserves reside in the Carnarvon Basin, located off the North-West coast of WA. These reserves are primarily developed to service the international LNG market.

The WA Government Domestic Gas Reservation Policy, first formalised in 2006, ensures that 15% of new offshore gas production is allocated for domestic use. The Domestic Gas Reservation Policy has had a

material impact on the WA domestic market, such that AEMO anticipates the policy to account for approximately 54% of WA's gas supply in 2023.

The forecast gas supply and demand in WA from 2023 to 2032 is depicted in the graph below:



Source: AEMO, BDO analysis

As illustrated above, it is projected that the WA domestic gas market will reach equilibrium around 2029. Between 2023 and 2026, it is expected that demand will exceed supply by a total of 45 PJ, with the deficit expected to peak in 2024 at 49 TJ/d. The expected commencement of Woodside's Scarborough gas project in 2027 is projected to be sufficient to return the market to surplus. Following Synergy's coal retirements in 2030, the increase in gas required for power generation is projected to result in a deficit of up to 296 TJ/d by 2032.

The WA domestic gas market is supplied by nine production facilities with a total nameplate capacity of 2,040 TJ/d, with the Karratha Gas Plant being the largest facility with a capacity of 640 TJ/d. Since 2014, gas supply sources have become more diverse as new production facilities have come online, consistent with the sizable capital expenditure in WA over the past decade.

From 2014 to 2022, approximately 29% of gas demand was driven by minerals processing, 27% by electricity generation, 26% by mining activities, with the remaining demand driven by residential, commercial and small industrial consumers. Transportation of gas from suppliers to consumers is achieved via a small number of transmission pipelines which have limited surplus capacity for storage. WA's total gas storage capacity is rated up to 78 PJ which can deliver gas at up to 210 TJ/d.

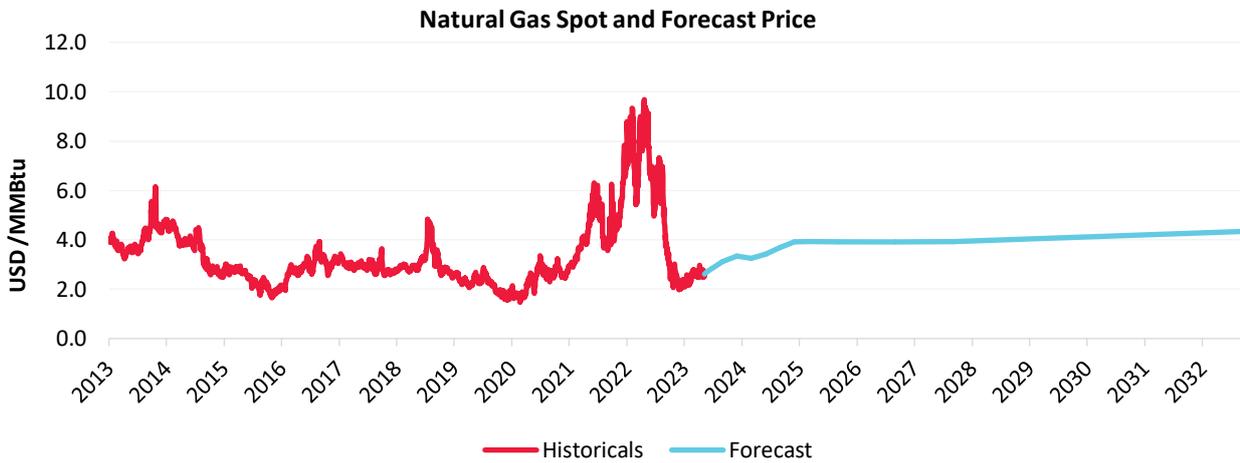
Overall, WA domestic gas demand is forecast to grow at an annual rate of 1.7% from 1,099 TJ/d in 2023 to 1,278 TJ/d in 2032. Forecast growth in domestic gas demand is underpinned by six committed resources projects that are expected to add a net 43 TJ/d to domestic gas demand by 2026, alongside increased gas demand for the generation of electricity.

8.3 Outlook

Global LNG markets are anticipated to remain in a moderate shortfall over the next two years, particularly as Europe continues to replace lost Russian pipeline gas, which may lead countries in the Eurozone to source its marginal LNG supplies from global spot markets.

Global LNG trade is anticipated to grow by 13% or 51 million tonnes ('Mt') over the two-year outlook relative to 2022, with almost half of this growth anticipated to stem from newly commissioned US LNG plants. Forecasts indicate that the majority of new production will be sold to Europe, which is expected to increase European LNG imports from 121 Mt to 147 Mt between 2023 and 2025, respectively.

The natural gas spot price since 2013 and forecast prices through to 2032 are depicted in the chart below:



Source: Bloomberg and Consensus Economics Survey dated 14 August 2023

According to Consensus Economics, the medium term forecast for natural gas price from 2025 to 2027 is expected to remain at US\$3.9/MMBtu, with the long term (2028-2032) nominal forecast at approximately US\$4.3/MMBtu.

In Australia, earnings from LNG are forecast to decline from recent record highs, as global energy markets reorganise further in response to the fallout from Russia's invasion of Ukraine. DISR forecasts Australian LNG earnings to fall to \$68 billion in 2023-24 and then ease to \$60 billion thereafter, due to falling LNG prices. However, DISR noted that risks to the forecast are skewed to the upside, particularly if LNG markets tighten after the 2023-24 Northern Hemisphere winter.

Source: Bloomberg, Consensus Economics, IBISWorld, S&P Global, Department of Industry Science and Resources, Energy Institute Statistical Review of World Energy 2023, AEMO 2022 WA Gas Statement of Opportunities and US Energy Information Administration.

9. □ Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- □ Capitalisation of future maintainable earnings ('FME')
- □ Discounted cash flow ('DCF')
- □ Quoted market price basis ('QMP')
- □ Net asset value ('NAV')
- □ Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-Parts') valuation.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1 □ Valuation approach for Talon prior to the Scheme

In order to value the shares in Talon prior to the Scheme, we have chosen to employ the following methodologies:

- Sum-of-Parts as our primary methodology, which estimates the market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value; and
- QMP as our secondary methodology, as this represents the value that a Shareholder may receive for a share if it were sold on market. The value derived from this methodology reflects a minority interest value.

We have chosen the above methodologies for the following reasons:

- The core value of Talon lies in the gas assets that it holds. The Sum-of-Parts valuation includes a DCF valuation of Talon's interest in Walyering and a valuation of the residual resource and other exploration areas performed by an independent technical specialist (as detailed below). The Contingent and Prospective Resource and other exploration areas were valued separately by ERC Equipoise Ltd ('ERCE') because there was insufficient reasonable grounds in accordance with Regulatory Guide 170 'Prospective Financial Information' ('RG 170') and Information Sheet 214: Mining and Resources: Forward-looking Statements ('IS 214') to use a DCF valuation approach;
- We have valued the other assets and liabilities of Talon using the NAV approach; and
- We consider the QMP methodology to be a relevant methodology because Talon's shares are listed on the ASX, therefore reflecting the value that a Shareholder will receive for a share sold on the market. This means there is a regulated and observable market where Talon's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the Company's activities.

Technical Specialist

In performing our valuation of Walyering using the DCF methodology, we have relied on the Independent Technical Specialist Report (**‘Technical Specialist Report’**) prepared by ERCE, which includes ERCE’s review of the technical project assumptions contained within the cash flow model.

The Technical Specialist Report has been prepared in accordance with the Petroleum Resources Management System (**‘PRMS’**) as prepared by the Oil and Gas Reserves Committee of the Society of Petroleum Engineers and was guided by certain principles of the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) (**‘VALMIN Code’**) where relevant. The ITSR has been prepared by ERCE in accordance with industry practices and is compliant with the requirements of the PRMS and the VALMIN Code where relevant. ERCE’s Technical Specialist Report is contained within Appendix 6 of our Report.

In addition to an assessment of the reasonableness of the technical inputs underpinning the cash flow model, ERCE also assessed the value of the residual resource and other exploration permits for use in our Sum-of-Parts valuation.

9.2 □ Valuation approach for the Scheme Consideration

In order to value the Scheme Consideration, we have chosen to employ the following methodologies:

- Quoted market pricing of Strike following the announcement of the Scheme; and
- Sum-of-Parts, which includes the assessed value of Talon as derived using the approaches set out in section 9.1 above and the value of Strike prior to the announcement of the Scheme using the QMP approach;

As set out in section 9.1 above, in order for the QMP approach to be appropriate there must be a regulated and observable market on which the shares are traded and the listed shares should be liquid and the market should be fully informed of the company’s activities. Both Talon and Strike are listed on ASX and our liquidity analysis in section 11 demonstrates that there is a high level of liquidity in trading of Strike shares.

As set out in section 4 of our Report, following the implementation of the Scheme, Shareholders of Talon collectively will hold approximately 11.3% of Strike. Given the relative size and contribution of value to the Proposed Merged Entity, we do not consider the liquidity of Talon to be relevant in our assessment of the liquidity of trading in the Proposed Merged Entity.

Given that we are valuing the Scheme Consideration, being the shares in the Proposed Merged Entity that are to be received by Shareholders, we have considered the market pricing following the announcement of the Scheme. The market price of Strike shares in the period following the announcement of the Scheme is considered reflective of the value of the Proposed Merged Entity because market participants are fully informed as to the terms of the Scheme, with the price reflecting the market’s view of value. This value includes the acquisition of Talon and the associated dilution from issuing the Scheme Consideration.

We note that there are other market factors which have and will influence the Strike share price following the announcement of the Scheme. As such, we have also conducted an analysis of movements in the ASX All Ordinaries Index, as a proxy for the market and the S&P/ASX 200 Energy Index as a proxy for Strike and Talon’s industry, over the same post-announcement period.

Further, we note that market pricing can be volatile and as such, we have assessed post-announcement pricing on a volume weighted average price over a number of different time periods in order to smooth the day to day price fluctuations.

10. Valuation of Talon prior to the Scheme

10.1 Sum-of-Parts valuation of Talon

We have employed the Sum-of-Parts methodology in estimating the fair market value of a Talon share on a control basis prior to the implementation of the Scheme, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration for the following:

- The value of Talon's 45% interest in Walyering;
- The value of Talon's other oil and gas assets; and
- The value of Talon's other assets and liabilities.

Our Sum-of-Parts valuation is set out below:

Valuation of Talon prior to the Scheme (control)	Ref	Low \$'000s	Preferred \$'000s	High \$'000s
Value of Talon's 45% interest in Walyering	10.1.1	35,830	66,930	146,030
Value of Talon's other oil and gas assets	10.1.2	19,885	19,885	19,885
Value of Talon's other assets and liabilities	10.1.3	1,131	1,131	1,131
Committed expenditure on EP447	10.1.4	(4,725)	(4,725)	(4,725)
Value of Talon's corporate costs	10.1.5	(21,600)	(19,200)	(16,800)
Transaction costs	10.1.6	(600)	(600)	(600)
Cash raised on assumed exercise of Talon options	10.1.7	2,400	2,400	2,400
Total value of Talon prior to the Scheme (control)		32,321	65,821	147,321
Number of shares on issue	10.1.8	671,497,893	671,497,893	671,497,893
Value per share (\$) (control)		0.048	0.098	0.219

Source: BDO analysis

10.1.1. DCF value of Talon's 45% interest in Walyering prior to the Scheme

We have elected to use the DCF approach in valuing Talon's interest in Walyering. The DCF approach estimates the fair market value of the asset by discounting the future cash flows arising to their net present value. Performing a DCF valuation requires the determination of:

- The future cash flows that Walyering is expected to generate, which are attributable to Talon; and
- An appropriate discount rate to apply to the cash flows of Walyering to convert them to their present value equivalent.

The value that we have ascribed to Talon's interest in Walyering is based on technical inputs and assumptions that have been reviewed by ERCE and our view of future economic assumptions. The

technical and economic assumptions may change in the future, which may change the value of Talon's interest in Walyering.

The management of Talon has prepared a detailed cash flow model for Walyering ('the Model'). The Model estimates the future cash flows expected from the sale of gas and condensate. Under the preferred case scenario, the Model incorporates, nominal post-tax monthly cash flows over the period from 2023 to 2031 (the 'Forecast Period').

We have reviewed the Model and the material assumptions that underpin it. BDO has made certain adjustments to the Model where it was considered appropriate to arrive at an adjusted model ('the Adjusted Model') at a valuation date of 30 September 2023. We have adjusted the Model to reflect any changes to technical assumptions as a result of ERCE's review, in addition to any changes to the economic and other input assumptions that we consider appropriate as a result of our research.

The Model was prepared based on estimates of the production profiles, operating costs and capital expenditure. The main assumptions underpinning the Model and the Adjusted Model include:

- Gas and condensate production volumes;
- WA gas pricing;
- Brent crude oil pricing;
- operating costs;
- capital expenditure (including pre-production and operating capital);
- royalties;
- restoration capital expenditure;
- foreign exchange rates;
- corporate tax; and
- discount rate.

BDO has undertaken an analysis of the Model which has involved:

- analysing the Model to confirm its integrity and mathematical accuracy;
- appointed ERCE as technical expert to review, and where required, provide changes to the technical assumptions underpinning the Model;
- conducted independent research on certain economic and other inputs such as WA gas and condensate prices, inflation, exchange rates and the discount rate applicable to the future cash flows from Walyering attributable to Talon;
- held discussions with ERCE to confirm the reasonableness of the technical inputs underpinning the Model;
- considered the valuation outcomes under the low estimate of Reserves ('1P'), best estimate of Reserves ('2P') and high estimate of Reserves ('3P') scenarios;
- performed sensitivity analysis on the value of Talon's interest in Walyering as a result of flexing key assumptions and inputs.

The Adjusted Model, which forms the basis of our Walyering DCF valuation, has been adjusted based on the above procedures.

We have not undertaken a review of the cash flow forecast in accordance with the Standards on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraising and/or Prospective*

Financial Information and do not express an opinion on the achievability of the forecast. However, nothing has come to our attention as a result of our procedures to suggest that the assumptions on which the Adjusted Model has been based have not been prepared on a reasonable basis.

Appointment of a Technical Expert

ERCE was engaged to prepare a report providing a technical assessment of the assumptions underlying the Model. ERCE’s assessment involved the review and provision of opinion on the reasonableness of the assumptions adopted in the Model, including but not limited to:

- Production profile of gas and condensate;
- Capital expenditure (comprising compression, processing plant capital expenditure, well completion costs and restoration capital expenditure);
- Operating expenditure (comprising general and administrative costs ('G&A'), field operating costs, compression facility operational expenditure and condensate costs); and
- Other relevant assumptions.

ERCE’s Independent Technical Specialist Report is included in Appendix 6.

Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management’s actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

Economic assumptions

Inflation

In forming our assessment of the forecast inflation rate, we have had regard to consensus views of forecast inflation as sourced from Bloomberg, as well as consideration of the recent trend of the inflation rate in Australia. The inflation assumptions we have adopted is outlined in the table below, with long-term inflation beyond 2025 assumed to be flat at 2.5% per annum, consistent with the RBA’s long-term inflation target.

	CY2023	CY2024	CY2025	CY2026+
Forecast inflation (Australia)	5.5%	3.3%	2.6%	2.5%

Source: Bloomberg and BDO analysis

We have applied long-term US inflation forecasts to US\$ denominated real pricing. As detailed below, our long-term inflation assumptions are applied to pricing from 2028 onwards. The long-term forecast US inflation rate is 2.5% which is equivalent to our assumed long-term inflation forecast in Australia, therefore there is no impact to margins over the Forecast Period.

WA Gas Pricing

We note that the model contemplates the 36.5 PJ gas supply agreement with Santos for a period of five years, under which the Walyering Joint Venture will supply gas at a fixed price (adjusted for inflation) to Santos until the contracted volume is met. For commercial reasons, the specific terms of the gas supply agreement have not been disclosed, however we have reviewed the agreement and confirm that the terms of the agreement have been appropriately reflected in the Adjusted Model. The Adjusted Model assumes that subsequent to fulfilling its gas supply obligations to Santos, The Walyering Joint Venture is forecast to sell the gas produced for the remaining life of Walyering in the WA spot market.

Given the limited availability of public information concerning long-term forecast WA gas prices, we have relied on the September 2023 WA gas spot price data obtained from Gas Trading Australia Pty Ltd ('GasTrading'). The percentage change in consensus analyst forecasts for global gas prices (after converting prices to AUD at the respective forecast exchange rate), sourced from Consensus Economics was applied to the most recent historical WA spot price to inform our view of forecast nominal WA gas prices for use in the Adjusted Model. We have also considered gas pricing forecasts for Eastern Australia, published by Lewis Grey Advisory and prepared for AEMO, however, we note the fragmentation in gas markets across Australia and do not consider Eastern States based forecasts to be directly applicable to Walyering.

In forming our long-term nominal pricing for WA gas, we have considered the long-term real prices and inflated them for our inflation assumptions (outlined above). In converting the real prices to nominal prices we have applied the long term US-inflation forecast to the US\$ denominated prices. The final column in the table below indicates the average nominal pricing adopted in 2028, with prices inflated in the subsequent periods at our long-term inflation assumption of 2.5% per annum. Based on our analysis, we have adopted the following future WA gas prices (in nominal terms).

Forecast WA Gas Prices	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
WA gas price (\$/GJ)	10.37	11.39	12.20	11.97	11.84	13.02

Source: Consensus Economics, GasTrading and BDO analysis

Brent Crude Oil Pricing

The Company will also receive revenue from the sale of condensate produced at Walyering.

In assessing the forecast brent crude oil prices, we have considered the Consensus Economics price forecasts as at the consensus survey date of 18 September 2023. We note that Consensus Economics provides long-term real commodity pricing which for the September edition begin from 2028 onwards. In forming our long-term nominal pricing for brent crude oil, we have considered the long-term US\$ denominated real prices and inflated them for our inflation assumptions (outlined above). The final column in the table below indicates the average nominal pricing adopted in 2028, with prices inflated in the subsequent periods at our long-term inflation assumption of 2.5% per annum. Based on our analysis, we have adopted the following future brent crude oil prices (in nominal terms).

Forecast Brent Crude Oil Prices	CY2023	CY2024	CY2025	CY2026	CY2027	CY2028
Brent oil (US\$/barrel)	88.97	83.22	81.26	80.04	77.86	81.01

Source: Consensus Economics and BDO analysis

Foreign exchange

Consensus Economics forecasts for gas and Brent crude oil are quoted in nominal USD terms. We have converted the gas and Brent crude oil prices from USD to AUD at the following forecast exchange rates:

AUD:USD Exchange rate	CY2023	CY2024	CY2025	CY2026+
Average AUD:USD	0.65	0.69	0.73	0.74

Source: Bloomberg and BDO analysis

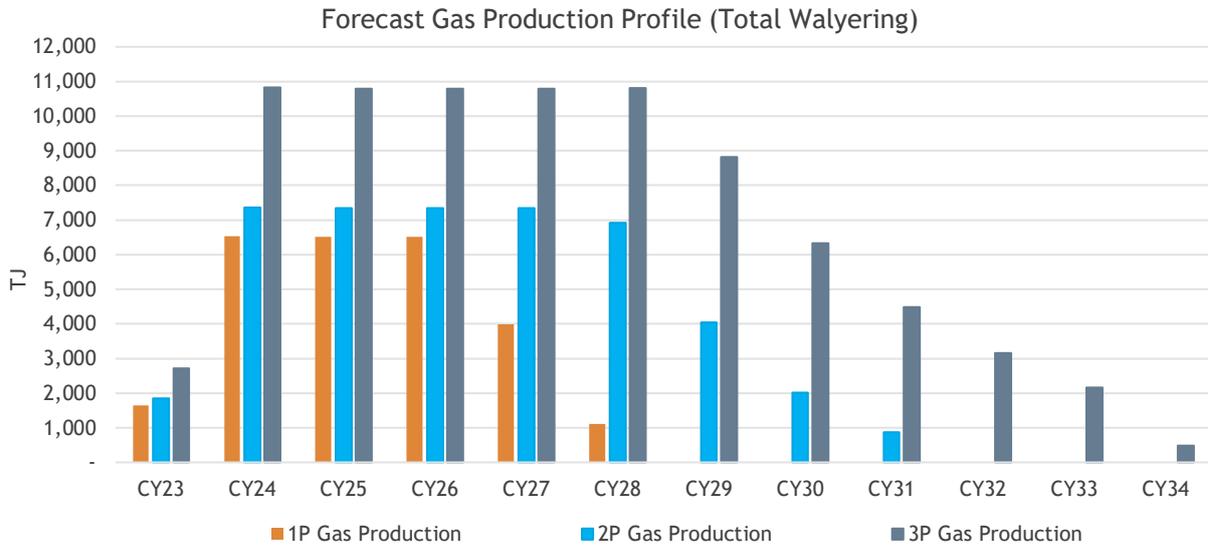
In our assessment of foreign exchange rates, we have considered historical exchange rates and forecasts prepared by economic analysts and other publicly available information, including broker consensus sourced from Bloomberg to arrive at our foreign exchange rate assumptions. We have assumed the exchange rate remains fixed beyond 2026, given that we do not expect any material differences between the long term inflation rates in USA and Australia.

Production

The graphs below show the forecast gas and condensate production over the Forecast Period contemplated in the Adjusted Model. We have adopted three production profile scenarios in the Adjusted Model being:

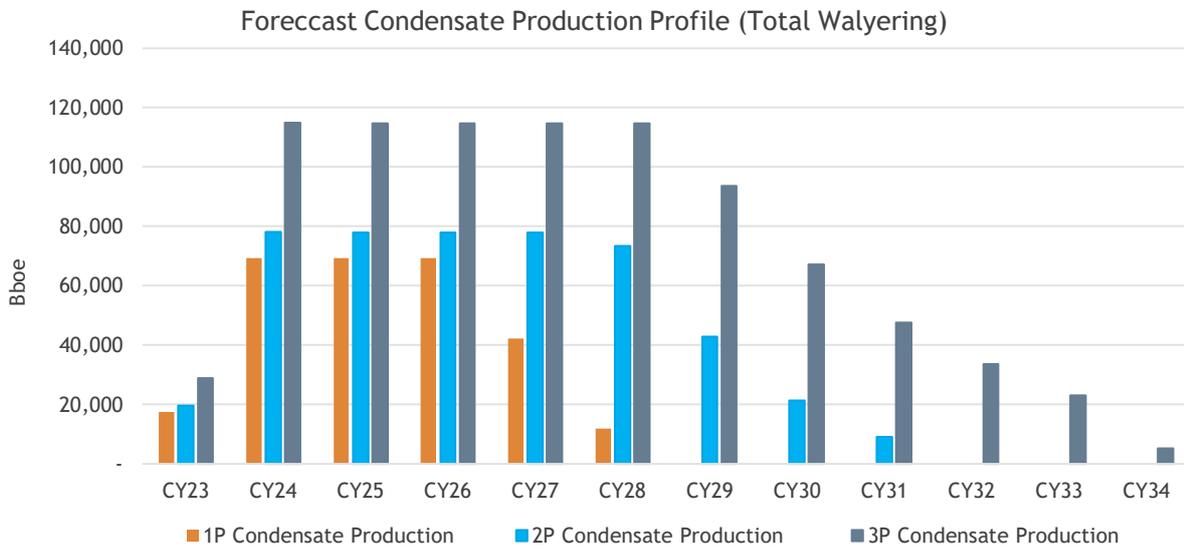
- Low case: ERCE's low production profile case, in which ERCE estimates a 90% probability that actual production will exceed this estimate and a 10% probability that it will be less than this ('**Low Case**'). This is also referred to as 1P estimates in the Technical Specialist Report;
- Best estimate case: ERCE's best estimate of the production profile. ERCE estimates a 50% probability that actual production will exceed this estimate and a 50% probability that it will be less than this ('**Preferred Case**'). This is also referred to as 2P estimates in the Technical Specialist Report; and
- High case: ERCE's high estimate of the production profile. ERCE estimate a 10% probability that actual production will exceed this estimate and a 90% probability that it will be less than this ('**High Case**'). This is also referred to as 3P estimates in the Technical Specialist Report.

Forecast total gas production for Walyering under the above production scenarios, and on a 100% interest basis is outlined in the graph below:



Source: Adjusted Model and BDO analysis

Forecast total condensate production for Walyering under the above production scenarios are outlined in the graph below:



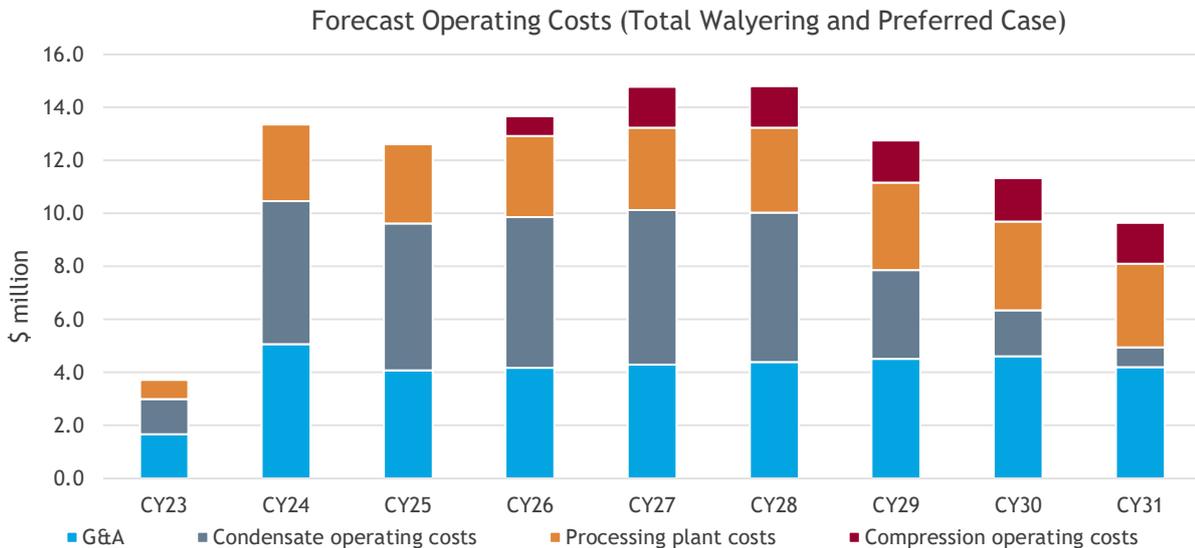
Source: Adjusted Model and BDO analysis

Revenue

We note that under the Low Case, Preferred Case and High Case scenarios, the contribution of condensate sales is not material to total revenue, with gas sales accounting for the majority of forecast revenue over the life of Walyering. For example, under the Preferred Case, condensate sales represent approximately 13% of total forecast revenue over the life of Walyering.

Operating expenditure

The operating expenditure included in the Adjusted Model includes joint venture G&A costs, condensate operating costs, processing plant operating costs and compression operating costs. We have applied our assessed forecast inflation rate to the forecast operating expenditure. ERCE has confirmed the reasonableness of the forecast operating expenditure assumptions, with the basis for their reasonableness opinion set out in the Technical Specialist Report in Appendix 6. The forecast operating expenditure for Walyering in the Adjusted Model on a 100% basis is illustrated in the chart below, we also note that the chart below depicts forecast operating costs under the Preferred Case.



Source: Adjusted Model and BDO analysis

Capital expenditure

The remaining capital expenditure requirements for Walyering relate to processing plant and compression capital expenditure. We have applied our assessed forecast inflation rate to the forecast capital expenditure in the Adjusted Model. Capital expenditure for Walyering totals \$26.20 million (on a nominal and 100% interest basis) with \$6.90 million relating to pre-production capital expenditure and \$19.30 million relating to operating capital expenditure. ERCE has confirmed the reasonableness of the forecast capital expenditure in the Adjusted Model.

Depreciation

We note that the capital expenditure has been depreciated over the life of Walyering and has been deducted from the forecast pre-tax cash flows attributable to Talon to arrive at the taxable income, thereby providing a tax shield benefit.

Royalties

Gas and condensate produced at Walyering is subject to an 8% royalty payable to the WA Government, which is reflected in the Adjusted Model. ERCE has confirmed that the royalty is in line with WA Regulations and is supported by communications with DMIRS.

Restoration costs

The Adjusted Model includes restoration capital expenditure of \$11.0 million (on a nominal and 100% interest basis) with forecast restoration cost payable by Talon equating to \$4.95 million (in nominal terms) at the end of Walyering's producing life, which ERCE has deemed to be a reasonable restoration cost estimate. Further details on Walyering's restoration costs can be found in the Technical Specialist Report in Appendix 6 of our Report.

Taxation

Tax in the Adjusted Model is calculated at the 30% Australian statutory corporate tax rate.

The Adjusted Model assumes that the carry forward tax losses of approximately \$27.56 million can be utilised against Talon's future taxable income. Talon have provided a schedule of tax losses which supports this amount. We note that the ability of Talon to utilise these tax losses will be subject to future loss testing, however as at the valuation date, we have no reason to believe that the losses will not be able to be utilised. Further, we note that the valuation is not sensitive to changes in tax assumptions.

Discount rate

In our assessment of an appropriate discount rate to apply to the cash flows of the Adjusted Model, we consider the most appropriate discount rate to be Talon's cost of equity as the Adjusted Model represents cash flows to equity holders.

For the DCF valuation of Talon's interest in Walyering, we have selected a nominal post-tax discount rate in the range of 9.0% to 10.6% with our preferred discount rate being a rounded midpoint of 10%.

In selecting our range of discount rates we considered the following:

- the rate of return for comparable ASX listed oil and gas production and development companies with similar projects and location; and
- the risk profile of Talon as compared to the comparable companies identified.

The derivation of the post-tax nominal discount rate range is detailed in Appendix 4 of our Report.

Talon's interest

As outlined in Section 5 of our Report, Walyering is 55% owned and operated by Strike, with Talon holding a 45% participating interest. For the purposes of our valuation, we have only considered the forecast cash flows received by Talon over the life of Walyering under the scenarios presented below.

Sensitivity analysis

Our valuation of Walyering is most sensitive to the assumed production profile, as such, we have presented all three production profiles proposed by ERCE in the sensitivity tables below. In addition, we have also considered the sensitivity of the NPV of Walyering to changes in forecast WA gas prices, operating expenditure, exchange rate and the discount rate. We have therefore included a sensitivity analysis to consider the value of Talon's interest in Walyering under the various ERCE production scenarios and in applying:

- a relative change of +/- 10% to the WA gas price;
- a relative change of +/- 10% to the AUD/USD exchange rate;
- a relative change of +/- 10% to operating costs; and
- a discount rate in the range of 8% to 12%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of Talon's interest in Walyering if our assumptions change:

\$m	Low case			Preferred case			High case		
	WA Gas Price	AUD/USD	Operating costs	WA Gas Price	AUD/USD	Operating costs	WA Gas Price	AUD/USD	Operating costs
+10.0%	32.6	27.8	30.9	65.6	57.3	61.4	152.7	135.7	139.6
+8.0%	32.6	28.7	31.3	65.2	58.5	61.8	150.7	137.1	140.3
+6.0%	32.6	29.6	31.6	64.9	59.7	62.3	148.8	138.4	140.9
+4.0%	32.5	30.5	31.9	64.5	61.0	62.8	146.8	139.8	141.5
+2.0%	32.6	31.5	32.2	64.1	62.3	63.2	144.8	141.3	142.2
0%	32.6	32.6	32.6	63.7	63.7	63.7	142.8	142.8	142.8
-2.0%	32.5	33.6	32.9	63.3	65.1	64.2	140.9	144.4	143.5
-4.0%	32.5	34.7	33.2	62.9	66.6	64.6	138.9	146.1	144.1
-6.0%	32.5	35.9	33.5	62.5	68.2	65.1	136.9	147.8	144.8
-8.0%	32.5	37.1	33.8	62.1	69.8	65.5	134.9	149.6	145.4
-10.0%	32.5	38.3	34.1	61.7	71.5	66.0	132.9	151.5	146.1

Source: Adjusted Model and BDO analysis

Sensitivity Analysis of Talon's interest in Walyering to the discount rate					
Discount rate (%)	8.0%	9.0%	10.0%	11.0%	12.0%
Value - Low case (\$m)	33.5	33.0	32.6	32.1	31.6
Value - Preferred case (\$m)	67.2	65.4	63.7	62.1	60.5
Value - High case (\$m)	153.9	148.2	142.8	137.8	133.0

Source: Adjusted Model and BDO analysis

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;

- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e., variances could be greater than the percentage increases or decreases set out in this analysis).

Conclusion on DCF valuation of Talon's interest in Walyering

Based on the above analysis we consider the value of Talon's interest in Walyering in the absence of the Scheme to be in the range of \$32.6 million to \$142.8 million with a preferred value of \$63.7 million. Our assessed low and high values are based on ERCE's low case, preferred case and high case production profiles that have been detailed above. We note that the above value range represents a wide range, however we consider this to be a result of:

- Our assessed value range is derived from ERCE's production scenarios, being the Low Case, Preferred Case and High Case. These scenarios are derived from PRMS Recoverable Resources Classes and Sub-Classes, being 1P, 2P and 3P. These scenarios represent a probabilistic method of estimating reserves, whereby in accordance with PRMS, for Proved Reserves (the Low Case or 1P estimate), there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. For Probable Reserves, there should be at least a 50% probability that the actual 2P quantities will equal or exceed the 2P estimate (the Preferred Case or 2P estimate) and there should be at least a 10% probability that the actual quantities will equal or exceed the 3P estimate (the Preferred Case). Given these parameters for declaring Reserves in accordance with PRMS, it is not uncommon for oil and gas projects to have a wide range of values.
- A key input to the DCF value of Walyering is the realised pricing for gas sales. The gas supply agreement with Santos is for a set volume of gas at a fixed (inflation adjusted) price which is lower than the current WA spot gas price and our assessed forecast WA gas price. Therefore, the value of Walyering is highly sensitive to the aforementioned production scenarios because the assumed volume produced determines the volume that can be sold into the spot market (at a higher price) and the timing of such production into the spot market. Specifically, under the Low Case, the gas sales to Santos under the gas supply agreement represent approximately 84% of total forecast revenue, whereas under the High Case, the gas sales to Santos represent approximately 25% of forecast revenue.

Given the sensitivity of the value of Walyering to the various production profiles, largely as a result of the agreement in place with Santos, we consider it appropriate to conclude on a wide range of values for Walyering.

Valuation of Talon's interest in the Contingent and Prospective Resources not included in the DCF valuation of Walyering

In performing our valuation of Talon's interest in the Contingent and Prospective Resources of Walyering not included in the DCF valuation, we have relied on the Technical Specialist Report prepared by ERCE. We instructed ERCE to provide an independent valuation of Contingent and Prospective Resources (resources not considered in the Adjusted Model).

ERCE determined the value of net risked Contingent and Prospective Resources for Walyering to be \$3.23 million. For further details, refer to the Technical Specialist Report attached as Appendix 6.

Conclusion of value of Talon's 45% interest in Walyering

Based on the above analysis, our conclusion of value of Talon's 45% interest in Walyering is set out in the table below:

Value of Talon's interest in Walyering	Ref	Low \$'000	Preferred \$'000	High \$'000
DCF value of Talon's interest in Walyering	10.1.1	32,600	63,700	142,800
Value of Contingent and Prospective Resources	10.1.1	3,230	3,230	3,230
Total value of Talon's 45% interest in Walyering		35,830	66,930	146,030

Source: BDO analysis

10.1.2. □ Value of Talon's other oil and gas assets

We have also instructed ERCE to independently value the other oil and gas assets of talon, being a 33% interest in Gurvantes, with TMK as the operator and its 25% interest in L7/EP437 operated by Triangle.

ERCE used the comparable transaction method and cost-based valuation approach to value Talon's other oil and gas assets. The breakdown of the values of Talon's other oil and gas projects determined by ERCE is set out below:

Value of Talon's other oil and gas assets	Low value \$'000	Preferred value \$'000	High value \$'000
Gurvantes	9,240	9,240	9,240
L7/EP437	5,920	5,920	5,920
EP447	4,725	4,725	4,725
Total value of Talon's other oil and gas assets	19,885	19,885	19,885

Source: Technical Specialist Report

The details of ERCE's valuation of Talon's other oil and gas assets can be found in the Technical Specialist Report attached as Appendix 6.

10.1.3. □ Value of Talon's other assets and liabilities

The other assets and liabilities of Talon represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Talon and analysis of the other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Other assets and liabilities	Notes	Reviewed as at 30-Jun-23 \$	Adjusted Value \$
CURRENT ASSETS			
Cash and cash equivalents	a)	9,153,974	8,432,442
Trade and other receivables		328,927	328,927
Prepayments		53,830	53,830
Security deposit		5,740	5,740

Other assets and liabilities	Notes	Reviewed as at 30-Jun-23 \$	Adjusted Value \$
TOTAL CURRENT ASSETS		9,542,471	8,820,939
NON-CURRENT ASSETS			
Exploration and evaluation asset	b)	11,703,973	-
Oil and gas properties	c)	23,047,813	-
Property, plant & equipment		202,389	202,389
TOTAL NON-CURRENT ASSETS		34,954,175	202,389
TOTAL ASSETS		44,496,646	9,023,328
CURRENT LIABILITIES			
Trade and other payables		2,319,547	2,319,547
Provisions		12,885	12,885
Deferred consideration		915,041	915,041
Borrowings	d)	-	4,645,000
TOTAL CURRENT LIABILITIES		3,247,473	7,892,473
NON-CURRENT LIABILITIES			
Provisions	e)	2,738,848	-
TOTAL NON-CURRENT LIABILITIES		2,738,848	-
TOTAL LIABILITIES		5,986,321	7,892,473
NET ASSETS		38,510,325	1,130,855

Source: Talon's reviewed financial statements for the half year ended 30 June 2023, Talon's management accounts as at 30 September 2023, discussions with Talon and BDO analysis

We have not undertaken a review of Talon's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We have been advised that there has not been any other significant change in the net assets of Talon since 30 June 2023 and that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the reviewed position at 30 June 2023 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

We note the following in relation to the above valuation of Talon's other assets and liabilities:

Note a) Cash and cash equivalents

We have adjusted the book value of cash and cash equivalents of \$9.15 million as at 30 June 2023 to \$4.02 million. Talon's management have provided us with the bank balance as at 30 September 2023, which we have verified against the Company's bank statements. We have also adjusted cash to reflect the proceeds from drawdowns of the Talon Funding Facility of \$4.41 million (net of costs), as outlined in Section 4 of our Report.

Note b) Exploration and evaluation assets

We have adjusted the value of exploration and evaluation assets of \$11.70 million as at 30 June 2023 to nil, as it is reflected in the valuation of Talon's other oil and gas assets, as set out in Section 10.1.2 of our Report.

Note c) Oil and gas properties

We have adjusted the book value of oil and gas properties of \$23.05 million as at 30 June 2023 to nil, as it is reflected in our DCF valuation of Talon's interest in Walyering in Section 10.1.1 and the valuation of Talon's interest in the Contingent and Prospective Resources at Walyering, in Section 10.1.1, respectively.

Note d) Borrowings

We have adjusted borrowings from nil as at 30 June 2023 to approximately \$4.65 million to reflect the drawdown of the Talon Funding Facility including \$4.41 million cash proceeds and costs of approximately \$0.24 million.

Note e) Provisions

Non-current provisions relate to restoration costs at Walyering. We have reflected the present value of restoration costs in the Adjusted Model, therefore we have adjusted the provisions balance to nil.

10.1.4. Committed expenditure on EP447

ERCE has valued EP447 based on the spend requirements supported by the license extension documentation to DMIRS and the associated future exploration expenditure commitments, which are estimated by ERCE to be approximately \$10.5 million on a 100% basis with \$4.725 million attributable to Talon based on Talon's 45% interest. ERCE note that to date, minimal historical spend has been associated with EP447, with majority of past expenditure relating to the appraisal of the Walyering Gas Field. As a result, we have treated committed expenditure on EP447 as a liability in our Sum-of-Parts value of Talon prior to the Scheme.

10.1.5. Valuation of Talon's corporate costs

Talon's corporate costs have not been included in the Adjusted Model. Corporate costs consist of all corporate administration costs that cannot be directly attributable to Talon's share of the cost of operations at Walyering.

As part of our analysis, we have considered the corporate costs that Talon has incurred historically. Set out below are the corporate costs incurred by Talon for the years ended 31 December 2021, 31 December 2022 and the annualised costs from the half-year ended 30 June 2023.

	Annualised half-year ended 30-Jun-23 \$'000s	Actual year ended 31-Dec-22 \$'000s	Actual year ended 31-Dec-21 \$'000s
Employee benefits expenses	(923)	(375)	(104)
Professional and consultancy fees	(1,366)	(1,162)	(1,152)
Marketing and travel expenses	(174)	(132)	(177)

	Annualised half-year ended 30-Jun-23 \$'000s	Actual year ended 31-Dec-22 \$'000s	Actual year ended 31-Dec-21 \$'000s
Corporate and administrative expenses	(544)	(399)	(523)
Directors' fees	(215)	(527)	(520)
Share based payment expense	(1,452)	(1,120)	(1,114)
Talon's corporate costs	(4,674)	(3,715)	(3,590)

Source: Talon's audited financial statements for the years ended 31 December 2021, 31 December 2022 and reviewed financial statements for the half year ended 30 June 2023.

As a crosscheck, we have also considered the corporate costs incurred by ASX-listed companies with a similar size and scale of operations to Talon. We have analysed ASX-listed oil and gas development and production companies, whilst considering other company characteristics such as development stage of each company's respective oil and gas assets, location of oil and gas assets, and market capitalisation as proxies for the size and scale of operations.

Our analysis of the corporate costs for the identified ASX-listed companies is set out below.

Company Name	Market Cap. As at 30-Jun-23 A\$m	Corporate costs for the year ended 30-Jun-23 \$'000s	Corporate costs for the year ended 30-Jun-22 \$'000s	Corporate costs for the year ended 30-Jun-21 \$'000s
Beach Energy Limited	3,077.9	(9,081)	(7,562)	(8,511)
Strike Energy Limited	1,113.9	(10,991)	(9,869)	(10,480)
Comet Ridge Limited	166.7	(2,422)	(2,582)	(1,882)
Buru Energy Limited	50.1	(2,814) ¹	(3,905) ²	(3,308) ³
Central Petroleum Limited	38.7	(4,226)	(4,161)	(4,966)
Mean	889.4	(5,907)	(5,616)	(5,829)
Median	166.7	(4,226)	(4,161)	(4,966)

¹ Annualised based on the half year ended 30 June 2023

² Year ended 31 December 2022

³ Year ended 31 December 2021

Source: Annual reports, S&P Capital IQ and BDO analysis

We note that the comparable companies above are operators or majority owners of their respective flagship projects and may not be a reliable proxy for corporate costs incurred by Talon going forward because we would expect that the corporate costs associated with operating an oil and gas asset would be higher than those incurred by holders of non-operating interests. As a result, we have placed a greater reliance on Talon's annualised corporate costs for the half-year ended 30 June 2023, noting that the increase in corporate costs associated with Walyering entering production is likely to be minimal given Talon's non-operating interest.

We have assessed real corporate costs for Talon to be in the range of \$3.5 million to \$4.5 million per annum, with a preferred position of \$4.0 million per annum. We have applied our assessed forecast inflation rates as set out in Section 10.1.1 of our Report to the corporate costs over the forecast period and have discounted these cash flows at our assessed cost of equity of Talon prior to the Scheme of 10%, as detailed in Appendix 3.

Based on the above analysis, we have assessed the present value of the tax effected corporate costs to be in the range of \$16.8 million to \$21.6 million, with a preferred value of \$19.2 million.

Refer to Appendix 5 for a list of the comparable companies used in our analysis and a description of each.

10.1.6. □ Transaction costs

As outlined in Section 3 of the Scheme Booklet, it is expected that Talon will incur approximately \$1.02 million in transaction costs irrespective of whether the Scheme is implemented. Management has advised that up to 30 September 2023, Talon has paid approximately \$0.42 million in transaction costs, which is reflected in our adjusted cash balance in Section 10.1.3. As a result, we have included the remaining transaction costs of \$0.60 million in our Sum-of-Parts value to reflect the remaining transaction costs to be paid by Talon in connection with the Scheme.

10.1.7. □ Cash raised on exercise of Talon Options

As detailed in section 4, if the Scheme is implemented, the holders of the Talon Options will hold options in an unlisted wholly-owned subsidiary of Strike. Therefore, we have assumed that all Talon Options are exercised prior to the implementation of the Scheme. This is also consistent with the post-Scheme assumed capital structure in the Scheme Booklet. We note that the assumed treatment of the Talon Options is not material to the valuation or our conclusion.

10.1.8. □ Number of shares on issue prior to the Scheme

As set out in Section 5.9, the number of Talon shares on issue is 646,997,893. As the date of our Report, Talon has 12.5 million performance rights on issue that will be converted into Talon shares upon a change of control occurring and 12 million options exercisable at various prices and expiring at various dates that will remain on issue in Talon if not exercised prior to the Record Date. For the purposes of our valuation, we have assumed that all outstanding Talon Options will be converted into Talon shares prior to the implementation of the Scheme, resulting in Talon having 671,497,893 shares on issue, which we have reflected in our Sum-of-Parts valuation.

10.2 □ Quoted Market Prices for Talon Securities

To provide a comparison to the valuation of Talon in Section 10.1, we have also assessed the quoted market price for a Talon share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of a control transaction, the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

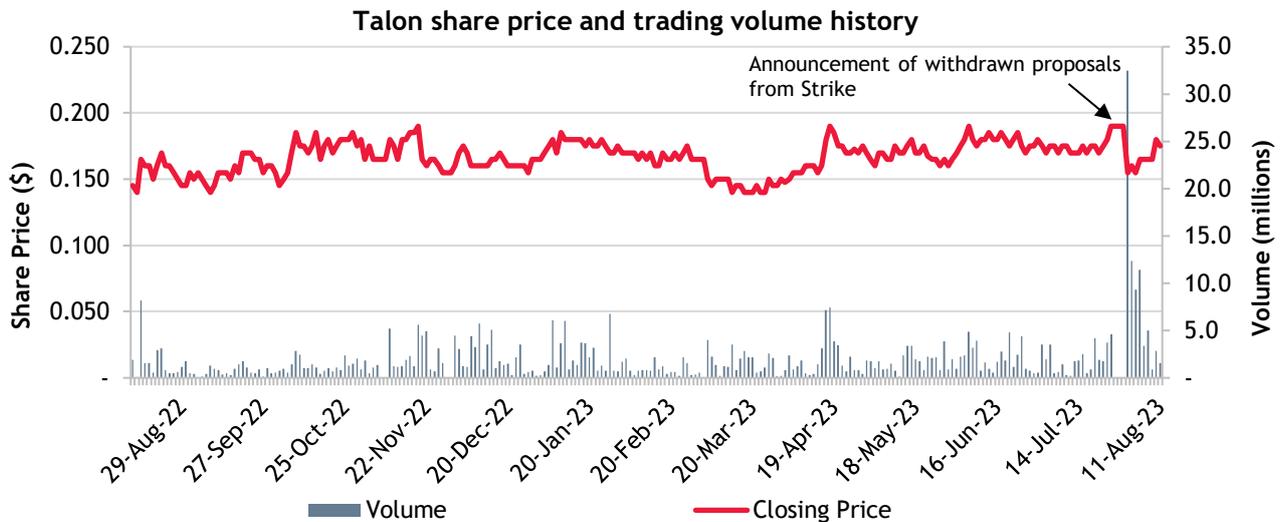
- □ control over decision making and strategic direction;
- □ access to underlying cash flows;
- □ control over dividend policies; and
- □ access to potential tax losses.

Our calculation of the quoted market price of a Talon share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Talon share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Talon share after the announcement may include the effects of any change in value as a result of the Scheme. However, we have considered the value of a Talon share following the announcement when we have considered reasonableness in Section 13.

Information on the Scheme was announced to the market on 14 August 2023. Therefore, the following chart provides a summary of the share price movement over the 12 months to 11 August 2023 which was the last trading day prior to the announcement. We note that on 27 July 2023 and 1 August 2023, Talon announced that it had received two separate non-binding indicative proposals from Strike, which were subsequently withdrawn ('Initial Strike Proposals'), for the purpose of our analysis, we have also conducted our share price and trading volume assessment prior to the announcement of the initial Strike proposals to avoid including any trading activity that is reflective of information pertaining to a potential transaction.



Source: Bloomberg, BDO analysis

The daily price of Talon shares from 11 August 2022 to 11 August 2023 has ranged from a low of \$0.140 on 23 March 2023 to a high of \$0.190 on 31 July 2023. The largest single trading day over the assessed period was on 1 August 2023, when 32,473,517 Talon shares were traded which coincided with an announcement regarding receipt of a non-binding indicative proposal from Strike, which Talon advised in the same announcement was withdrawn.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
01/08/2023	Reinstatement to Official Quotation	0.155	▼ 18.4%	0.165	▲ 6.5%
01/08/2023	Discussions with Strike Energy	0.155	▼ 18.4%	0.165	▲ 6.5%
01/08/2023	STX: Talon Transaction	0.155	▼ 18.4%	0.165	▲ 6.5%
31/07/2023	Suspension from Official Quotation	0.190	► 0.0%	0.155	▼ 18.4%
28/07/2023	Quarterly Activities/Appendix 5B Cash Flow Reports	0.190	► 0.0%	0.160	▼ 15.8%
27/07/2023	Trading Halt	0.190	► 0.0%	0.155	▼ 18.4%
25/07/2023	First Gas Flowed to Surface	0.180	▲ 2.9%	0.190	▲ 5.6%
25/07/2023	Response to Media Coverage - Non Binding Indicative Proposal	0.180	▲ 2.9%	0.190	▲ 5.6%
03/07/2023	STX: Walyering Update	0.175	▼ 2.8%	0.175	► 0.0%
30/05/2023	AGM Presentation by Managing Director	0.160	▼ 3.0%	0.175	▲ 9.4%
06/04/2023	Results of the Share Purchase Plan	0.160	▲ 3.2%	0.155	▼ 3.1%
30/03/2023	ASX Waiver Granted for SPP	0.148	▼ 1.7%	0.155	▲ 5.1%
27/03/2023	L7 Perth Basin Volumes Update	0.145	▼ 3.3%	0.148	▲ 1.7%
27/03/2023	3D Seismic Interpretation Confirms Prospectivity	0.145	▼ 3.3%	0.148	▲ 1.7%
14/03/2023	Investor Webinar Presentation	0.145	▲ 3.6%	0.140	▼ 3.4%
14/03/2023	Walyering Update	0.145	▲ 3.6%	0.140	▼ 3.4%
14/03/2023	SPP Offer Booklet	0.145	▲ 3.6%	0.140	▼ 3.4%
14/03/2023	Letter on SPP to Shareholders	0.145	▲ 3.6%	0.140	▼ 3.4%
14/03/2023	STX: Walyering Update	0.145	▲ 3.6%	0.140	▼ 3.4%
03/03/2023	Talon Energy Ltd Investor Presentation	0.150	▼ 9.1%	0.150	► 0.0%
03/03/2023	Firm Commitments for \$14ml Capital Raising	0.150	▼ 9.1%	0.150	► 0.0%
02/03/2023	Trading Halt	0.165	► 0.0%	0.150	▼ 9.1%
01/03/2023	Talon completes Perth Basin Farm-In Agreement	0.165	► 0.0%	0.145	▼ 12.1%
01/12/2022	Firm commitments received for \$12 million equity raising	0.160	▲ 3.2%	0.170	▲ 6.3%
01/12/2022	Talon takes a 33% interest in the Gurvantes XXXV Project	0.160	▲ 3.2%	0.170	▲ 6.3%
29/11/2022	Trading Halt	0.155	► 0.0%	0.170	▲ 9.7%
09/11/2022	Maiden Contingent CSG Resource Estimate - Gurvantes XXXV	0.180	▲ 9.1%	0.180	► 0.0%
07/11/2022	Trading Halt	0.165	► 0.0%	0.175	▲ 6.1%
31/10/2022	Quarterly Activities/Appendix 5B Cash Flow Report	0.180	▲ 2.9%	0.165	▼ 8.3%
15/08/2022	STX: Walyering gas field sanctioned for development	0.165	▲ 17.9%	0.150	▼ 9.1%
15/08/2022	Final Investment Decision - Walyering Gas Project	0.165	▲ 17.9%	0.150	▼ 9.1%

Source: Bloomberg, ASX and BDO analysis

On 15 August 2022, Talon announced that the Walyering Joint Venture had reached FID for Walyering and therefore would proceed with Walyering’s development. On the day of the announcement, the share price increased 17.9% to \$0.165, before decreasing 9.1% over the subsequent three-day trading period to close at \$0.150.

On 9 November 2022, Talon announced a maiden gross unrisked 2C contingent gas resource of 1.2 Tcf for Gurvantes. On the day of the announcement, the share price increased 9.1% to \$0.180. The share price remained unchanged over the subsequent three-day trading period.

On 1 December 2022, Talon announced that it had completed a \$12 million share placement. On the day of the announcement, the share price increased 3.2% to \$0.160, before further increasing 6.3% over the subsequent three-day period to close at \$0.170.

On 25 July 2023, as a result of media speculation, Talon announced that it had previously (on 19 July 2023) received a non-binding indicative proposal from Strike, under which it was proposed that Strike would acquire the entire issued capital of Talon by way of a scheme of arrangement. Talon had requested a period of one week to assess the proposal, however shortly after, Strike notified Talon that it had withdrawn its proposal. On the same day, Talon also announced that initial gas from the Lucky Fox-1 pilot well at Gurvantes had flowed to the surface. On the day of the announcements, Talon’s share price increased 2.9% to \$0.180, before further increasing to \$0.190 in the subsequent three days.

On 1 August 2023, after emerging from a trading halt, Talon announced that it had received a revised non-binding indicative proposal from Strike, under which it was proposed that Strike would acquire the entire issued capital of Talon, by way of a scheme of arrangement. However, Talon and Strike were unable to agree on final terms within the required timeframe and the revised proposal was withdrawn. On the day of the announcement, the share price decreased 18.4% to \$0.155, before increasing 6.5% over the subsequent three-day period to close at \$0.165.

In analysing the market prices for a Talon share prior to the announcement of the Scheme, we have considered the weighted average market price for 10, 30, 60 and 90 day periods to 11 August 2023.

QMP Range prior to the announcement of the Scheme					
Share Price per unit	11-Aug-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.175				
Volume weighted average price (VWAP)		\$0.159	\$0.164	\$0.168	\$0.169

Source: Bloomberg, BDO analysis

Although the above weighted average prices are prior to the date of the announcement of the Scheme, we note that Talon’s share price was influenced by information pertaining to the Initial Strike Proposals.

Therefore, to assist with our overall assessment on the value of a Talon share on a QMP basis, we have considered the QMP analysis for Talon prior to the announcement of the Initial Strike Proposals on 25 July 2023.

QMP Range Prior to Initial Strike Proposals					
Share Price per unit	24-Jul-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.175				
Volume weighted average price (VWAP)		\$0.174	\$0.177	\$0.174	\$0.170

Source: Bloomberg, BDO analysis

The liquidity statistics below are calculated over the twelve months prior to the announcement of the Initial Strike Proposals, being the twelve months prior to 24 July 2023.

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.170	\$0.175	1,772,038	0.28%
10 Days	\$0.170	\$0.175	15,837,225	2.49%
30 Days	\$0.175	\$0.180	52,349,977	8.22%
60 Days	\$0.170	\$0.175	109,339,590	17.17%
90 Days	\$0.140	\$0.148	166,553,576	26.15%
180 Days	\$0.160	\$0.175	299,507,406	47.02%
1 Year	\$0.130	\$0.145	400,306,044	62.85%

Source: Bloomberg, BDO analysis

This table indicates that Talon's shares display a high level of liquidity, with 62.85% of the Company's current issued capital being traded in a twelve month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Talon, more than 1% of securities have been traded weekly on average, with 62.85% of Talon's current issued capital being traded over a twelve month period, and 47.02% of Talon's current issued capital being traded over a 180 trading day period. We have performed our liquidity analysis prior to the announcement of the Initial Strike Proposals, so that the liquidity statistics are not skewed by trading that may have occurred on the back of a proposed potential transaction. Despite the above liquidity metrics indicating that there may be a high level of liquidity, we note that of the 52 weeks in which our analysis is based on, more than 1% of Talon's current share capital had only been traded in 26 of those weeks. Therefore, we consider trading in Talon's shares to represent a moderate level of liquidity.

Our assessment is that a range of values for Talon shares based on market pricing, after disregarding post announcement pricing, is between \$0.170 and \$0.175

Quoted market price including control premium

Based on our analysis of control premiums paid by acquirers of ASX-listed energy companies and all ASX-listed companies and our consideration of company specific factors, we have assessed an appropriate control premium to be in the range of 25% to 35%. Our analysis of historical control premiums paid can be

found in Appendix 4 of our Report. Applying a control premium to Talon’s quoted market share price results in the following quoted market price value including a premium for control:

	Ref	Low \$	High \$
Quoted market price value	10.2	0.170	0.175
Control premium	Appendix 4	25%	35%
Quoted market price valuation including a premium for control		0.213	0.236

Source: BDO analysis

Therefore, our valuation of a Talon share based on the quoted market price method and including a premium for control is between \$0.213 and \$0.236. We have selected a rounded preferred value of \$0.224, being the midpoint between the low and high values because we have no reason to prefer either end of the range.

10.3 □ Conclusion on the value of Talon prior to the Scheme

The results of the valuations performed are summarised in the table below:

	Ref	Low \$	Preferred \$	High \$
Sum-of-parts (control)	10.1	0.048	0.098	0.219
QMP (including premium for control)	10.2	0.213	0.224	0.236

Source: BDO analysis

We note from the above table that the Sum-of-Parts value is lower than the QMP value, albeit the top end of the Sum-of-Parts value overlaps with the range of QMP values. The QMP values support the high end of the Sum of Parts value range. We consider the difference in the value derived under the two valuation approaches to be attributable to the following:

- The QMP value is likely to reflect an element of blue sky value of Talon’s gas assets. We have commissioned ERCE to prepare a Technical Specialist Report which includes a reasonableness assessment of the technical inputs underpinning the Adjusted Model as well as a valuation of the Contingent and Prospective Resource and other exploration areas outside of Walyering. In preparing the Technical Specialist Report, ERCE have been instructed to comply with PRMS, RG 111, RG 170, IS 214 and the principles of the VALMIN Code. We also note that whilst our QMP and Sum-of-Parts values are consistent at the high end of our range, our high Sum-of-Parts value is contingent on the 3P production profile materialising, for which ERCE reports a 90% probability that production volume will be less than this. However, market participants are not governed by these industry codes and therefore may be basing their valuations on more optimistic technical and economic assumptions;
- The QMP value of Talon is likely to reflect an assumed level of increased returns associated with an increasing spot price. However, the Adjusted Model shows that 1%, 28% and 64% of forecast revenue is attributable to gas sales in the spot market under our Low Case, Preferred Case and High Case respectively, with the remainder of revenue attributable to gas sales to Santos and condensate sales. The QMP value may be attributing a greater proportion of gas to be sold in the spot market at higher prices;

- For commercial reasons the specific terms of the gas supply agreement with Santos has not been disclosed publicly. Whilst an offtake with Santos is a positive factor for Talon as it secures a buyer for the gas produced and provides a relationship with a key industry participant, the market may have made its own assumptions around the terms of the supply arrangement which may be more favourable than the actual terms of the arrangement;
- Over the past twelve months, following Hancock's takeover of Warrego and Mineral Resources Limited's takeover of Norwest Energy NL, there has been a degree of market speculation around potential future transactions in the WA oil and gas industry. Therefore, the QMP value prior to the announcement of the Scheme may already reflect a partial takeover premium, which may explain part of the difference between the Sum-of-Parts valuation and the QMP value; and
- As detailed in section 10.2, we consider the Talon shares to display a moderate level of liquidity. Therefore, the Talon share price may not fully reflect the underlying value of the Company.

Based on the above factors, we consider the Sum-of-Parts approach to be the most appropriate methodology to value Talon as the core value of the Company lies in its interest in the Walyering. We have valued Walyering using the DCF methodology with the reasonableness of the technical inputs underpinning the DCF confirmed by ERCE, an independent technical specialist. Further, the Contingent and Prospective Resources of Walyering that are not included in the DCF valuation as well as Talon's other oil and gas assets, have been independently valued by ERCE, in accordance with PRMS. Therefore, we consider the Sum-of-Parts valuation approach to be the most appropriate approach to valuing a share in Talon prior to the Scheme.

11. Valuation of Scheme Consideration

11.1 Assessing non-cash consideration in control transactions

When assessing non-cash consideration in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

- (a) the acquirer is obtaining or increasing control of the target; and
- (b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if we use the quoted market price of securities to value the offered consideration, then we must consider and comment on:

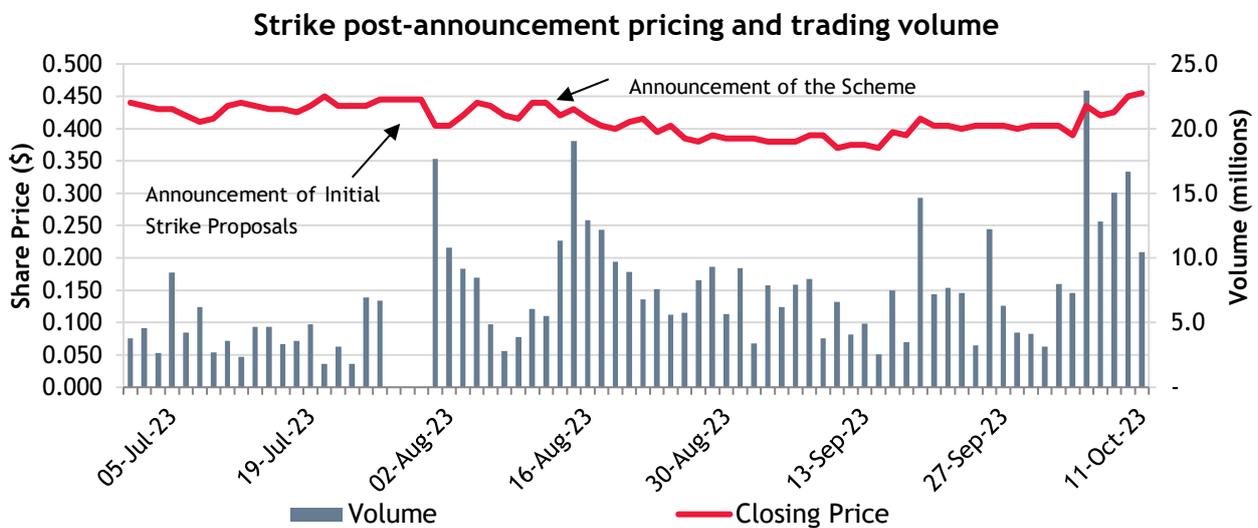
- (a) the depth of the market for those securities;
- (b) the volatility of the market price; and
- (c) whether or not the market value is likely to represent the value if the takeover bid is successful.

Under RG 111.34 it is noted that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued using a notionally combined entity. However, it should still be noted that the accepting holders are likely to hold minority interests in that combined entity. Therefore, we have assessed the quoted market price for a Strike share on a minority interest basis.

Post-announcement pricing of Strike

Given that we are valuing the Scheme Consideration, being the shares in the Proposed Merged Entity that are to be received by Shareholders, we have considered the market pricing following the announcement of the Scheme. The market price of Strike shares in the period following the announcement of the Scheme is considered reflective of the value of the Proposed Merged Entity because market participants are fully informed as to the terms of the Scheme, with the price reflecting the market’s view of value. This value includes the acquisition of Talon and the associated dilution from issuing the Scheme Consideration.

We have analysed movements in Strike’s share price since the Scheme was announced. A graph of Strike’s share price and trading volume leading up to, and following the announcement of the Scheme is set out below.



Source: Bloomberg, BDO analysis

The Scheme was announced on 14 August 2023. On the date that the Scheme was announced, the share price closed at \$0.420, down from a closing price of \$0.440 on the previous trading day. On that day, 11,318,497 shares were traded, representing approximately 0.45% of Strike’s issued capital. Following the announcement of the Scheme, the closing share price of Strike has fluctuated between a low of \$0.370 on 11 September 2023 and 14 September 2023 to a high of \$0.455 on 11 October 2023.

To provide further analysis of the market prices for a Strike share post the announcement of the Scheme, we have also considered the weighted average market price for the below periods following the announcement up to 11 October 2023:

Share Price per unit	14-Aug-23	5 Days	10 Days	15 Days	20 Days	30 Days	Up to 11-Oct-23
Closing price	\$0.424						
Volume weighted average price (VWAP)		\$0.414	\$0.410	\$0.403	\$0.399	\$0.397	\$0.405

Source: BDO analysis

In accordance with the guidance in RG111, we also consider it appropriate to assess the liquidity of Strike shares before utilising the QMP methodology to value a share in the Proposed Merged Entity. The table below sets out the liquidity of Strike shares as proxied by the volume traded as a percentage of the

number of shares on issue. We have conducted this analysis over the twelve months prior to the announcement of the Scheme, in order to determine whether there is sufficient trading in Strike shares historically in order to rely on a QMP approach.

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.425	\$0.440	5,509,739	0.22%
10 Days	\$0.390	\$0.445	69,250,084	2.73%
30 Days	\$0.390	\$0.450	145,987,096	5.75%
60 Days	\$0.390	\$0.510	395,074,729	15.56%
90 Days	\$0.375	\$0.510	647,484,308	25.50%
180 Days	\$0.240	\$0.510	1,847,751,653	72.77%
1 Year	\$0.208	\$0.510	2,152,583,393	84.77%

Source: Bloomberg, BDO analysis

The table above indicates that Strike's shares display a high level of liquidity, with 84.77% of the Company's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Strike, we consider the shares to display a high level of liquidity, on the basis that more than 1% of securities have been traded weekly on average, with 84.77% of Strike's current issued capital being traded over a twelve-month period, and 72.77% of Strike's current issued capital being traded over a 180 trading day period, prior to the announcement of the Scheme. Further, of the 52 weeks in which our analysis is based on, more than 1% of the Company's securities were traded in 33 of those weeks.

We have also analysed the liquidity of Strike shares, as proxied by the volume traded as a percentage of the number of shares on issue, over the post announcement period up to 11 October 2023. We conducted this analysis in order to determine whether the Strike shares are liquid and active in the period following the announcement of the Scheme.

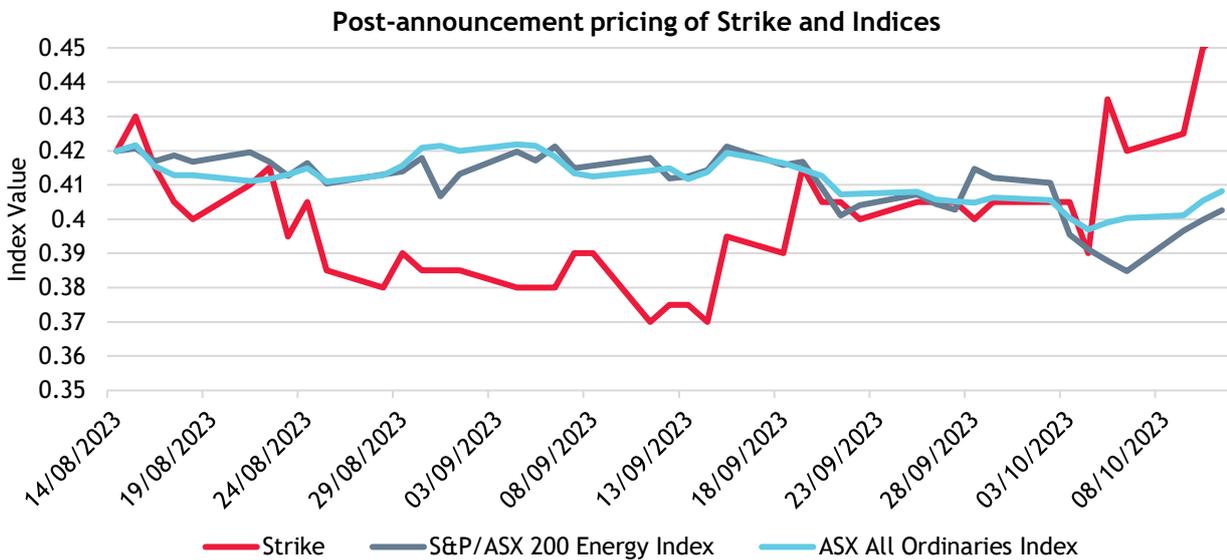
Trading days	Closing share price low	Closing share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.420	\$0.420	11,318,497	0.45%
5 Days	\$0.400	\$0.430	65,151,212	2.57%
10 Days	\$0.385	\$0.430	99,821,206	3.93%
15 Days	\$0.380	\$0.430	135,700,602	5.34%
20 Days	\$0.380	\$0.430	169,887,627	6.69%

Trading days	Closing share price low	Closing share price high	Cumulative volume traded	As a % of Issued capital
30 Days	\$0.370	\$0.430	235,799,302	9.29%
To 11 October 2023 (43 days)	\$0.370	\$0.455	362,335,437	14.27%

Source: Bloomberg, BDO analysis

We consider the trading following the announcement of the Scheme to show high levels of liquidity with over 14.3% of Strike’s shares being traded in the period (43 trading days) following the announcement of the Scheme. However, we consider the share price over the period following the announcement of the Scheme to be volatile, with the closing share price ranging from \$0.370 to \$0.455 in the period following the announcement of the Scheme up to 11 October 2023, reflecting an approximate 23% movement in the closing share price. This would typically indicate uncertainty in the market about the potential effect of the Scheme on the valuation of Strike, however, given the relative contribution of the value of Talon to the Proposed Merged Entity, we do not consider this to be a significant factor in assessing the reliability of the QMP valuation. In the case of Strike it is more likely to be a result of Strike’s announcements in relation to the appraisal of South Erregulla on 5 October 2023 and the Walyering production update on 9 October 2023.

We have also considered if there are other market factors which could influence the Strike share price following the announcement of the Scheme by analysing movements in the ASX All Ordinaries Index, as a proxy for the market, and the S&P/ASX 200 Energy Index as a proxy for Strike and Talon’s industry, over the same post-announcement period. Our analysis is depicted in the graph below, with each of the indices rebased to Strike’s share price following the announcement of the Scheme in order to illustrate the relative performance of the indices and Strike.



Source: Bloomberg and BDO Analysis

We note the performance of the ASX All Ordinaries Index and the S&P/ASX 200 Energy Index has remained stable over the period following the announcement of the Scheme. Therefore, we consider there is no indication that the Strike share price has been affected by market conditions outside the operations of Strike in the period following the announcement of the Scheme.

Based on the above analysis, we consider there to be sufficient liquidity in Strike's shares in order to utilise post-announcement pricing as an approach to valuing the Scheme Consideration. Further, there does not appear to be any market wide or industry events that have occurred between the announcement of the Scheme and the date of our Report that would distort our assessment of the impact of the Scheme on the value of a Proposed Merged Entity share.

Our assessment of the QMP valuation for Strike's shares based on post-announcement market pricing is between \$0.40 and \$0.45, with our preferred value being \$0.43, which represents a rounded midpoint value between the low and high values.

11.2□ Sum-of-Parts valuation of the Proposed Merged Entity

We have considered a Sum-of-Parts valuation of the Proposed Merged Entity by aggregating the:

- Value of Talon prior to the Scheme (as set out in section 10.3 of our Report) on a minority basis;
- Value of Strike prior to the implementation of the Scheme based on market pricing on a minority basis; and
- The additional shares issued as consideration for the Scheme.

This Sum-of-Parts valuation is set out below.

Valuation of the Proposed Merged Entity (minority)	Ref	Low \$'000s	Preferred \$'000s	High \$'000s
Sum of Parts value of Talon (minority)	11.2.1	23,917	50,682	117,857
Value of Strike (minority)	11.2.2	1,066,505	1,117,291	1,168,077
Transaction costs	11.2.3	(3,980)	(3,980)	(3,980)
Value of the Proposed Merged Entity (minority)		1,086,442	1,163,993	1,281,953
Number of shares on issue in the Proposed Merged Entity	11.2.4	2,863,496,567	2,863,496,567	2,863,496,567
Value per share (\$) (minority)		0.379	0.406	0.448

Source: BDO analysis

Based on the above, the Sum-of-Parts valuation using a blend of market pricing for Strike and our Sum-of-Parts valuation for Talon, results in a value of a Proposed Merged Entity share of \$0.379 to \$0.448 with a preferred value of \$0.406.

11.2.1. □ Sum-of-Parts valuation of Talon (minority interest basis)

We have assessed the value of Talon on a minority interest basis by applying a minority interest discount to the value of Talon derived in Section 10.1. Our Sum-of-Parts valuation of Talon on a minority interest basis is set out in the table below:

Sum-of-Parts valuation of Talon (minority)	Ref	Low \$'000s	Preferred \$'000s	High \$'000s
Sum-of-Parts valuation of Talon (control)	10.1	32,321	65,821	147,321
<i>Minority interest discount (%)</i>	Appendix 4	26%	23%	20%
Sum-of-Parts valuation of Talon (minority)		23,917	50,682	117,857

11.2.2. □ QMP of Strike prior to the Scheme

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Our analysis of the quoted market price of a Strike share is based on the pricing prior to the announcement of the Scheme. This is because the value of a Strike share after the announcement may include the effects of any change in value as a result of the Scheme.

Information on the Scheme was announced to the market on 14 August 2023. Therefore, the following chart provides a summary of the share price movement over the 12 months to 11 August 2023 which was the last trading day prior to the announcement.



Source: Bloomberg, BDO analysis

The daily price of Strike shares from 11 August 2022 to 11 August 2023 has ranged from a low of \$0.215 on 27 September 2022 to a high of \$0.495 on 6 June 2023. The largest single trading day over the assessed period was on 17 March 2023, when 101,990,760 Strike shares were traded which coincided with an announcement regarding Strike’s execution of the condensate processing services agreement and liquids aggregation agreement with Santos.

In analysing the market prices for a Strike share prior to the announcement of the Scheme, we have considered the weighted average market price for 10, 30, 60 and 90 day periods to 11 August 2023.

QMP Range prior to the announcement of the Scheme					
Share Price per unit	11-Aug-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.440				
Volume weighted average price (VWAP)		\$0.420	\$0.425	\$0.453	\$0.454

Source: Bloomberg, BDO analysis

The liquidity statistics below are calculated over the twelve months prior to the announcement of the Scheme, being the twelve months prior to 11 August 2023.

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.425	\$0.440	5,509,739	0.22%
10 Days	\$0.390	\$0.445	69,250,084	2.73%
30 Days	\$0.390	\$0.450	145,987,096	5.75%
60 Days	\$0.390	\$0.510	395,074,729	15.56%
90 Days	\$0.375	\$0.510	647,484,308	25.50%
180 Days	\$0.240	\$0.510	1,847,751,653	72.77%
1 Year	\$0.208	\$0.510	2,152,583,393	84.77%

Source: Bloomberg, BDO analysis

This table indicates that Strike’s shares display a high level of liquidity, with 84.77% of the Company’s current issued capital being traded in a twelve month period. RG 111.86 states that for the quoted

market price methodology to be an appropriate methodology there needs to be a ‘liquid and active’ market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company’s securities;
- Approximately 1% of a company’s securities are traded on a weekly basis;
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘liquid and active’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Strike, more than 1% of securities have been traded weekly on average, with 84.77% of Strike’s current issued capital being traded over a twelve month period, and 72.77% of Strike’s current issued capital being traded over a 180 trading day period. We note that of the 52 weeks in which our analysis is based on, more than 1% of Strike’s current share capital had been traded in 33 of those weeks, further indicating the high level of liquidity for Strike shares.

Our assessment is that a range of values for Strike shares prior to the announcement of the Scheme, based on market pricing is between \$0.420 and \$0.460, with our preferred value being a midpoint value of \$0.440. Our valuation of Strike prior to the Scheme on a minority interest basis is set out in the table below:

Value of Strike prior to the Scheme (minority)	Ref	Low	Preferred	High
QMP value per share of Strike (minority)	11.2.2	0.420	0.440	0.460
Number of shares outstanding	6.10	2,539,297,384	2,539,297,384	2,539,297,384
Market value of Strike (\$'000s) (minority)		1,066,505	1,117,291	1,168,077

Source: BDO analysis

11.2.3.□ Transaction costs

As set out in the Scheme Booklet, it is estimated that transaction costs to be incurred by Talon and Strike following completion of the Scheme is \$4.10 million and \$0.30 million, respectively. We have adjusted transaction costs to reflect the \$0.42 million spent by Talon to 30 September 2023, which is already reflected in the value of Talon prior to the Scheme. We note that the transaction costs are not material to the value of the Proposed Merged Entity.

11.2.4. □ Number of shares outstanding in the Proposed Merged Entity

We have calculated the number of Proposed Merged Entity shares on issue following the implementation of the Scheme in the table below:

Capital structure following the implementation of the Scheme	
Number of Talon shares on issue prior to the Scheme	646,997,893
Number of options converted into Talon shares	12,000,000
Number of Talon performance rights to be converted into Talon shares	12,500,000
Total number of Talon shares	671,497,893
<i>Number of Strike shares that Talon Shareholders will receive for every share they hold in Talon</i>	<i>0.4828</i>
Number of Proposed Merged Entity shares to be issued to Shareholders	324,199,183
Number of Strike shares on issue prior to the Scheme	2,539,297,384
Total ordinary shares on issue in the Proposed Merged Entity following implementation of the Scheme	2,863,496,567

Source: BDO analysis

As outlined in the Scheme Booklet, all existing Talon options that are not exercised prior to implementation of the Scheme will remain on issue in Talon. If the Scheme is implemented, Talon will become a wholly owned subsidiary of Strike and removed from the official list of the ASX, meaning that there is unlikely to be an active market for Talon option holders to exercise their Talon options. Therefore, for the purposes of our valuation, we have assumed that all Talon options are exercised prior to the record date. We also note that our assumptions concerning the exercise of Talon options are not material to our valuation.

11.3 □ Conclusion on the value of the Scheme Consideration

The results of the valuations performed are summarised in the table below:

	Ref	Low \$	Preferred \$	High \$
QMP (minority)	11.1	0.400	0.430	0.450
Sum-of-parts (minority)	11.2	0.379	0.406	0.448

Source: BDO analysis

We consider the QMP of Strike following the announcement of the Scheme to be the most appropriate methodology when valuing the Scheme Consideration. This is because the contribution of the value of Talon to the Proposed Merged Entity is not significant, as evidenced by Talon Shareholders holding approximately 11% of the Proposed Merged Entity following the implementation of the Scheme. Given that the Scheme was announced on 14 August 2023, there is a sufficient period of time on which to assess the value of the Proposed Merged Entity based on post-announcement pricing.

We also note that our assessed QMP range for Strike prior to the Scheme (Section 11.2.2) and our assessed QMP range following the announcement of the Scheme (Section 11.1) are broadly comparable, which reflects Talon’s relatively smaller contribution to the value to the Proposed Merged Entity. Furthermore, as outlined in Section 11.1, Strike shares display a high level of liquidity and therefore the QMP can be relied upon in forming our valuation range.

Therefore, we have used the QMP approach using post-announcement pricing as our primary approach to assessing the value of the Scheme Consideration, which is supported by the Sum-of-Parts approach. Our preferred valuation range of a Strike share based on the above analysis is \$0.40 to \$0.450, with a preferred rounded midpoint of \$0.430. Applying our assessed value of a Strike share to the Scheme exchange ratio of 0.4828 results in the Scheme consideration value range as set out below:

	Ref	Low \$	Preferred \$	High \$
Assessed value of a Strike share (minority)	11.1	0.400	0.430	0.450
Strike shares received for every Talon share held (exchange ratio)		0.4828	0.4828	0.4828
Value of the Scheme consideration (minority)		0.193	0.208	0.217

Source: BDO analysis

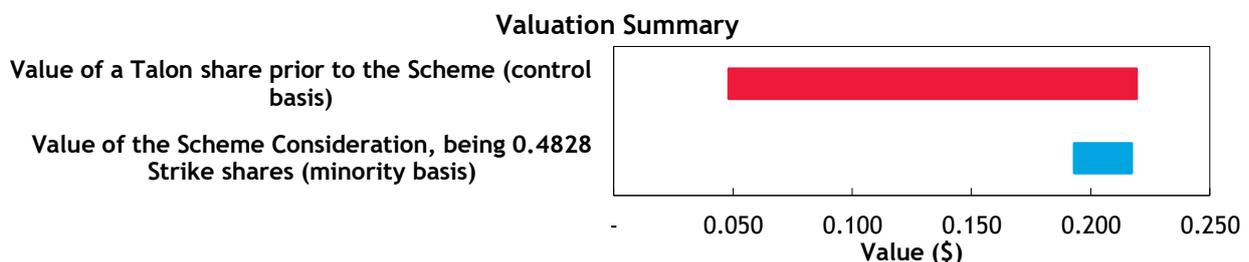
12. Is the Scheme fair?

The value of a share in Talon prior to the implementation of the Scheme on a control basis and the value of the Scheme Consideration, being 0.4828 shares in Strike on a minority interest basis is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of a Talon share prior to the Scheme (control basis)	10.1	0.048	0.098	0.219
Value of the Scheme Consideration, being 0.4828 Strike shares (minority basis)	11.3	0.193	0.208	0.217

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information and a superior proposal, the Scheme is fair for Shareholders. We consider the Scheme to be fair for Shareholders because the value of the Scheme Consideration on a minority interest basis is greater than the value of a Talon share prior to the Scheme on a controlling interest basis, when a direct comparison is made between the corresponding low and preferred values and across a majority of the range. Therefore, we consider that the Scheme is fair for Shareholders.

We note that our above assessment that the Scheme is fair is under the assumption that the Gurvantes Transaction does not complete, i.e. that Talon retains its 33% interest in Gurvantes. We have considered the Gurvantes Transaction in Section 13.4 of our Report, whereby we value the consideration to be received pursuant to the Gurvantes Transaction. Our analysis in Section 13.4 shows that our opinion would remain unchanged if the Gurvantes Transaction completed prior to the implementation of the Scheme. Further, if the Gurvantes Transaction completes following the implementation of the Scheme then our opinion would also remain unchanged.

13. Is the Scheme reasonable?

13.1 Advantages of Approving the Scheme

We have considered the following advantages when assessing whether the Scheme is reasonable.

13.1.1. The Scheme is fair

As set out in section 12, the Scheme is fair. RG 111.12 states that an offer is reasonable if it is fair.

13.1.2. Shareholders will gain exposure to Strike's portfolio of Perth Basin assets

As detailed in Section 6.2 to 6.4, Strike's portfolio of oil and gas assets is centred in the Perth Basin and includes a 100% operating interest in the South Erregulla Gas Field and a 50% operating interest in the West Erregulla Gas Field, both of which are advanced stage exploration stage assets, in addition to Strike's other exploration assets located in the Perth Basin.

If the Scheme is approved, Shareholders will gain exposure to Strike's portfolio of Perth Basin assets and the potential associated with being a pure play Perth Basin energy company, including but not limited to the potential to develop a centralised processing facility and other infrastructure sharing arrangements, reduced transportation costs and improved resource management.

13.1.3. Shareholders will retain exposure to Walyering, albeit a diluted interest

If the Scheme is implemented, Shareholders will become shareholders in the Proposed Merged Entity and therefore will retain exposure to Walyering. However, we note that following the implementation of the Scheme, Shareholders' interest in Walyering will be diluted as Shareholders will go from holding a collective 45% in Walyering to a collective 11% of a company that holds 100% of Walyering. Therefore, Shareholders' exposure to the potential upside of Walyering will reduce as a result of the Scheme.

13.1.4. Creates a group with a stronger balance sheet, access to Strike's cash reserves and debt funding which will reduce potential dilution from equity fund raisings

If the Scheme is implemented, Shareholders will hold shares in the Proposed Merged Entity, which is larger in size and has an increased market capitalisation compared to Talon. Strike held cash and cash equivalents of \$129 million as at 30 June 2023 and also has the capacity to access debt, as evidenced by the Macquarie Debt Facilities and Rabobank Facilities outlined in Section 6.7, providing Strike with a working capital buffer, whilst allowing the Proposed Merged Entity to pursue other investment or exploration activities.

We note that this is likely to provide the Proposed Merged Entity with the ability to avoid sourcing funds required through equity markets and therefore may mitigate the effects of potential future dilution for Shareholders.

13.1.5. □ Increased liquidity and lower volatility of trading in the shares in the Proposed Merged Entity

Based on our analysis in Section 10.2 and Section 11.1, the Scheme consideration is more liquid than Talon shares on a standalone basis, with approximately 73% of Strike's issued capital being traded in the 180 days up to 11 October 2023, compared to Talon shares prior to the announcement of the Scheme, in which, approximately 47% of Talon's issued capital was traded over the same period. We consider this to be an advantage to Shareholders as improved liquidity means that if Shareholders choose to exit their investment, there are likely to be more buyers available which may improve the price that can be realised on market.

We have also assessed the volatilities of Talon and Strike over one, two and three year historical periods and note that Strike shares display a lower trading volatility than Talon. We also consider this an advantage to Shareholders as volatility is considered a measure of risk, therefore, if the Scheme is implemented Shareholders will go from holding shares in a volatile stock to holding shares in Strike, which is less volatile and therefore may be perceived as lower risk.

13.2 □ Disadvantages of Approving the Scheme

If the Scheme is approved, in our opinion, the potential disadvantages to Shareholders include those set out below:

13.2.1. □ Dilution of Shareholders' interests and exposure to Walyering

If the Scheme is implemented, Shareholders will go from holding a 45% interest in Walyering to collectively holding approximately 11% of Walyering. Therefore, if the Scheme is implemented, Shareholders' ability to participate in the potential upside of Walyering, should it materialise, will be reduced as a result of the Scheme.

13.2.2. □ Shareholders will be exposed to the risk associated with holding shares in a company with debt

As outlined in Section 6.7 of our Report, Strike currently has secured debt facilities with Macquarie totalling \$153 million (of which \$80 million remains uncommitted) as well as a \$6 million agricultural finance facility from Rabobank. If the Scheme is implemented, Shareholders will be exposed to the risks associated with holding shares in a company with debt. Strike's failure to comply with debt facility covenants could result in an event of default, the enforcement of the security granted for the debt facilities, and the loss of control and ownership of the secured assets. The existence of debt in the Proposed Merged Entity and the financial covenants associated with the debt may reduce the company's flexibility in being able to pursue its objectives.

13.2.3. □ The exact value of the Scheme Consideration is not certain

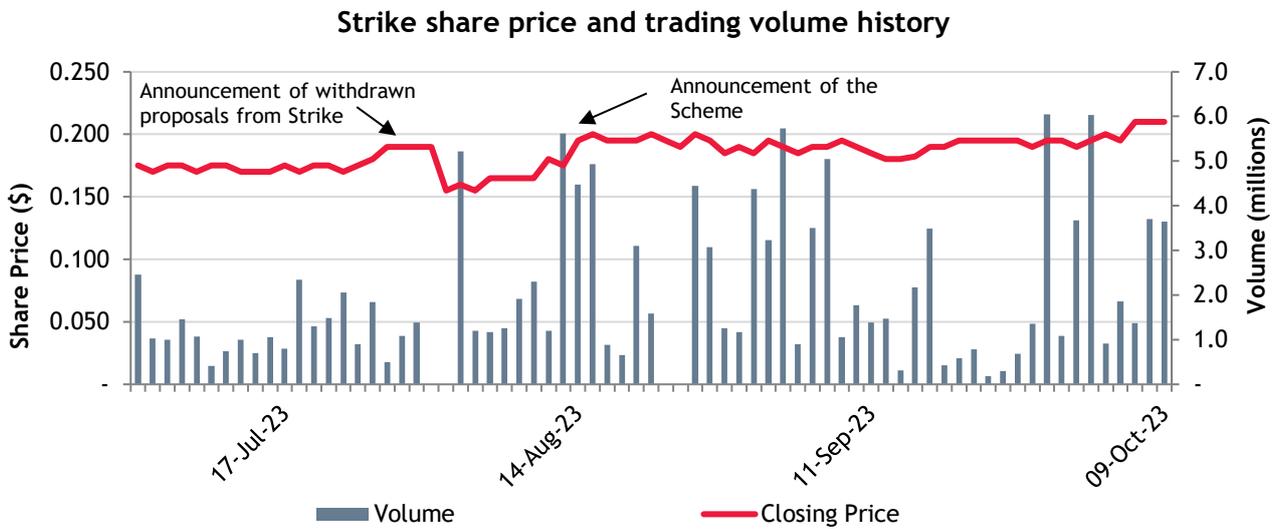
As the Scheme Consideration is in the form of Strike shares (rather than cash which would offer certainty), the final value of the Scheme Consideration will be dependent on the price at which Strike's shares trade on the ASX following the Scheme Implementation Date. Shareholders will receive shares in Strike, the

value of which will fluctuate as it continues to trade on the ASX. We note that as detailed in Section 11.2.2, we consider Strike shares to display a high level of liquidity, therefore Shareholders will be able to sell their shares to realise cash should they wish to realise their investment.

13.3 Consequences of not approving the Scheme

Potential decline in share price

We have analysed movements in Talon’s share price since the Scheme was announced. A graph of Talon’s share price and trading volume leading up to, and following the announcement of the Scheme is set out below.



Source: Bloomberg, BDO analysis

The closing price of a Talon share from 14 August 2023 to 9 October 2023 ranged from a low of \$0.175 on 11 August 2023 to a high of \$0.210 on 9 October 2023.

The Scheme was announced on 14 August 2023. On the date the Scheme was announced, the share price closed at \$0.195, up from a closing price of \$0.175 on the previous trading day. On that day, 33.14 million shares were traded, representing approximately 5.13% of Talon’s current issued capital. Following the announcement of the Scheme, the share price of Talon has fluctuated from a low of \$0.180 to a high of \$0.210. We also note that our post announcement pricing analysis of Talon may also reflect information pertaining to the start of production at Walyering, which may have contributed to the recent increase in Talon’s share price following the announcement of the Scheme.

We have also included in the pricing chart above, the effect of the withdrawal of the Initial Strike Proposals on Talon’s share price, whereby following the withdrawal of the Initial Strike Proposals on 1 August 2023, Talon’s share price closed at \$0.155, representing a decline in share price of \$0.035 from the previous trading day. Given the above analysis it is possible that if the Scheme is not approved then Talon’s share price may decline to levels following the withdrawal of the Initial Strike Proposals.

Repayment of the secured convertible funding facility

Strike announced on 28 August 2023 that should the Scheme not be successfully implemented, Strike will call all existing drawn funds from the secured Talon Funding Facility, established to help Talon meet its working capital needs during the Scheme process.

Furthermore, if the Scheme is not implemented, Strike will not exercise its right to convert any outstanding loan amounts under the Talon Funding Facility into Talon shares and instead will require the repayment of amounts outstanding under the Talon Funding Facility.

If the Scheme is terminated, Talon has 60 days to repay any amounts owed under the secured debt facility, and if all drawn funds and interest are not repaid within 60 days, Strike may enforce its security over Talon's interest in Walyering.

As at the date of our Report, Talon has drawn down approximately \$4.65 million (inclusive of costs).

Transaction costs incurred by Talon

If the Scheme is not implemented, transaction costs of approximately \$1.03 million will be borne by Talon in addition to a potential break fee of \$1.42 million payable under certain conditions, outlined in the Scheme Booklet.

Gurvantes Transaction may still complete

As detailed in Section 4, the Gurvantes Transaction and the Scheme are not inter-conditional. Therefore, even if the Scheme does not complete, the Gurvantes Transaction may still complete.

13.4 Other considerations - Gurvantes Transaction

As outlined in Section 4, Talon announced that it had entered into a binding heads of agreement with TMK to sell its 33% interest in Gurvantes. As consideration for the sale, TMK has agreed to issue up to 1.1 billion Consideration Shares and up to 550 million Consideration Options. Given that the Gurvantes Transaction and the Scheme are not inter-conditional, and we are required to assess whether the Scheme is fair and reasonable and in the best interests of Shareholders, we have not considered the Gurvantes Transaction in our assessment of whether the Scheme is fair. However, we consider it appropriate for Shareholders to be aware of the valuation impact of the completion of the Gurvantes Transaction. We note that the Sum-of-Parts valuation analysis below is in relation to the valuation of Talon prior to the implementation of the Scheme and is not directly reflected in the valuation of the Proposed Merged Entity. This is because the value of the Proposed Merged Entity is assessed based on the market pricing of Strike following the implementation of the Schemes. Notwithstanding, the value of Gurvantes is not material to the value of the Proposed Merged Entity and the market price of Strike is likely to already reflect the market's expectation of the Gurvantes Transaction completing.

The details of the Gurvantes Transaction can be found in Section 4 of our Report.

We have considered the effect of the Gurvantes Transaction on our Sum-of-Parts value of Talon prior to the Scheme, as set out in the table below:

Valuation of Talon prior to the Scheme (post Gurvantes Transaction)	Ref	Low \$'000s	Preferred \$'000s	High \$'000s
Total value of Talon prior to the Scheme (control)		32,321	65,821	147,321
Add: Value of Gurvantes TMK Consideration	13.4.1	12,613	14,378	16,144
Less: value of Gurvantes	10.1.2	(9,240)	(9,240)	(9,240)
Less: committed expenditure for Gurvantes	13.4.2	(850)	(850)	(850)
Less: Transaction costs	13.4.3	(1,137)	(1,297)	(1,456)
Total value of Talon prior to the Scheme (control)		33,706	68,813	151,919
Number of shares outstanding		671,497,893	671,497,893	671,497,893
Value per share (\$) (control)		0.050	0.102	0.226

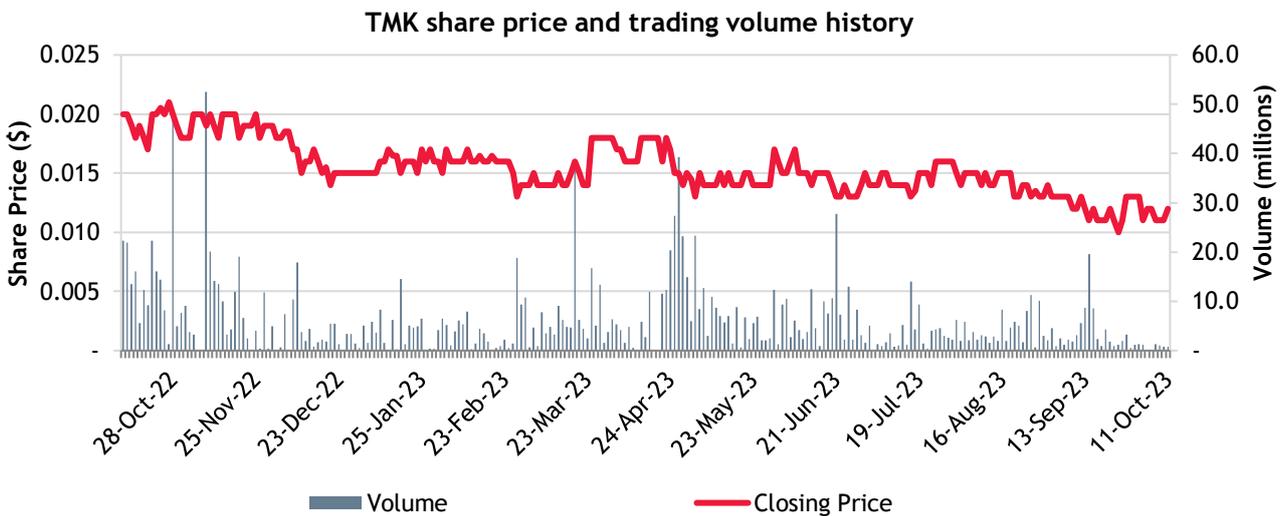
Source: BDO analysis

13.4.1. □ Value of TMK Consideration

13.4.1.1. □ Value of TMK Consideration Shares

In considering the value of the TMK Consideration shares which Shareholders will receive in connection with the Gurvantes Transaction, we have considered the market price of TMK. We note that the value ranges derived below also form the basis for our Black-Scholes valuation of the TMK Consideration Options.

A graph of TMK's share price and trading volume is set out below:



Source: Bloomberg, BDO analysis

In determining the value for a TMK share, we have considered the volume weighted average market prices for TMK shares for 10, 30, 60 and 90-day periods to 11 October 2023.

Share Price per unit	11-Oct-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.012				
Volume weighted average price (VWAP)		\$0.011	\$0.012	\$0.013	\$0.014

Source: Bloomberg, BDO analysis

Our analysis of the volume of trading in TMK shares for the twelve months to 11 October 2023 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.012	\$0.013	840,264	0.02%
10 Days	\$0.010	\$0.013	8,343,216	0.17%
30 Days	\$0.010	\$0.014	85,162,001	1.69%
60 Days	\$0.010	\$0.016	202,878,161	4.03%
90 Days	\$0.010	\$0.016	372,940,443	7.41%
180 Days	\$0.010	\$0.019	978,594,344	19.45%
1 Year	\$0.010	\$0.025	1,541,015,176	30.63%

Source: Bloomberg, BDO analysis

The table above indicates that TMK shares display a moderate level of liquidity, with 30.63% of TMK's current issued capital being traded in a twelve-month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

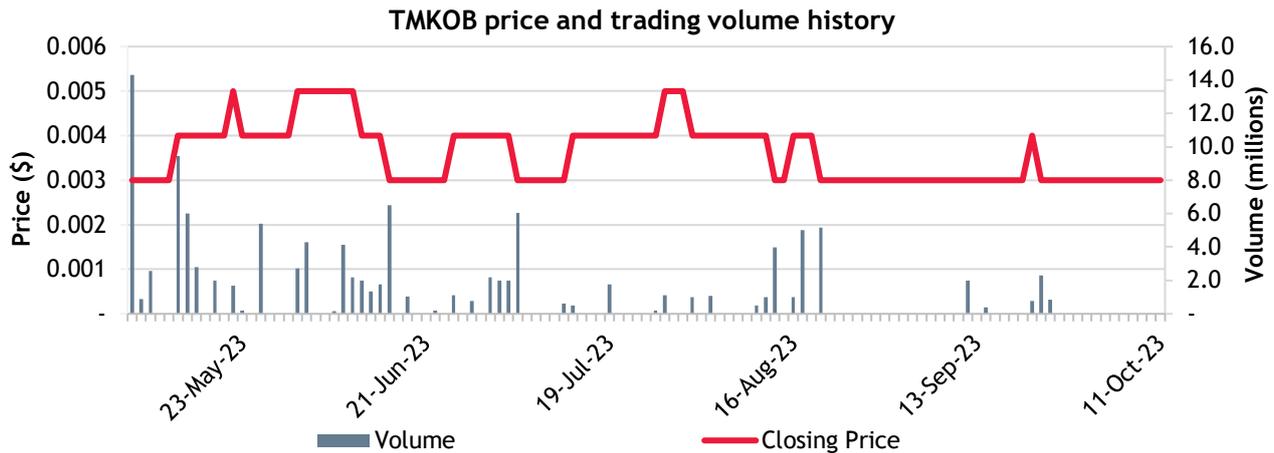
In the case of TMK, we consider the shares to display a moderate level of liquidity, on the basis that only 30.63% of its current issued capital has been traded in the twelve-month period to 11 October 2023, and 1.69% of the issued capital was traded in the 30 days to 11 October 2023. In addition, of the 52 weeks in which our analysis is based on, it was only in eight of those weeks that more than 1% of the company's securities had been traded.

Our assessment is that a range of values for TMK shares based on market pricing is between \$0.011 and \$0.013. We have selected a preferred value of \$0.012, being the midpoint of this range as we do not have any reason to select a value on either end of this range.

13.4.1.2. □ Valuation of TMK Consideration Options

The TMK Consideration Options will be on the same terms as that of the TMK options that currently trade on the ASX under the ticker ‘TMKOB’. Given that the options are listed on the ASX, there is a regulated and observable market on which the options are traded. Therefore, we have considered a QMP approach to valuing the TMK Consideration Options.

A graph of the price and trading volume of the TMKOB options is set out below.



Source: Bloomberg, BDO analysis

In determining the value of the TMK Consideration Options, we have considered the volume weighted average market prices of TMKOB options for 10, 30, 60 and 90-day periods from 11 October 2023. Noting that there has been no trading of TMKOB options for the 10 days leading up to our analysis.

Share Price per unit	11-Oct-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.003				
Volume weighted average price (VWAP)		n/a	\$0.003	\$0.003	\$0.004

Source: Bloomberg, BDO analysis

Our analysis of the volume of trading in TMKOB options for the period from 11 October to 5 May 2023 (being the issue date of the TMKOB options) is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.003	\$0.003	-	0.00%
10 Days	\$0.003	\$0.003	-	0.00%
30 Days	\$0.003	\$0.004	6,312,306	2.41%
60 Days	\$0.003	\$0.005	26,364,542	10.06%
90 Days	\$0.003	\$0.005	62,532,416	23.86%

Source: Bloomberg, BDO analysis

The above table indicates that the TMKOB options display a low level of liquidity, with 2.41% of the issued volume of TMKOB options being traded in a 30 day period and no trading within the 10-day period leading up to our analysis.

RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a ‘liquid and active’ market in the securities and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market for listed options:

- Regular trading in a company’s securities;
- Approximately 1% of a company’s securities are traded on a weekly basis;
- The spread of a company’s options must not be so great that a single minority trade can significantly affect the value of the listed options; and
- There are no significant but unexplained movements in the price of the options.

A company’s securities should meet all of the above criteria to be considered ‘liquid and active’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its securities cannot be considered relevant.

In the case of the TMKOB options, we consider the listed options to display a low level of liquidity, on the basis that less than 1% of the securities have been traded weekly on average, with approximately 10.06% traded over the last 60 trading days, and approximately 23.86% of the TMKOB options on issue being traded in the 90 trading days prior to our analysis. We also note that as outlined above, there is limited trading activity regarding TMKOB options, with no trading taking place in the 10-day period leading up to our analysis.

Our assessment is that a range of values for the TMK options based on market pricing is between \$0.003 and \$0.004.

Black Scholes valuation of TMK Consideration Options

The terms of the TMK Options are as follows:

Terms of TMK Consideration Options	
Exercise price	\$0.025
Valuation date	11-Oct-23
Expiry date	30-Apr-26
Time to expiry (years)	2.55
Volatility	100%
Risk-free rate	3.94%

Valuation Methodology

We have also used the Black Scholes option pricing model to calculate the value of the TMK Consideration Options.

In valuing the TMK Consideration Options, we made the following assumptions regarding the inputs required for our option pricing model:

Value of the underlying share

As set out in Section 13.4.1.1, we consider the value of a TMK Consideration Share to be in the range of \$0.011 to \$0.013, with a preferred value of \$0.012.

Exercise Price of the TMK Consideration Options

As outlined in Talon's announcement dated 11 October 2023, the TMK Consideration Options will be issued on the same terms as that of the TMK options that currently trade under the ticker TMKOB, as a result, we have used the same exercise price of the TMKOB listed options, being \$0.025.

Valuation Date

Because the options are in connection with the TMK Transaction and have not yet been granted to Shareholders, for the purposes of our valuation, we have valued the TMK Consideration Options as at 11 October 2023, being a recent date.

Life of the TMK Consideration Options

We have estimated the life of the TMK Consideration Options for the purpose of our valuation. The minimum life of an option is the length of any vesting period. The maximum life is based on the expiry date, which is approximately 2.55 years for the TMK Consideration Options. We have assessed the life of the TMK Consideration Options from our selected valuation date to the expiry date of 30 April 2026.

For the purpose of valuing the TMK Consideration Options, we have estimated an exercise date as the expiry date giving effective lives for the TMK Consideration Options of 2.55 years, which we have input into the Black Scholes option pricing model.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

The recent volatility of the share price of TMK was calculated over one, two and three year periods using data extracted from Bloomberg. On this basis, we used a future estimated volatility level of 100% for TMK in our pricing model.

Risk-free Rate of Interest

We have used the Australian Government 3-year bond rate of 3.94% as at the valuation date as an input into our option pricing model.

Dividends Expected on the Scheme Options

TMK is currently unlikely to pay a dividend during the life of the TMK Consideration Options. Therefore, we have assumed a dividend yield of nil.

Conclusion on the value using the Black Scholes option pricing model

We have set out below our conclusions as to the value of the TMK Consideration Options, we note that we have relied on the share price range derived in Section 13.4.1.1 to form the basis of our low, preferred and high valuations:

Item	Low	Preferred	High
Underlying closing share price	\$0.011	\$0.012	\$0.013
Exercise price	\$0.025	\$0.025	\$0.025
Valuation date	11-Oct-23		
Expiry date	30-Apr-26		
Time to expiry (years)	2.55		
Volatility	100%		
Risk-free rate	3.94%		
Valuation per TMK Consideration Option	\$0.0046	\$0.0053	\$0.0059

Source: BDO Analysis

The results of the valuation performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Value of TMK Consideration Options using the Black Scholes option pricing model	\$0.0046	\$0.0053	\$0.0059
Value of TMK Consideration Options using QMP method	\$0.0030	\$0.0035	\$0.0040

Source: BDO Analysis

In forming our valuation range, we have had consideration for both the Black Scholes option valuation method and QMP method outlined above. We note that due to the low levels of liquidity in recent trading of TMKOB options, we have not completely relied on the values derived from the QMP methods, and instead used the QMP method to form the low end of our range and the Black Scholes method to form the high end of our value range. Therefore, our preferred value derived from the methods outlined above ranges from \$0.003 to \$0.006 with a preferred value of \$0.0045.

Conclusion on the value of the TMK Consideration

Our conclusion on the value of the TMK Consideration Shares are set out in the table below:

Value of the TMK Consideration Shares	Ref	Low \$'000	Preferred \$'000	High \$'000
Assessed value of a TMK share	13.4.1.1	\$0.011	\$0.012	\$0.013
Number of TMK shares issued as consideration		1,009,017,240	1,009,017,240	1,009,017,240
Total value of TMK Consideration Shares		11,099	12,108	13,117

Source: BDO Analysis

Our conclusion on the value of the TMK Consideration Options are set out in the table below:

Value of the TMK Consideration Options	Ref	Low \$'000	Preferred \$'000	High \$'000
Assessed value of a TMK Consideration Option	13.4.1.2	\$0.003	\$0.0045	\$0.006
Number of Options to be issued as consideration		504,508,620	504,508,620	504,508,620
Total value of TMK Consideration Options		1,514	2,270	3,027

Source: BDO Analysis

Therefore, the total value of the TMK Consideration Shares and TMK Consideration Shares is \$12.613 million to \$16.144 million with a preferred value of \$14.378 million.

13.4.2. □ Committed expenditure for Gurvantes

As outlined in Section 4, Talon is to commit up to \$0.85 million in cash (less costs incurred in connection with its disposal of Gurvantes or the Gurvantes Transaction) to satisfy Talon's obligations to contribute to any funding for expenditure or other commitments under the project agreements associated with Gurvantes for the period commencing on 1 September 2023 and ending on completion of the Gurvantes Transaction. As a result, we have removed \$0.85 million from our valuation of Talon prior to the Scheme and following the Gurvantes Transaction.

13.4.3. □ Transaction costs

As outlined in Section 4 of our Report, following distribution of the Gurvantes Transaction Consideration, Talon will retain 90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options, which are then to be distributed to the Company's advisors. Using the assessed values of the TMK Consideration Shares and TMK Consideration Options outlined above, we have presented the transaction costs associated with the Gurvantes Transaction in the table below:

Transaction costs	Low \$'000	Preferred \$'000	High \$'000
Value of TMK Consideration Options issued to advisors	(136)	(205)	(273)
Value of TMK Consideration Shares issued to advisors	(1,001)	(1,092)	(1,183)
Total transaction costs	(1,137)	(1,297)	(1,456)

Source: BDO Analysis

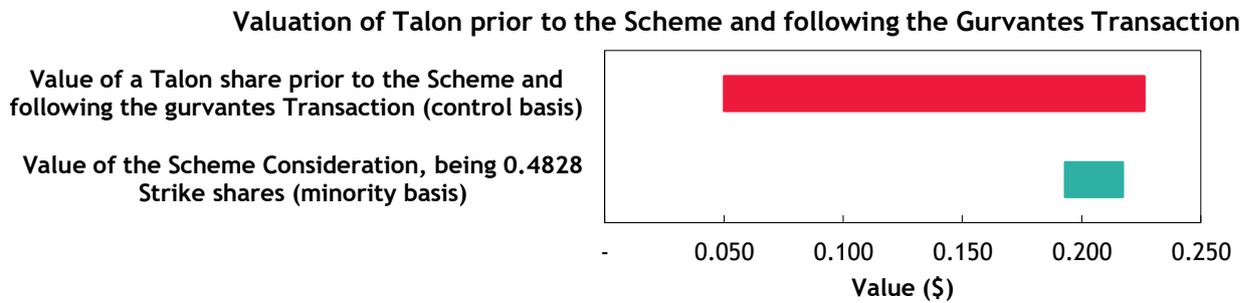
13.4.4. □ Conclusion on the impact of the Gurvantes Transaction

The value of a share in Talon prior to the implementation of the Scheme (following the completion of the Gurvantes Transaction) on a control basis and the value of the Scheme Consideration, being 0.4828 shares in Strike on a minority interest basis is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of a Talon share prior to the Scheme following the Gurvantes Transaction (control basis)	13.4	0.050	0.102	0.226
Value of the Scheme Consideration, being 0.4828 Strike shares (minority basis)	11.3	0.193	0.208	0.217

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO Analysis

We note that based on the results above, the impact of the Gurvantes Transaction is not material to our opinion and if the Gurvantes Transaction proceeds, we consider the Scheme to be value accretive for Shareholders.

13.5 □ Tax implications

Shareholders are directed to Section 11 of the Scheme Booklet for a detailed explanation of the tax implications of the Scheme for Shareholders. We emphasise that the tax circumstances of each shareholder can differ significantly and individual shareholders are advised to obtain their own specific advice.

14. □ Conclusion

We have considered the terms of the Scheme as outlined in the body of this report and have concluded that in the absence of a superior proposal, the Scheme is fair and reasonable to the Shareholders of Talon. Therefore, we consider the Scheme to be in the best interests of Shareholders.

15. Sources of information

This report has been based on the following information:

- □ Scheme Booklet dated on or about the date of this report;
- □ Audited financial statements of Talon for the years ended 31 December 2021, 31 December 2022 and reviewed financial statements for the half year ended 30 June 2023;
- □ Audited financial statements of Strike for the years ended 30 June 2021, 30 June 2022 and 30 June 2023;
- □ Independent Technical Specialist Report of Talon’s oil and gas assets dated 3 November 2023 by ERCE;
- □ Talon’s financial model for Walyering;
- □ Share registry information for Talon;
- □ Share registry information for Strike;
- □ Statistical Review of World Energy Reports;
- □ ASX announcements made by Talon and Strike;
- □ Consensus Economics;
- □ Bloomberg;
- □ S&P Capital IQ;
- □ Reserve Bank of Australia
- □ Share registry information;
- □ Information in the public domain; and
- □ Discussions with Directors and Management of Talon and Strike.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$105,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Talon in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd’s reliance on information provided by Talon, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Talon and Strike and any of their respective associates with reference to ASIC Regulatory Guide 112 ‘Independence of Experts’. In BDO Corporate Finance (WA) Pty Ltd’s opinion it is independent of Talon and Strike and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Talon or Strike, or their associates, other than in connection with the preparation of this report.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Talon.

A draft of this report was provided to Talon, Strike and their advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes, Adam Myers and Ashton Lombardo of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants and is a CA BV Specialist. Ashton has over twelve years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

18. Disclaimers and consents

This report has been prepared at the request of Talon for inclusion in the Scheme Booklet which will be sent to all Talon Shareholders. Talon engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed Scheme with Strike, under which, it is proposed that Strike will acquire 100% of the issued capital in Talon.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Scheme Booklet. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Scheme Booklet other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Strike. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Talon and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Scheme, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Talon, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for oil and gas assets held by Talon.

The valuer engaged for the oil and gas asset valuation, ERCE, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.



The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes'. The signature is fluid and cursive, with a prominent initial 'S'.

Sherif Andrawes
Director

A handwritten signature in black ink, appearing to read 'Adam Myers'. The signature is fluid and cursive, with a prominent initial 'A'.

Adam Myers
Director

Appendix 1 - Glossary of Terms

Reference	Definition
1P	Low estimate of Reserves
2P	Best estimate of Reserves
3P	High estimate of Reserves
AEMO	Australian Energy Market Operator
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Bbl	Barrels of oil
BBSW	Bank Bill Swap rate
Bcf	Billion cubic feet
BDO, we, us, ours	BDO Corporate Finance (WA) Pty Ltd
Capital Consolidation	The capital consolidation completed by Talon on 29 July 2022 where Talon consolidated its capital on a 20:1 basis
Condor	The Condor Prospect located on EP494 and EP511
Corporations Act	The Corporations Act 2001 Cth
CPI	Consumer price index
CSBP	CSBP Limited
DBNGP	Dampier to Bunbury Natural Gas Pipeline
DCF	Discounted Future Cash Flows
Demerger	The proposed demerger of Talon's 33% interest in Gurvantes
DISR	Department of Industry, Science, Energy and Resources
Distribution	In-specie distribution of the TMK Consideration to Shareholders
DMIRS	Department of Mines, Industry Regulation and Safety

Reference	Definition
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eneabba Deep	The Eneabba Deep prospect located in EP506
EP437	Exploration Permit 437 (25% owned by Talon)
EP447	Exploration Permit 447 (45% owned by Talon and 55% owned and operated by Strike)
EP469	Exploration Permit 469 (50% owned and operated by Strike)
EP488	Exploration Permit 488 (100% owned by Strike)
EP489	Exploration Permit 489 (100% owned by Strike)
EP494	Exploration Permit 494 (in which Talon holds an option to acquire 100% from Macallum)
EP495	Exploration Permit 495 (100% owned by Strike)
EP503	Exploration Permit 503 (100% owned by Strike)
EP504	Exploration Permit 504 (100% owned by Strike)
EP505	Exploration Permit 505 (100% owned by Strike)
EP506	Exploration Permit 506 (100% owned by Strike)
EP511	Exploration Permit 511 (in which Talon holds an option to acquire 100% from Macallum)
ERCE	ERC Equipoise Limited
FEED	Front-end engineering and design
FID	Final investment decision
Finder	Finder Energy UK Limited
FME	Future Maintainable Earnings
Forecast Period	2023 to 2031
FSG	Financial Services Guide
G&A	General and administrative costs
GasTrading	Gas Trading Australia Pty Ltd

Reference	Definition
GDP	Gross domestic product
Greater Erregulla	The Greater Erregulla region comprised of the West Erregulla Gas Field and South Erregulla Gas Field
Gurvantes	The Gurvantes XXXV project located in Mongolia, in which Talon holds a 33% interest
Gurvantes Transaction	Binding agreement between Talon and TMK for TMK to acquire a 33% interest in the Gurvantes Project
Gurvantes Option Agreement	Binding agreement with Telemen Resource JSC (Now TMK) to earn a 33% interest in Gurvantes
Hancock	Hancock Energy (PB) Pty Ltd
High Case	ERCE's high estimate of the production profile. ERCE estimate a 10% probability that actual production will exceed this estimate and a 90% probability that it will be less than this
Initial Strike Proposals	The non-binding indicative proposals from Strike announced on 27 July 2023 and 1 August 2023 (subsequently withdrawn)
IS 214	Regulatory Guide Information Sheet 214: Mining and Resources: Forward-looking Statements
km	Kilometres
km ²	Square kilometres
L23	Production Licence L23 (45% owned by Talon and 55% owned and operated by Strike)
L7	Production Licence L7 (25% owned by Talon)
LNG	Liquefied natural gas
Low Case	ERCE's low production profile case, in which ERCE estimates a 90% probability that actual production will exceed this estimate and a 10% probability that it will be less than this
Macallum	Macallum Group Limited
Macquarie	Macquarie Bank Limited
Mid-West Geothermal	Strike's proposed geothermal energy project
MMbbls	Million barrels
MMscfd	Million standard cubic feet per day
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAV	Net Asset Value
NSAI	Netherland, Sewell & Associates, Inc.

Reference	Definition
Ocean Hill	Ocean Hill gas discovery located within EP495
our Report	This Independent Expert's Report prepared by BDO
P2527	Licence P2527
PGP	Parmelia Gas Pipeline
PJ	Petajoules
Preferred Case	ERCE's best estimate of the production profile, in which ERCE estimates a 50% probability that actual production will exceed this estimate and a 50% probability that it will be less than this
PRMS	Petroleum Resources Management System
Project Haber	Strike's proposed urea fertiliser production facility
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
RG 170	Regulatory Guide 170 'Prospective Financial Information'
RG 60	Schemes of arrangement (September 2011)
Santos	Santos Limited
Scheme Consideration	0.4828 Strike shares for every Talon share
Section 411	Section 411 of the Corporations Act
Shareholders	Shareholders of Talon not associated with Strike
SID	Scheme Implementation Deed
South Erregulla	The South Erregulla Gas Field located in EP503
SPP	Share purchase plan
Strike	Strike Energy Limited
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies

Reference	Definition
Talon	Talon Energy Limited
Talon Funding Facility	A convertible funding facility provided by Strike to Talon to assist Talon in funding its short-term working capital needs through the Scheme process
Tcf	Trillion cubic feet
Technical Specialist Report	Independent Technical Specialist Report prepared by ERCE Australia Pty Ltd
The Act	The Corporations Act 2001 Cth
the Adjusted Model	BDO adjusted Model
The Company	Talon Energy Limited
The L7 Joint Venture	A joint venture 50% owned and operated by Triangle, with Talon and New Zealand Oil each holding a 25% interest
the Model	Talon detailed cash flow model for Walyering
The Precinct	Strike's proposed mid-west low carbon manufacturing to be located at South Erregulla
The Proposed Merged Entity	Talon will become a wholly owned subsidiary of Strike, and each share in Strike that a Talon shareholder will receive will be a share in the combined entity following the Scheme
The Scheme	The Scheme of arrangement between Talon and Strike
The Walyering Joint Venture	A joint venture at the Walyering Gas Field in which Strike is the operator and owner of a 55% interest with talon owning a 45% interest
TJ/d	Terajoules per day
TMK	TMK Energy Limited
TMK Consideration	Collectively, the TMK Consideration Shares and TMK Consideration Options
TMK Consideration Options	TMK options issued to Shareholders as consideration for the Gurvantes Transaction
TMK Consideration Shares	TMK shares issued to Shareholders as consideration for the Gurvantes Transaction
Triangle	Triangle Energy (Global) Limited
UIL	UIL Energy Limited
US\$ or USD	United States Dollars
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
VWAP	Volume Weighted Average Price
WA	Western Australia

Reference	Definition
Walyering	The Walyering Gas Field located in L23
Warrego	Warrego Energy Pty Ltd
We, us, ours	BDO Corporate Finance (WA) Pty Ltd
West Erregulla	The West Erregulla Gas Field located in EP469
West Erregulla Joint Venture	A joint venture at the West Erregulla Gas Field, located within EP469 in which Strike is the operator and owner of a 50% interest with Warrego holding the remaining 50% interest
Woodside	Woodside Energy Limited

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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4□ *Discounted future cash flows ('DCF')*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5□ *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 - Discount Rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('CAPM') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' WACC, the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate for cash flows of Walyering, we consider the most appropriate discount rate to be the cost of equity. This is because Talon does not hold debt and there is no anticipated funding shortfall associated with Walyering's development in the Adjusted Model, and therefore all cash flows generated by Walyering will be available to equity holders.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk-free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + B \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk-free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
B	= equity beta

The individual components of CAPM are discussed below.

Risk-free Rate (R_f)

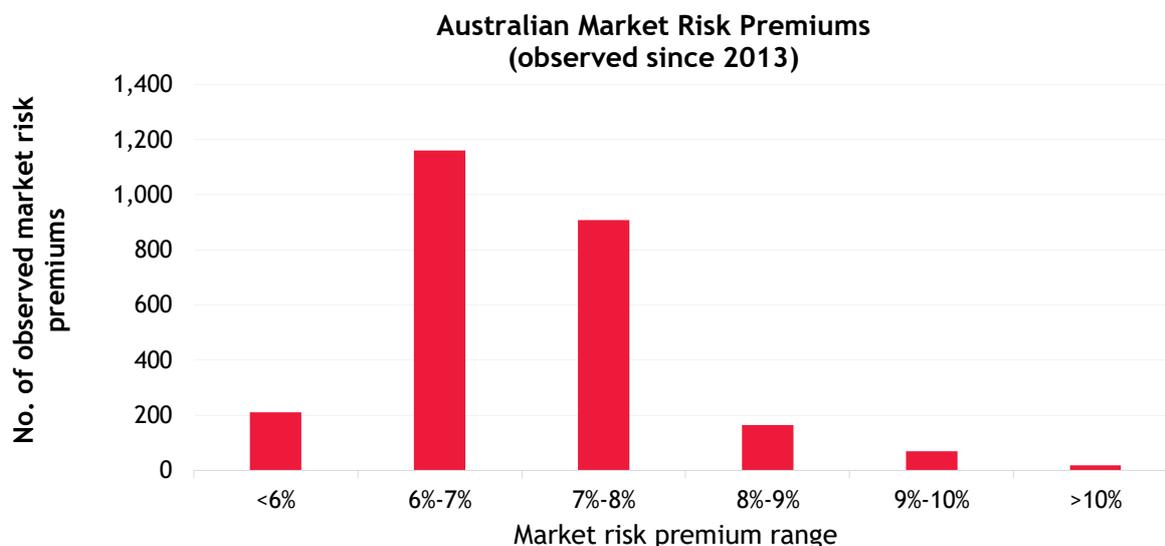
The risk free rate is typically approximated by reference to a forecast long term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received.

In determining an appropriate ten-year bond rate to use as a proxy for the risk free rate we have given consideration to the ten-year Australian Government Bond rate and projections of the ten-year Australian Government Bond rate based on forecasts sourced from Bloomberg. Based on this analysis, we have used a risk-free rate ranging from 3.00% to 4.00% in our analysis.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we have analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.



Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice.

In addition to the above historical analysis, we maintain a database of market risk premiums adopted by other valuation practitioners. This database indicates that 6% is the median market risk premium adopted by reputable valuation practitioners in Australia, with the mean being 6.1%.

Based on the above analysis, and our professional judgement, we have used a market risk premium of 6% in our assessment.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market. A beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta (β_a) by applying the following formula:

Asset beta (β_a)	
β_a	$= B / (1+(D/E \times (1-t)))$
Where:	
β_a	= ungeared or asset beta
β	= equity beta
D	= value of debt
E	= value of equity
t	= corporate tax rate

Selected Beta (β)

In order to assess the appropriate equity beta for Walyering, we have had regard to the equity betas of other ASX-listed companies. The ASX listed companies identified have similar projects to Walyering, in respect of project maturity and location. We have included companies with Australian based oil and gas assets that are currently producing or in an advanced stage of development, in order to represent the market risks faced by Walyering.

The betas below have been assessed over a four-year period, against the S&P/ASX All Ordinaries Index.

The list of comparable companies we selected for Walyering are set out below:

Company	Market Capitalisation 31-Aug-23 (A\$m)	Gearred Beta (β)	Gross Debt/Equity (%)	Ungearred Beta (β_a)	R ²
Beach Energy Limited	3,544.38	1.34	11%	1.25	0.33
Strike Energy Limited	976.23	1.20	0%	1.20	0.13
Cooper Energy Limited	315.78	0.80	31%	0.65	0.07
Comet Ridge Limited	171.76	1.08	11%	1.01	0.10
Buru Energy Limited	54.84	0.87	20%	0.76	0.04
Triangle Energy Global Limited	28.89	1.01	0%	1.01	0.05
Metgasco Limited	12.77	1.30	7%	1.24	0.14
Mean	729.24	1.09	11%	1.02	0.12
Median	171.76	1.08	11%	1.01	0.10

Source: Bloomberg and BDO analysis

Descriptions of the comparable companies are provided at the end of this appendix.

In selecting an appropriate beta for Walyering, we have considered the similarities and differences between them and their set of comparable companies as set out above. The comparable similarities and differences noted are:

- The comparable companies have oil and gas operations in either the development or production phase;
- The comparable companies all have operations in Australia;
- Beach Energy Limited ('Beach'), Cooper Energy Limited and Triangle also hold offshore oil and gas projects that may have varying risk profiles to Walyering, which is an on-shore project;
- The comparable companies have variable risk profiles depending on the number of operating assets they hold, the assets maturity and stage of production;
- Beach, Triangle and Strike (outside its operating interest in Walyering) hold interests in Perth basin exploration and development assets; and
- although not all companies in the list have similar metrics across each of the assessed factors, we still consider them to be comparable companies as they have sufficient similarities on an overall basis.

In selecting an appropriate ungeared beta for Walyering, we have considered the ungeared betas of the companies listed above along with the aforementioned factors. As set out in the tables above, the ungeared beta for the list of comparable companies, based on weekly returns over a four year period, ranges from 0.65 to 1.25 with a median of 1.01. Based on our analysis, we consider an appropriate ungeared beta for Walyering to be in the range of 1.00 to 1.10.

Cost of Equity

We have assessed the cost of equity of Walyering to be in the range of 9.00% to 10.60% with our preferred value being a rounded midpoint of 10%.

Input	Value adopted	
	Low	High
Risk free rate of return	3.00%	4.00%
Equity market risk premium	6.00%	6.00%
Beta (regeared)	1.00	1.10
Cost of Equity	9.00%	10.60%

Source: Bloomberg and BDO analysis

For the purposes of our valuation of Walyering we have used a cost of equity of 10% as our preferred discount rate.

Set out below are the company descriptions of the companies we considered in our comparable company analysis.

Appendix 4 - Control Premium

Control Premium

We have reviewed the control premiums on completed transactions, paid by acquirers of ASX-listed energy companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium) and at a premium in excess of 100%. We have summarised our findings below:

ASX-listed Energy Companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	3	260.11	8.10
2022	2	1875.97	8.14
2021	2	7551.60	17.92
2020	5	333.86	20.31
2019	3	10.36	19.61
2018	5	286.44	33.21
2017	2	79.32	67.87
2016	2	169.96	29.33
2015	9	68.70	23.37
2014	8	371.16	63.39
2013	10	43.52	32.61

Source: Bloomberg, BDO Analysis

All ASX-listed Companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	20	417.16	43.90
2022	39	3,199.03	23.39
2021	33	1,420.58	33.59
2020	25	451.20	37.66
2019	43	3,161.24	29.90
2018	42	1,158.47	31.08
2017	29	973.72	37.91
2016	38	788.28	36.82
2015	34	828.15	34.10
2014	45	517.00	37.98
2013	32	104.81	30.76

Source: Bloomberg, BDO Analysis

The mean and the median of the entire data sets comprising control transactions from 2013 onwards for ASX-listed energy companies and all ASX-listed companies, are set out below:

Entire Data Set Metrics	ASX-Listed Energy Companies		All ASX-Listed Companies	
	Deal Value (\$m)	Control Premium (%)	Deal Value (\$m)	Control Premium (%)
Mean	544.92	32.17	1280.50	33.64
Median	54.32	25.99	120.94	29.16

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

The table above indicates that the long-term average control premium by acquirers of ASX-listed energy companies and all ASX-listed companies is approximately 32.17% and 33.64% respectively. However, in assessing the transactions included in the table above, we noted that control premiums appeared to be positively skewed by outliers.

In a population where the data is skewed, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 25.99% for ASX-listed energy companies and 29.16% for all ASX-listed companies.

Based on the above, we consider an appropriate premium for control to be between 25% and 35%, which is in line with historical averages.



Minority Interest Discount

The minority discount is calculated from the control premium identified, using the formula $[1 - (1/(1+\text{Control Premium}))]$. Therefore, the minority interest discount (rounded to the nearest percentile) is in the range from 20% to 26%.

Appendix 5 - Comparable Company Descriptions

Company Name	Business Description
Beach Energy Limited	Beach Energy Limited operates as an oil and gas exploration and production company. It engages in the operated and non-operated, onshore and offshore, and oil and gas production in five producing basins across Australia and New Zealand. The company was formerly known as Beach Petroleum Limited and changed its name to Beach Energy Limited in December 2009. The company was incorporated in 1961 and is headquartered in Adelaide, Australia.
Buru Energy Limited	Buru Energy Limited, together with its subsidiaries, engages in the exploration, development, and production of oil and gas resources in Western Australia. The company holds interests in a portfolio of petroleum exploration permits located in Canning Basin in the southwest Kimberley region of Western Australia. The company's holds a 50% interest in the Ungani oil field located onshore in the Canning Basin. The company was incorporated in 2008 and is based in West Perth, Australia.
Central Petroleum Limited	Central Petroleum Limited engages in the development, production, processing, and marketing of hydrocarbons in Australia. It holds interests in various oil and gas properties located in the Amadeus, Southern Georgina, Wiso, and Surat Basins. The company was incorporated in 1998 and is headquartered in Brisbane, Australia.
Comet Ridge Limited	Comet Ridge Limited, together with its subsidiaries, engages in the oil and gas exploration, appraisal, and development activities in Australia. The company holds 57.14% interest in the Mahalo Joint Venture located in the Southern Bowen Basin, Queensland. It also holds 100% interest in the Mahalo North project, the Mahalo East project, and the Mahalo Far East located in the Southern Bowen Basin. Comet Ridge Limited was incorporated in 2003 and is based in Brisbane, Australia.
Cooper Energy Limited	Cooper Energy Limited, an upstream gas and oil exploration and production company, engages in securing, finding, developing, producing, and selling of hydrocarbons in Australia. The company produces offshore gas liquids from the Sole gas field in the Gippsland Basin, Victoria and Casino, Henry, Netherby gas fields in the Otway Basin, Victoria, as well as onshore oil production and exploration in the Cooper Basin, South Australia. It also operates Manta and Gummy gas and liquids fields in the Gippsland Basin. Cooper Energy Limited was incorporated in 2001 and is headquartered in Adelaide, Australia.
Metgasco Limited	Metgasco Limited engages in the exploration and development of oil and gas properties in Western Australia. The company was incorporated in 1999 and is headquartered in West Perth, Australia.
Strike Energy Limited	Strike Energy Limited explores for and develops oil and gas resources in Australia. It primarily focuses on the Project Haber, Ocean Hill, Perth Basin Geothermal, Walyering, West, and South Erregulla projects located in the Perth Basin. The company was incorporated in 1997 and is based in West Perth, Australia.

Company Name	Business Description
Triangle Energy (Global) Limited	Triangle Energy (Global) Limited engages in the exploration and production of oil and gas properties in Australia. The company holds a 78.75% interest in Cliff Head Oil Field, located in Perth Basin, Western Australia. It holds a 45% interest in the Xanadu-1 oil field and a 50% interest in the Mount Horner Production licence located in the Perth Basin. Triangle Energy (Global) Limited is headquartered in West Perth, Australia.

Source: S&P Capital IQ and BDO analysis



Appendix 6 - Independent Technical Specialist Report

Independent Technical Report and Fair Market Valuation – Talon Energy

Prepared For: BDO Corporate Finance (WA)
Pty Ltd

By: ERCE

Date: November 2023

ERCE
Independent Energy Experts

Approved by: Adam Law
Date released to client: 03/11/2023

□

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03 November 2023

Talon Energy
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1202 Hay Street
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BDO Corporate Finance (WA) Pty Ltd
Mia Yellagonga Tower 2
5 Spring Street
Perth
WA 6000
Australia

Dear Sirs,

Re: Independent Technical Evaluation and Fair Market Value of certain discoveries and prospects held by Talon Energy within the L23 production licence, onshore Perth Basin, Australia.

In accordance with BDO Corporate Finance (WA) Pty Ltd (“BDO”) instructions, ERCE Equipoise Ltd (“ERCE”) has undertaken an Independent Technical Evaluation (“ITE”) of certain discoveries and prospects held by Talon Energy (“Talon”) within the L23 production licence, onshore Perth Basin, Australia. In addition, and on your instruction, ERCE has prepared Fair Market Value (“FMV”) of certain Prospective Resources held by Talon within production licences L23 and L7 and exploration licenses EP 447, EP 437 and EP 494.

This report summarises both the ITE and the FMV undertaken by ERCE. An income-based valuation of the Walyering gas field within production licence L23 has been performed by BDO and is not included in this report.

ERCE note that as of the effective date of this report, Talon are actively pursuing options to sell their interest in the Gurvantes XXXV project. As per BDO’s instructions, ERCE has included the valuation of the Gurvantes XXXV project assuming any sale will not be complete prior to the implementation of the Scheme, and the proposed sale is to be dealt with separately in the BDO report.

This report has been prepared in accordance with International Valuation Standards (IVS) and Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code) and the June 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System (“PRMS”) as the standard for classification and reporting. A summary of the PRMS is found in Appendix 1 of this report. The full text can be downloaded from:-

<https://www.spe.org/en/industry/petroleum-resources-management-system-2018/>

The effective date (“Effective Date”) of this report is 30 September 2023. For the preparation of the ITE ERCE was provided with data and information by Talon up to the effective date. Talon has provided written representations that no new data or information has been acquired between the Effective Date and the publication date of this report that would materially affect the opinions expressed in this report.

Nomenclature that may be used in this CPR is summarised in Appendix 2: Nomenclature.□

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This report was prepared by ERCE for the benefit of and on the instruction provided to us by BDO and is to be relied upon by BDO and the shareholders of Talon. Any other third party to whom the client discloses or makes available this report shall not be entitled to rely on it or any part of it. ERCE's consent must be given to use this document for any public purpose.

Talon and BDO agree to ensure that any publication or use of this report which makes reference to ERCE shall be published or quoted in its entirety and Talon and BDO shall not publish or use extracts of this report or any edited or amended version of this report, without the prior written consent of ERCE. In the case that any part of this report is delivered in digital format, ERCE does not accept any responsibility for edits carried out by the client or any third party or otherwise after such material has been sent by ERCE to the client.

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ERCE has made every effort to ensure that the interpretations, conclusions and recommendations presented in this report are accurate and reliable in accordance with good industry practice. ERCE does not, however, guarantee the correctness of any such interpretations and shall not be liable or responsible for any loss, costs, damages or expenses incurred or sustained by anyone resulting from any interpretation or recommendation made by any of its officers, agents or employees.

ERCE has used standard petroleum evaluation techniques in the generation of this report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of basic data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes. In applying these procedures and tests, nothing came to the attention of ERCE that would suggest that information provided by Talon was not complete and accurate. ERCE reserves the right to review all calculations referred to or included in this report and to revise the estimates in light of erroneous data supplied or information existing but not made available which becomes known subsequent to the preparation of this report.

The accuracy of any hydrocarbon resources and production estimates is a function of the quality and quantity of available data and of engineering interpretation and judgment. While resource and production estimates presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

In the case of Contingent Resources presented in this report, there is no certainty that it will be commercially viable to produce any portion of the resources.

In the case of undiscovered resources (Prospective Resources) presented in this report, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

No site visits were undertaken in the preparation of this report. The forecasts of costs and production rates for the Walyering discovery that were generated by ERCE would not be expected to change based on a site visit, whilst the value of the contingent and prospective resources are based on comparable transactions which would not be impacted by a site visit. Therefore, ERCE is satisfied that there is sufficient current information to allow an informed evaluation to be made, without a site visit.

Any valuations or projections included in this report are produced for the purposes of economic analysis and should not be taken either as a recommendation to engage in any kind of investment activity or as advice about the merits or demerits of engaging in any kind of investment activity. ERCE is not authorised or regulated by the Australian Securities & Investment Commission or any other regulatory or supervisory body to provide investment advice. BDO and Talon acknowledge that ERCE is not an investment advisor and does not, and will not, provide advice about the merits or otherwise of any particular investment or transaction.

In the course of this work, ERCE may produce forecasts, projections or valuations that are to be included by BDO in the IER in relation to the Scheme. Talon and BDO understand that this information should not be taken as advice relating to any kind of investment activity and Talon and BDO are solely responsible for deciding what weight (if any) to give to any such information.

In the course of this work, ERCE may produce bespoke economic indicators to generate intrinsic and/or technical valuations of companies. These are tools that are meant only for economic analysis and Talon and BDO agree that it will not seek to use any of them as a "benchmark" underlying an investment product, for example to determine the amount payable under a security, or the value of a security or to measure the performance of a company for the purpose of tracking the return of an investment product.

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ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. ERCE will receive a fee for the preparation of this report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this report and ERCE will receive no other benefit for the preparation of this report.

Neither ERCE nor the Competent Person who is responsible for authoring this report, nor any Directors of ERCE have at the date of this report any shareholding in Talon or Strike. Consequently, ERCE and the Directors of ERCE consider themselves to be independent of Talon and Strike, its directors and senior management. ERCE has the relevant and

appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

The work has been supervised by Dr Adam Law, a Director of ERCE, a post-graduate in Geology, a Fellow of the Geological Society of London and a member of the Society of Petroleum Evaluation Engineers.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. Law', consisting of a stylized first letter and a surname.

Mr. Adam Law

Director, ERCE

ERCE's independent forecasts of the gross raw gas production, the fuel gas demand and sales gas sales gas rate are shown in Table 1.2. These forecasts assume compression in the Low, Best and High cases.

Year	Raw Gas (MMscf/d)			Fuel Gas (MMscf/d)			Sales Gas (MMscf/d)		
	Low	Best	High	Low	Best	High	Low	Best	High
2023 ¹	16.0	18.0	26.5	-	-	-	16.0	18.0	26.5
2024	16.0	18.0	26.5	-	-	-	16.0	18.0	26.5
2025	16.4	18.0	26.5	0.43	-	-	16.0	18.0	26.5
2026	17.0	18.5	26.5	1.02	0.48	-	16.0	18.0	26.5
2027	10.5	19.1	28.2	0.67	1.15	1.69	9.8	18.0	26.5
2028	3.4	18.0	28.1	0.53	1.08	1.69	2.8	16.9	26.4
2029	1.1	10.6	23.0	0.53	0.64	1.38	0.5	9.9	21.7
2030	-	5.5	16.5	-	0.53	0.99	-	4.9	15.5
2031	-	2.8	11.7	-	0.53	0.70	-	2.3	11.0
2032	-	1.4	8.3	-	0.53	0.54	-	0.9	7.7
2033	-	0.7	5.8	-	0.53	0.53	-	0.2	5.3
2034	-	-	4.0	-	-	0.53	-	-	3.5
2035	-	-	2.8	-	-	0.53	-	-	2.3
2036	-	-	1.9	-	-	0.53	-	-	1.4
2037	-	-	1.3	-	-	0.53	-	-	0.8
2038	-	-	0.9	-	-	0.53	-	-	0.4
2039	-	-	0.6	-	-	0.53	-	-	0.1
2040	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-
2042	-	-	-	-	-	-	-	-	-
Total (Bscf)		43.0	80.3	1.3	3	3.8	3.8	40.8	

Notes

- 2023 rates are from 01/10/2023 and are not for a full calendar year.

Year	CAPEX		OPEX			Restoration Capex
	Compression	Facility OPEX	GG&A	Compression OPEX	Freight	
	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM
2023	-	0.69	1.54	-	0.87	-
2024	3.62	2.76	4.97	-	3.48	-
2025	14.38	2.76	3.79	0.11	3.47	-
2026	-	2.76	3.79	1.35	3.47	-
2027	-	2.76	3.79	1.35	2.12	-
2028	-	2.53	3.36	1.24	0.59	-
2029	-	-	-	-	-	8.70

Table 14: Forecasted Production and Costs for the Walyering Field (2023-2034)

Year	CAPEX	OPEX				Restoration Capex
	Compression	Facility OPEX	GG&A	Compression OPEX	Freight	
	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM
2023	-	0.69	1.54	-	0.98	-
2024	0.62	2.76	4.97	-	3.91	-
2025	10.12	2.76	3.79	-	3.90	-
2026	7.26	2.76	3.79	0.68	3.90	-
2027	-	2.76	3.79	1.35	3.90	-
2028	-	2.76	3.79	1.35	3.68	-
2029	-	2.76	3.79	1.35	2.15	-
2030	-	2.76	3.79	1.35	1.07	-
2031	-	2.76	3.79	1.35	0.49	-
2032	-	2.76	3.79	1.35	0.19	-
2033	-	2.76	3.79	1.35	0.04	-
2034	-	-	-	-	-	8.70

Table 15: Forecasted Production and Costs for the Walyering Field (2023-2040)

Year	CAPEX	OPEX				Restoration Capex
	Compression	Facility OPEX	GG&A	Compression OPEX	Freight	
	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM
2023	-	0.69	1.54	-	1.45	-
2024	-	2.76	4.97	-	5.76	-
2025	3.62	2.76	3.79	-	5.74	-
2026	14.38	2.76	3.79	0.11	5.74	-
2027	-	2.76	3.79	1.35	5.74	-
2028	-	2.76	3.79	1.35	5.75	-
2029	-	2.76	3.79	1.35	4.69	-
2030	-	2.76	3.79	1.35	3.36	-
2031	-	2.76	3.79	1.35	2.39	-
2032	-	2.76	3.79	1.35	1.68	-
2033	-	2.76	3.79	1.35	1.14	-
2034	-	2.76	3.79	1.35	0.76	-
2035	-	2.76	3.79	1.35	0.49	-
2036	-	2.76	3.79	1.35	0.31	-
2037	-	2.76	3.79	1.35	0.17	-
2038	-	2.76	3.79	1.35	0.08	-
2039	-	2.53	3.36	1.24	0.02	-
2040	-	-	-	-	-	8.70

ERCE’s forecasts of production and costs for the Walyering field have been provided to BDO for use in their valuation of the Walyering Gas Field. ERCE has not been instructed to perform an independent economic evaluation of the Walyering field and thus cannot assign a resource classification to the resources of the Walyering field.

1.1. ERCE has prepared estimates of Fair Market Value (“FMV”) for certain Contingent Resources, Prospective Resources and leads within the licences summarised in Table 1.1.

ERCE has used a market-based approach for the Prospective Resources in L32, L7 and EP 437. ERCE has reviewed the resource evaluation methodology for Talon’s Gurvantes XXXV¹ license and consider it to be reasonable. ERCE has reviewed the FMV of Talon’s interest in the Gurvantes XXXV license using the market transaction approach and cost approach. As no similar transactions were found, ERCE has utilised the cost approach to estimate the FMV of the license and this is presented in Table 1.6.

ERCE has reviewed the available data for EP 447 and has deemed the leads to be immature. As such, ERCE has not generated recoverable resources, and has used the cost approach to estimate the FMV of the license.

The FMVs that have been calculated by ERCE for the Prospective Resources, Contingent Resources and Leads in which Talon hold an interest is given in Table 1.6. Note that no value has been assigned to Talon for the Condor Prospect due to Talon not having entitlement to this licence as of the effective date.

Table 1.6: Fair Market Value of Net Risked Contingent and Prospective Resources and Leads

Asset	Fair Market Value of Net Risked Contingent and Prospective Resources and Leads	Currency
Gurvantes XXXV	6 MM	US\$
L23 Walyering	3.23 MM	A\$
L7/EP437	5.92 MM	A\$
EP 447	4.725 MM	A\$
3.11 MM		

Notes

1. An exchange rate of 1.54 A\$ per US\$ has been used.
2. Any valuations or projections included in this FMV Report are prepared for use by BDO and inclusion in the IER in relation to the Scheme (see full Disclaimer).

¹ Netherland, Sewell & Associates Prospective and Contingent Resource Assessment of the Nariin Area of the Gurvantes Coal Seam Gas Project Mongolia



ERCE has prepared an Independent Technical Evaluation (“ITE”) and made estimates of Fair Market Value (“FMV”) for resources in certain licences in which Talon has an equity interest. The report has been prepared for Talon and BDO, as BDO has been engaged by Talon to prepare an Independent Expert Report (“IER”) in relation to a potential transaction with Strike which may result in Strike acquiring all of the share capital of Talon.

As part of the ITE and FMV, ERCE has reviewed Talon’s assets, which include:

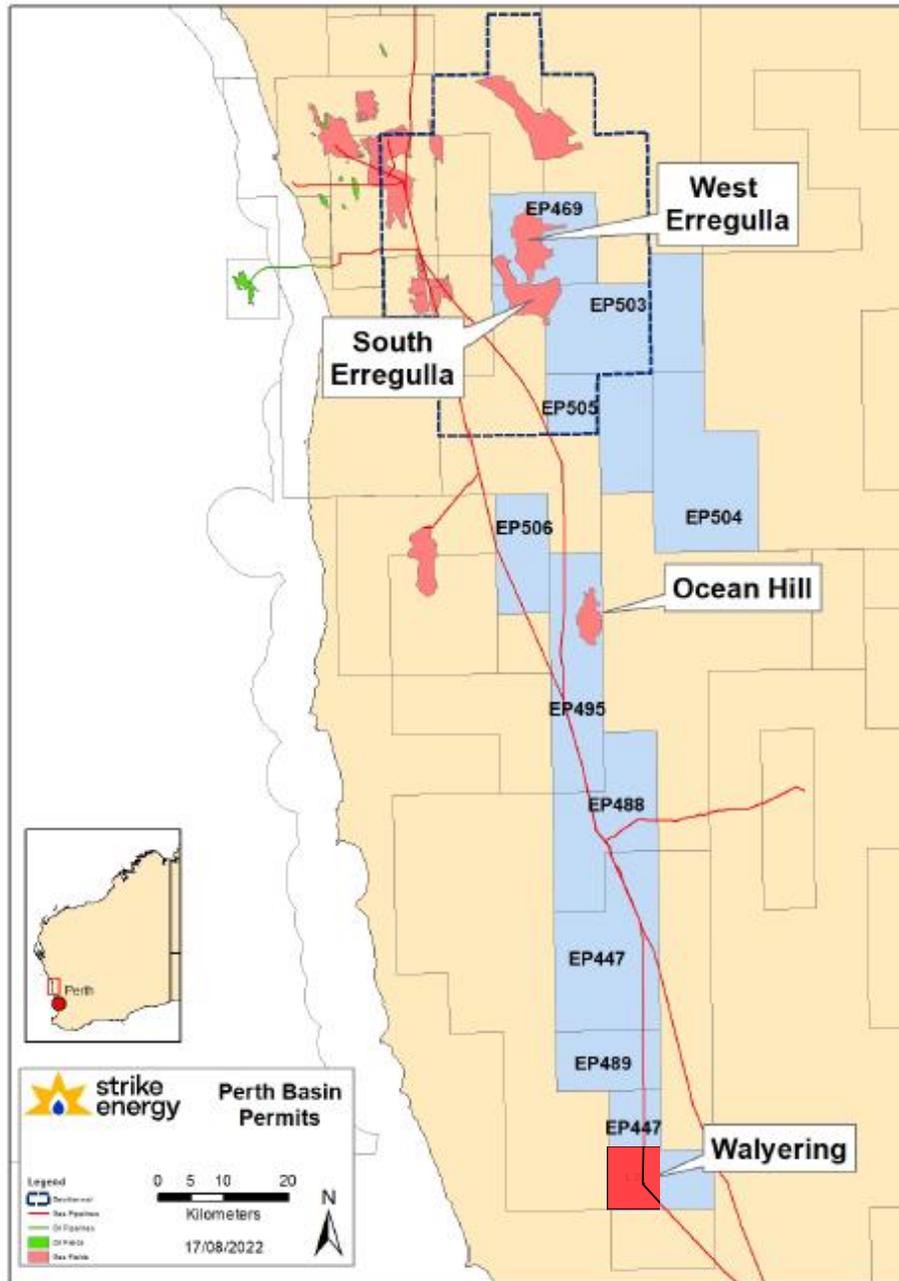
- 45% interest in L23, Perth Basin, Western Australia, including the Walyering Gas Project
- 45% interest in EP447, Perth Basin, Western Australia
- 25% in L7 JV, Perth Basin, Western Australia
- 25% in EP 437, Perth Basin, Western Australia
- 0% of the blocks 7977, 8048, 8049 and 8121 contained in EP494/ SPA 34 AO. As of the effective date Macallum Group have 100% entitlement, but it is anticipated that in the future that Talon will gain 100% entitlement.
- 33% interest in XXXV PSA, South Gobi Basin, Monglia, including the Gurvantes Gas Project

The location of these licences is shown in Figure 2.1.

ERCE has reviewed documentation from the Department of Mines and Petroleum, Western Australia to confirm the tenure of Talon’s assets, documented in Table 2.1.



License / Permit Area	License Type	Regulator	Commencement Date	End Date
EP 437	Exploration Permit	Department of Mines and Petroleum, Western Australia	26/05/2020	27/05/2025
EP 447	Exploration Permit	Department of Mines and Petroleum, Western Australia	25/07/2022	24/07/2027
L 7	Production License	Department of Mines and Petroleum, Western Australia	26/04/2006	25/04/2027
L 23	Production License	Department of Mines and Petroleum, Western Australia	11/01/2023	10/01/2044
XXXV PSA	Production Sharing Agreement	Mineral Resources and Petroleum Authority of Mongolia	27/07/2021	26/07/2031

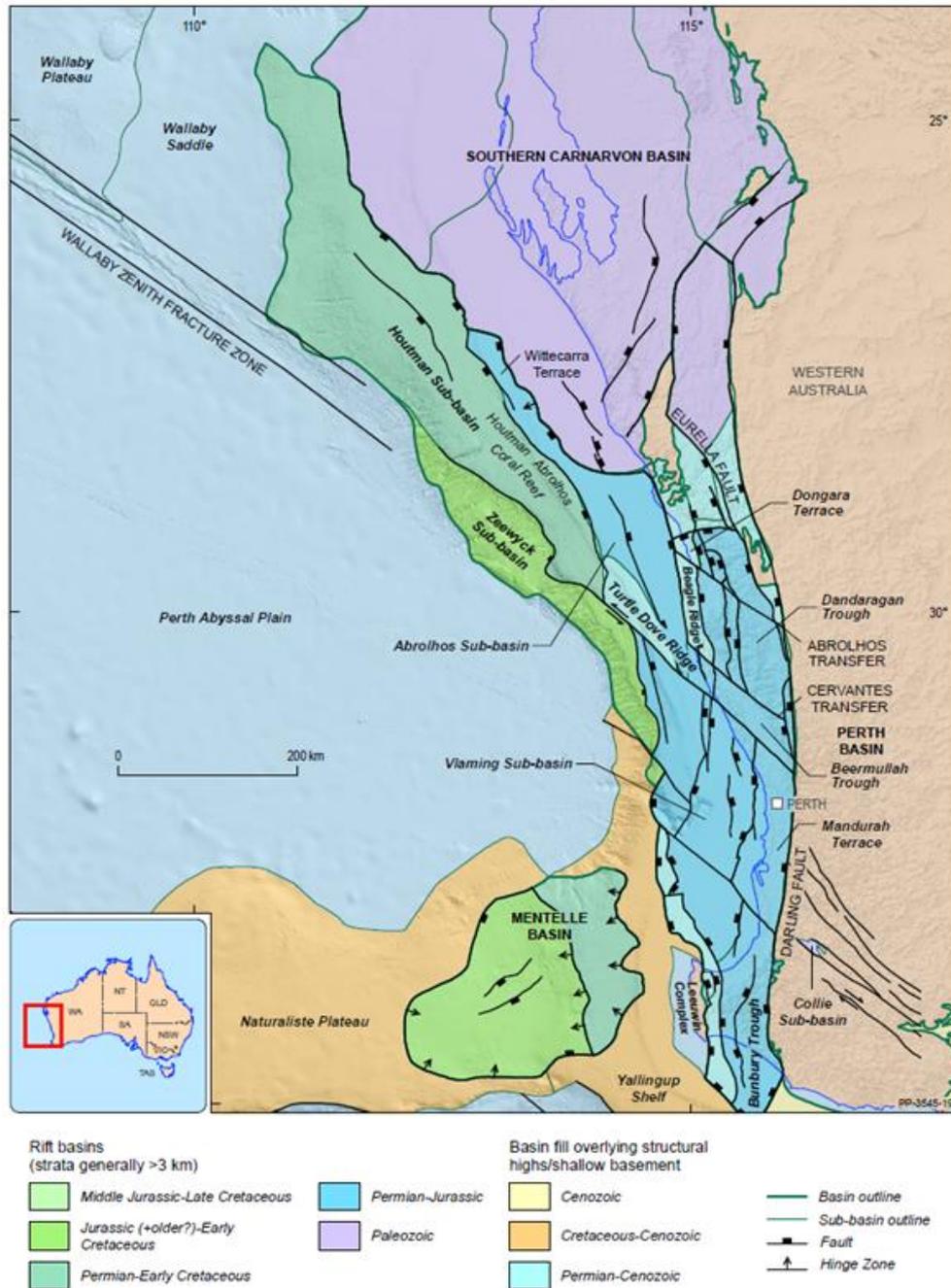


31 (Source: Strike Energy – Modified ERCE)

Well Walyering-1 was drilled in 1971 and tested gas from two separate sands in the Cattamarra Coal Measures (A and B sands) at rates ranging from 3.0 to 13.5 MMscf/d. The well commenced production in 1972 however it has been reported in the 2022 Walyering field development plan² that and production ceased due to pressure depletion after 0.26 Bscf of gas was produced and the well was “shut in” after five months.

² Walyering Gas Field Development Plan

The major Jurassic faults in the basin are often listric, soling out into glide planes within the Triassic Kockatea Formation or onto basement. Antithetic faults to the main listric faults have led to the development of major anticlinal trends within the Jurassic (Walpyring, Gin-Gin, Ocean Hill and Dandaragan). Structural elements of the Perth Basin are shown in Figure 3.2.



(Source: Geoscience Australia)

Structural play types in the Perth Basin include faulted anticlines, in both the upthrown and downthrown sides. Broad, faulted anticlinal closures with low relief dominate discoveries in the area.

A range of source rocks proven to be mature and actively producing oil and wet gas are present. Triassic Kockatea Shale and deeper Permian sediments are proven to generate hydrocarbons in the area.

The Kockatea Shale is a major, regional top seal and has been proven to be an effective seal throughout the basin. Smaller intraformational seals, enough to support separate columns and form different contacts within a structure, as observed in the Walyering field are present.

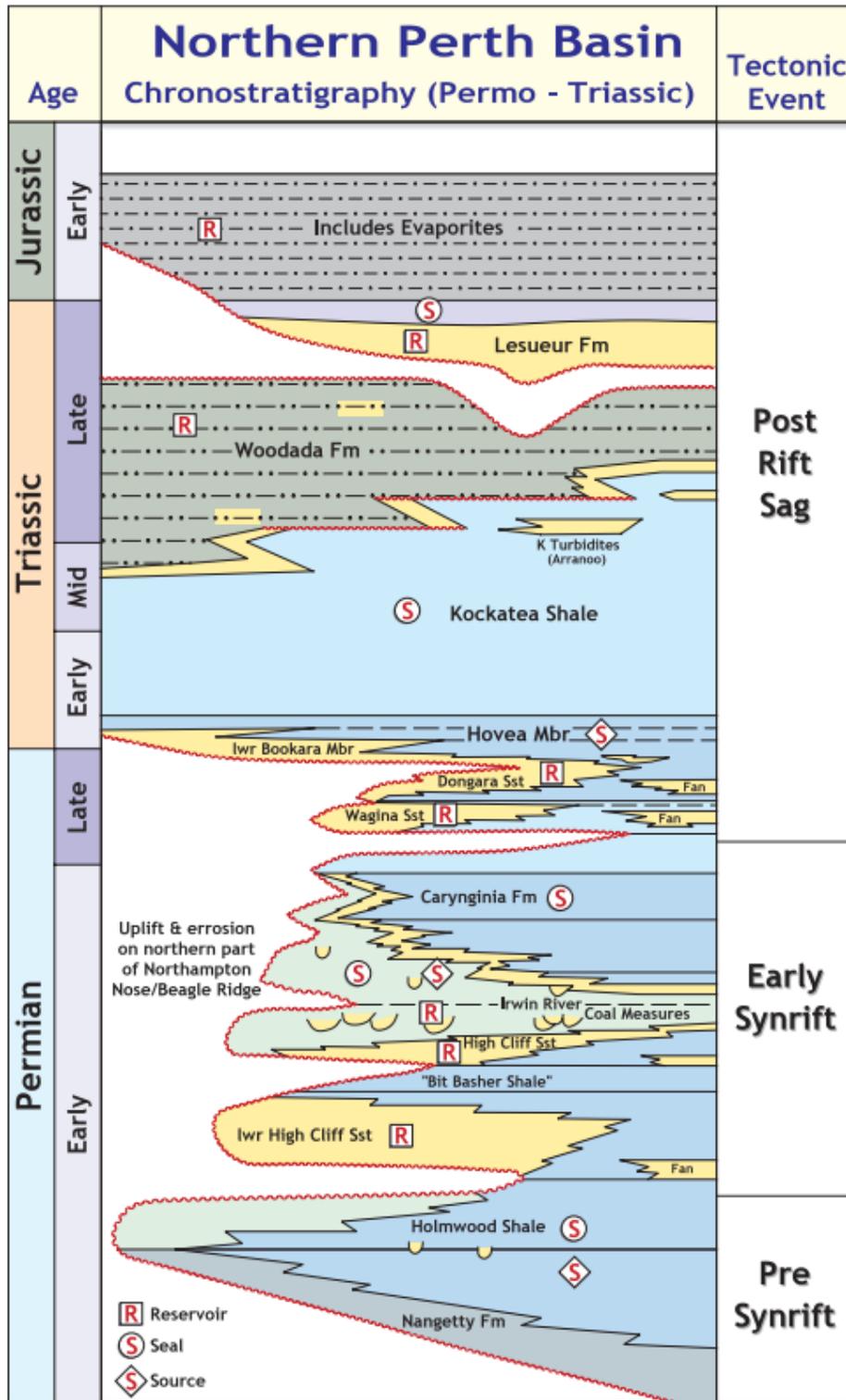


Figure 3.3: Stratigraphic column of the Perth Basin
(Ferdinando, 2007)

The Walyering structure (Figure 3.4) is a complex faulted anticline on the downthrown side of a major fault system. The structure consists of linked fault blocks in an extensional setting with the fault blocks linked to form an antiformal structure with 4-way dip closure. The main closure up dip of Well Walyering-4 comprises of two separate, compartmentalised fault

blocks; a hanging wall rollover in the north and a foot wall high in the south-central part of the field. The key reservoirs at Walyering are fluvial sands of the Jurassic aged Cattamarra Coal Measures and minor reservoirs in the overlying Cadda Formation (Figure 3.3).

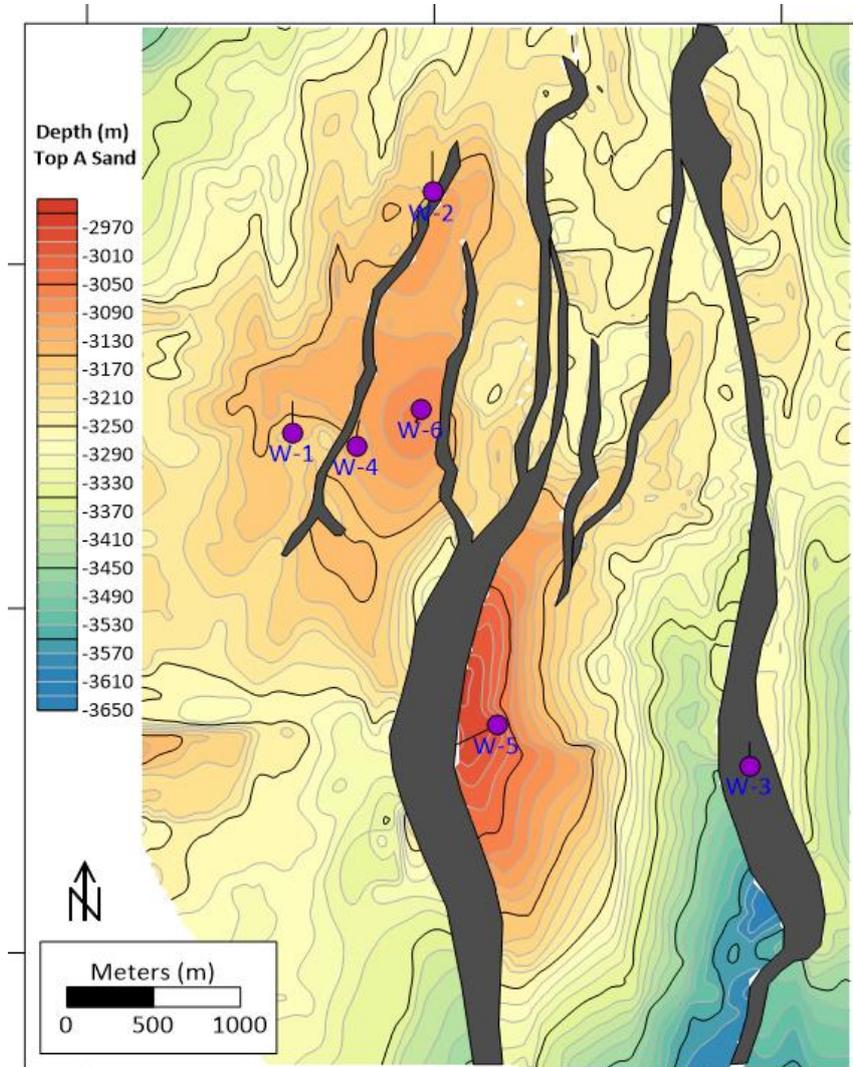


Figure 3.4: Topographic map of the Walyering structure showing depth contours for the Top A Sand.

The earliest 2D seismic survey that was acquired across the Walyering structure was in 1967. Following this, Wells Walyering-1 (1971), 2 (1971) and 3 (1972) were drilled. After the production decline of Well Walyering-1 and unsuccessful results at Wells Walyering-2 and 3, a second 2D seismic survey (Dee Seismic Survey) was acquired in 1999 to further understand the structural complexities and compartmentalisation of the field. Well Walyering-4 (2001) was drilled unsuccessfully on the results of the Dee Seismic Survey in 2001 and no further activity occurred until 2019 when Strike Energy acquired 90km² of 3D seismic data and subsequently drilled Wells Walyering-5 (2021) and 6 (2022). A simple correlation though the Walyering wells is shown in Figure 3.5.

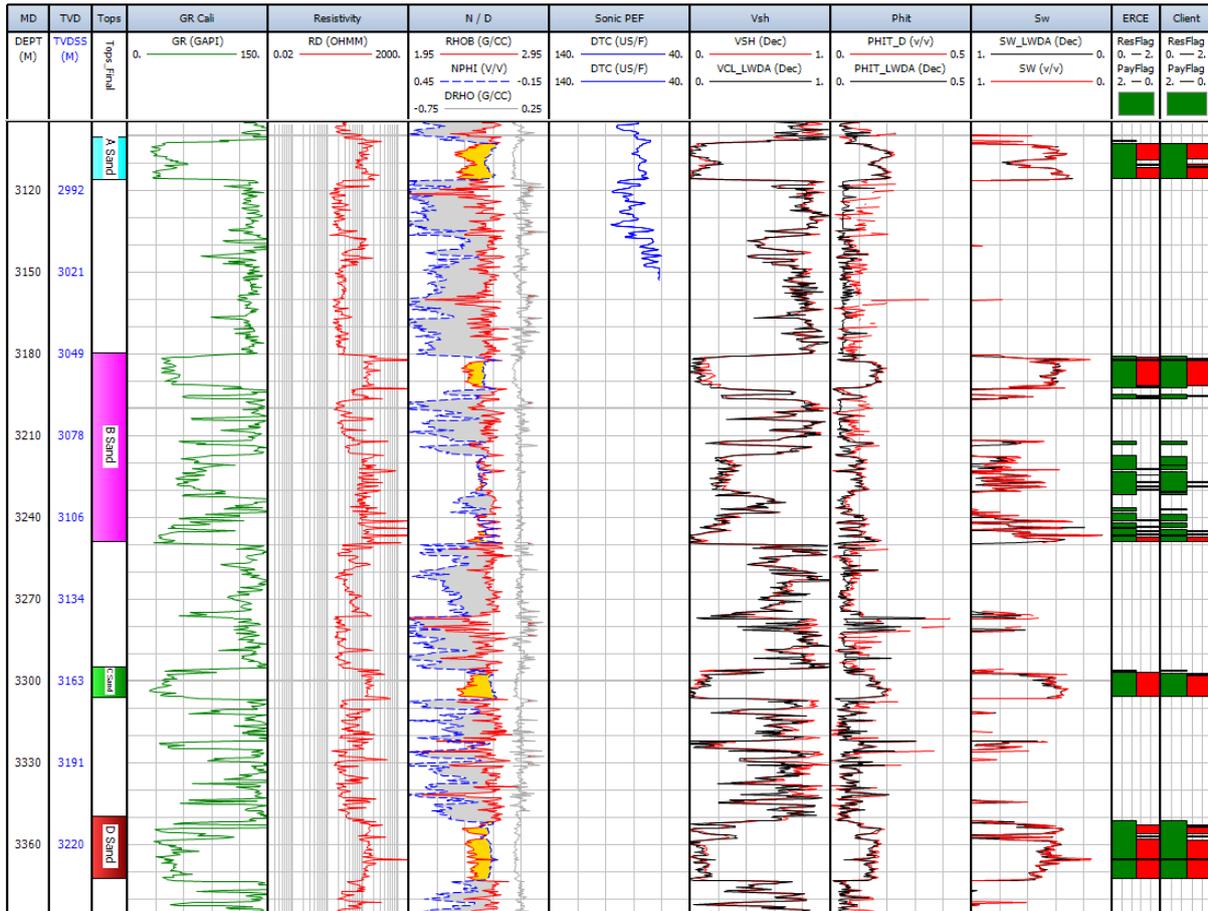


Figure 3.3.1: Well log for Well Walyering-5

Well Walyering-5 has average net to gross values ranging from about 0.5 to 0.9 and total porosity (“PHIT”) ranging between 12% and 18% over the net intervals, and varies with reservoir interval. Average water saturation values show less variability throughout the various reservoir intervals (41% to 46%). No gas water contact has been observed in the well.

3.3.1 Well Test Results

3.3.1.1 Well Walyering-1

Well tests were performed on all Wells Walyering-1 to Walyering-6, with the exception of Well Walyering-4 which was water bearing. Well Walyering-1 flowed from the A and B formations. Walyering-2 flowed at minor rates in the A, D and deeper sands. Walyering-3 flowed at minor rates in the D and deeper sands. Walyering-5 flowed at rates of 10-52 MMscf/d from the A, B, C and D sands. Walyering-6 flowed at rates of 31 MMscf/d from the Cadda sand, with trace production of either water or gas from the lower sands measured during a PLT of comingled flow with the Cadda sand. A summary of the wells test can be found in Table 3.1.

Figure 3.1: Production Test Results for Wells W-1 through W-6

Well	Formation	Gas Rate	Water Rate	FWHP	FBHP
		MMscf/d	stb/d	psia	psia
W-1	A	5	360-480	-	-
	B	10.6	-	-	-
	D	Trace	685	-	-
W-2	A	Trace	50	-	-
	D	<0.5	80-100	50	-
	Deeper	2.4-2.7	100	100	-
W-3	D	Trace	-	-	-
	Deeper	0.2-0.6	-	55	-
W-4	No Test / Wet	-	-	-	-
W-5	A	52	-	828	813
	B	28	-	2,098	2,083
	C	27	-	2,190	2,175
	D	10	-	2,572	2,557
W-6	Cadda	31	-	1,952	-
	A	Too small to be measurable	-	-	-
	B	Too small to be measurable	-	-	-
	C	Too small to be measurable	-	-	-
	D	Too small to be measurable	-	-	-

3.3.1 Well Test Results

ERCE has reviewed documentation concerning the well test of Well Walyering-1 within the Walyering Field Management Plan prepared by Strike in 2022. This stated that Well Walyering-1 was put on production in 1972 from the A and B sands and the well was shut in after five months due to pressure depletion, having produced 0.26 Bscf.

Figure 3.7 shows the pressure-rate plot of Well Walyering-1 production test number three, performed on the B sand in May 1971.

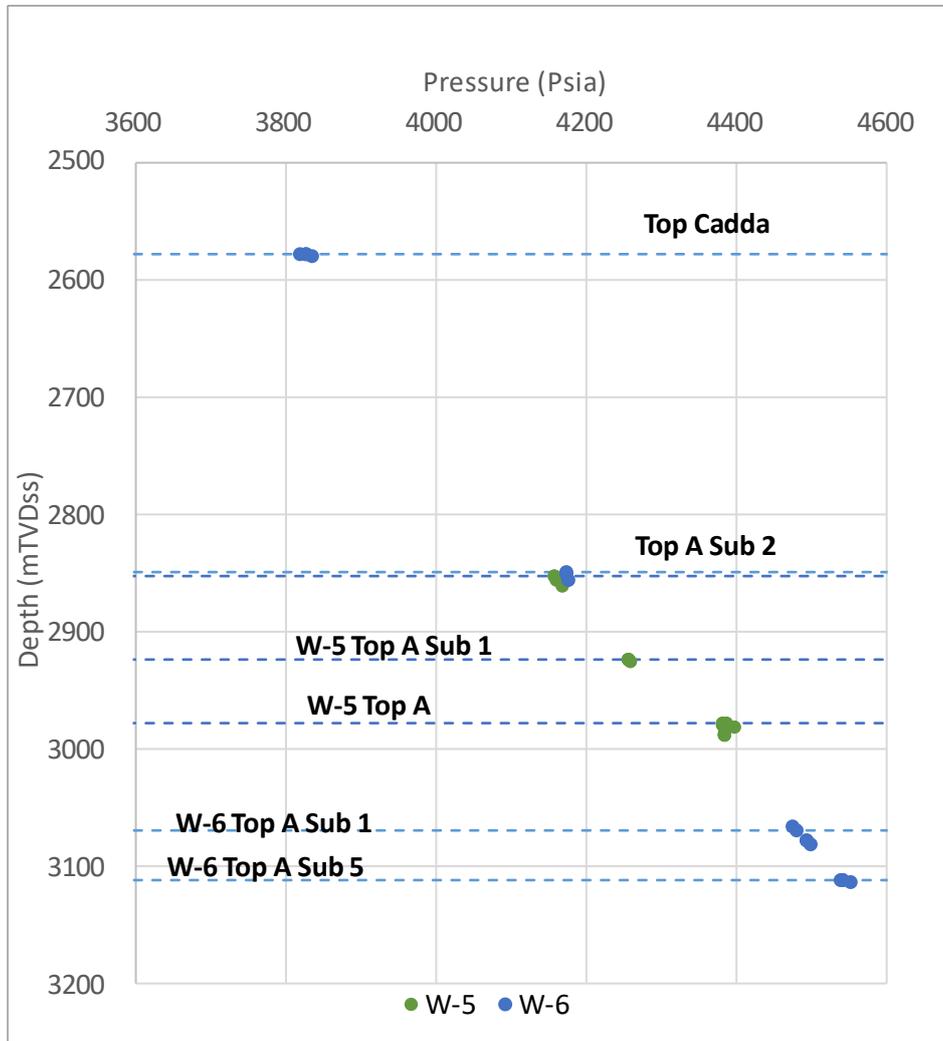


Figure 3.8: Pressure (Psia) vs. Depth (mTVDss) for W-5 and W-6 wells.

Additional reservoir pressure data are available from the individual sand pressure build ups during well testing of the A, B, C and D reservoirs in Well Walyering-5. It is possible to interpret a GWC by extrapolating the upper water gradient and gas gradients to their intersection (Figure 3.9). However, this is interpretive and ERCE does not consider these contacts to be probable due to the uncertainty in aquifer pressure.

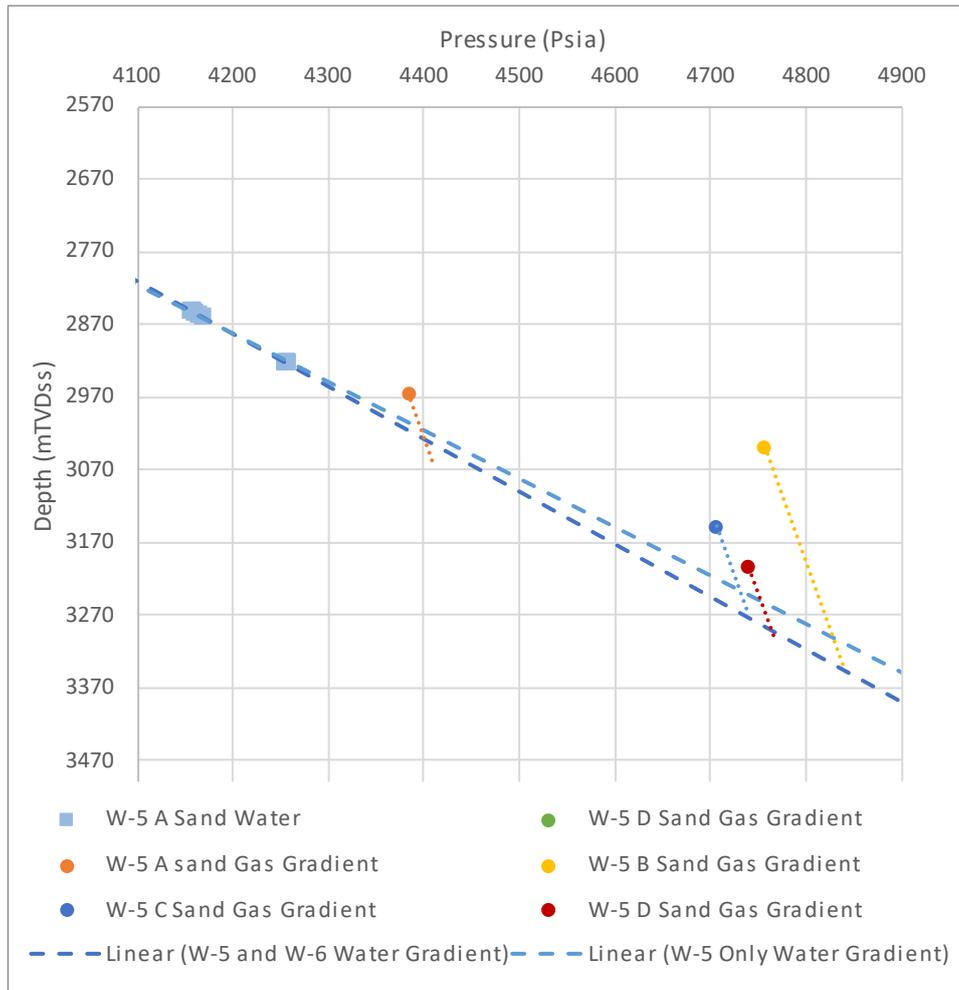


Table 3.2: Summary of downhole samples obtained

3.3.4 Sampling Summary

Two downhole samples and surface samples from each of the individual A, B, C and D sands were collected in Well Walyering-5. Three downhole samples were collected from the Cadda formation in Well Walyering-6. An additional two water samples were collected from Well Walyering-6. A summary of the downhole samples obtained is shown in Table 3.2.

Table 3.2: Summary of downhole samples obtained

Well	Formation	Cylinder	Fluid Type	Sampling Date	Sampling Conditions		
					Depth	Pressure	Temp
					mMDRT	psia	deg C
W-5	A	10177303	gas	01/12/2021	3115.0	4322.0	91.3
W-5	A	13218608	gas	01/12/2021	3115.0	4322.0	91.4
W-6	Cadda	13456206	gas	13/05/2022	2684.8	3774.0	78.5
W-6	Cadda	11976618	gas	13/05/2022	2684.8	3774.0	78.5
W-6	Cadda	12958779	gas	13/05/2022	2684.8	3774.0	78.5

The composition of the downhole samples is shown in Table 3.3.

Table 3.3: Downhole Sample Composition (Mol %)

Component	Composition (Mol %)			
	W-5		W-6	
	10177303	13218608	13456206	11976618
N2	0.270	0.275	0.460	0.510
CO2	0.688	0.679	0.360	0.350
C1	91.373	91.407	89.840	89.940
C2	4.658	4.650	5.230	5.170
C3	1.353	1.351	1.760	1.730
iC4	0.248	0.240	0.340	0.330
nC4	0.323	0.319	0.460	0.450
iC5	0.116	0.117	0.180	0.180
nC5	0.089	0.086	0.140	0.140
C6	0.109	0.108	0.170	0.180
C7	0.223	0.220	0.310	0.300
C8	0.255	0.249	0.340	0.330
C9	0.107	0.096	0.140	0.130
C10	0.053	0.043	0.080	0.070
C11 +	0.135	0.160	0.220	0.200

The composition of the samples from Well Walyering-5 obtained from the separator is shown in Table 3.4.

Table 3.4: Gas composition (Mol %) for individual sands and average

Component	Composition (Mol %)								
	A Sand		B Sand		C Sand		D Sand		Average
	PA3432	PA3430	PA 3436	PA 3435	PA 3398	PA 3397	PA 3428	PA 3424	
H ₂ S	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CO ₂	0.68	0.69	0.84	0.85	0.89	0.88	0.98	0.97	0.85
N ₂	0.26	0.24	0.20	0.20	0.19	0.21	0.25	0.23	0.22
C ₁	92.21	92.19	93.07	93.02	93.34	93.32	93.07	93.10	92.92
C ₂	4.61	4.64	3.90	3.90	3.72	3.70	3.87	3.87	4.03
C ₃	1.34	1.34	1.17	1.19	1.10	1.13	1.06	1.05	1.17
iC ₄	0.21	0.21	0.19	0.18	0.17	0.17	0.16	0.16	0.18
nC ₄	0.29	0.29	0.26	0.26	0.25	0.25	0.23	0.23	0.26
iC ₅	0.10	0.10	0.08	0.09	0.08	0.08	0.08	0.08	0.09
nC ₅	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06	0.07
C ₆	0.09	0.09	0.08	0.09	0.08	0.08	0.09	0.09	0.09
C ₇	0.10	0.10	0.10	0.11	0.09	0.09	0.11	0.11	0.10
C ₈	0.03	0.03	0.03	0.03	0.02	0.02	0.03	0.04	0.03
C ₉	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
C ₁₀	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C ₁₁	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C ₁₂₊	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

The composition of the fluids is generally consistent between the individual sands. ERCE has used the Hall-Yarborough equation of state³ to calculate gas expansion factors (“GEF”), energy value, condensate yield and shrinkage of the gas. ERCE has used the average of both Well Walyering-5 downhole samples as a basis for Well Walyering-5 estimates and the average of both Well Walyering-6 samples for the Well Walyering-6 estimates.

Table 3.5 shows the GEF’s for the Walyering reservoirs, based on gas composition, reservoir pressures and reservoir temperatures at a low, middle and high case estimate.

³ Hall, K.R., Yarborough, L., 1973. A new equation-of-state for Z-factor calculations. Oil Gas J. 71, 82–92

Table 3.6: Gas Energy Values and Shrinkage

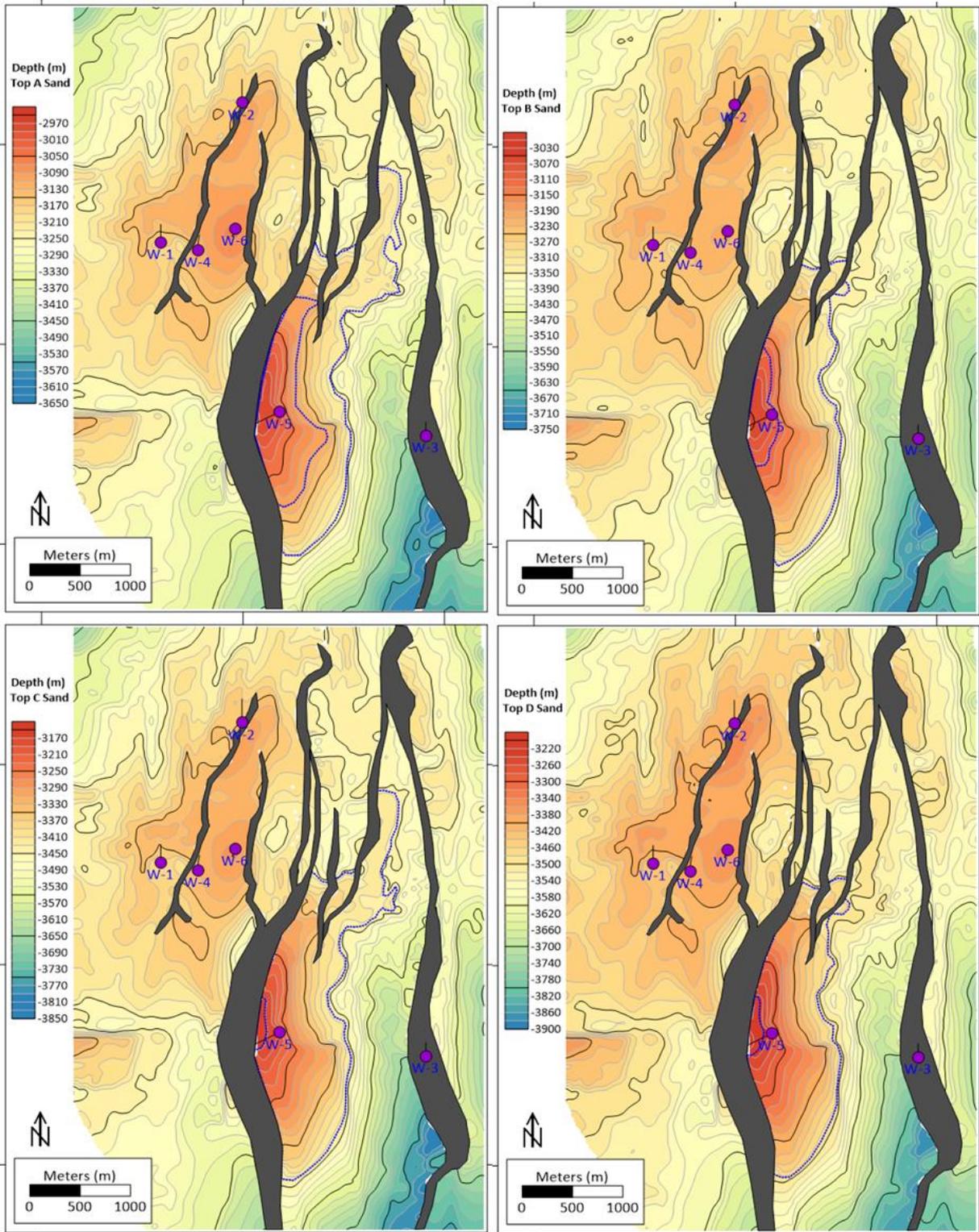
Interval	GEF (scf/rcf)		
	Low	Mid	High
Cadda Central	228	232	236
A Sand East	242	246	250
B Sand East	257	261	265
C Sand East	255	259	263
D Sand East	256	260	264

The condensate yield (C5+), energy value for raw gas (prior to condensate separation), energy value for sales gas (post condensate separation) and gas shrinkage after condensate separation are shown in Table 3.6.

Table 3.7: Condensate Yield, Heating Value, and Shrinkage

	Condensate Yield	Heating Value (Raw)	Heating Value (Processed)	Shrinkage
	bb/MMscf	MMscf/TJ	MMscf/TJ	%
W-5	11.9	1.19	1.13	1.1
W-6	16.0	1.22	1.15	1.5

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(Cattamarra Coal Measures reservoirs: A Sand (top left), B Sand (top right), C Sand (bottom left) and D Sand (bottom right) indicating low and high contacts for GRV calculations.)

GRV (Gross Rock Volume) calculations were generated using fixed Best Case top reservoirs with variations made to the gas-water-contact (“GWC”) to capture uncertainty in charge. Low and high contacts for GRV calculations were determined by well data (gas-down to) as a Low Case (P99) and structural spill (High Case or P10) as shown in Figure 3.11. These were populated on a log-normal distribution and shown in Table 3.7.

Table 3.7: GRV (MMm3) by Interval

Interval	GRV (MMm3)		
	Low	Mid	High
Cadda Central	1.44	6.4	14.63
A Sand East	14	29	43.5
B Sand East	8.3	41.9	102.5
C Sand East	0.2	5.6	34.7
D Sand East	0.6	8.8	38.7

3.4.2.2 Hydrocarbons in Place

ERCE probabilistically estimated hydrocarbons in place based on the geological, petrophysical and reservoir engineering input described in the earlier parts of the report. Summaries of petrophysical and fluid inputs are shown in Table 3.8 and Table 3.9.

Table 3.8: Petrophysical Properties by Interval

Interval	NTG (frac)			Porosity (frac)			Sg (frac)		
	Low	Mid	High	Low	Mid	High	Low	Mid	High
Cadda Central	0.59	0.75	0.95	0.17	0.20	0.23	0.55	0.60	0.65
A Sand East	0.75	0.85	0.95	0.128	0.176	0.204	0.59	0.69	0.79
B Sand East	0.31	0.48	0.65	0.038	0.076	0.153	0.55	0.65	0.75
C Sand East	0.55	0.79	0.9	0.091	0.154	0.19	0.59	0.69	0.79
D Sand East	0.4	0.8	0.9	0.088	0.138	0.158	0.55	0.65	0.75

Table 3.9: Geology and Geology Parameters

Interval	GEF (scf/rcf)		
	Low	Mid	High
Cadda Central	228	232	236
A Sand East	242	246	250
B Sand East	257	261	265
C Sand East	255	259	263
D Sand East	256	260	264

Combined with the GRV, these Low, Mid and High inputs were used as P90, P50 and P10 inputs on normal distributions into a Monte Carlo probabilistic simulation. Resulting Walyering GIIP estimations are shown in Table 3.10 and Table 3.11.

Table 3.10: Walyering GIIP (Bscf)

Interval	GIIP (Bscf)		
	Low	Mid	High
A Sand East	14.5	23.9	39.4
B Sand East	2.7	10.2	32
C Sand East	0.5	3.3	22.2
D Sand East	0.8	3.8	18.5
Total	30	40.8	90.8

Notes:

1. Totals in the above table are probabilistically aggregated
2. Talon equity of 45% has not been applied to the resources estimates
3. Gross GIIP does not take into account inerts and other gas impurities

Table 3.11: Cadda GIIP (Bscf)

Interval	GIIP (Bscf)		
	Low	Mid	High
Cadda	1.9	4.6	11

Notes:

1. Talon equity of 45% has not been applied to the resources estimates

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3. Development Opportunities

The development plan for the Walyering gas field can be summarised as two firm stages and one potential third stage, as follows. In ERCE's view, Well Walyering-7 is an exploration well, and no production is assigned to this well in our review.

1. Production

- Production from existing Wells Walyering-5 and Walyering-6 to the Parmelia Pipeline.

2. Exploration

- Exploration well in western fault block (Well Walyering-7), to be converted to production well in a success case.

3. Compression

- Compression installed at gas processing facility.

At the Effective Date, a processing facility is completed at the Well Walyering-6 location. A 1.83km pipeline connects Well Wayering-5 to the processing facility, which is tied to the Parmelia pipeline by a 0.25km pipeline. Condensate will be separated from the sales gas stream and trucked to Port Bonython for export. Inlet pressure to the Parmelia pipeline is 1595 psia.

The operator is targeting a production plateau of 20 TJ/d (~18MMscf/d), although the GSA allows for production of up to 30MMscf/d. The processing facility is capable of processing 30MMscf/d of gas, 240 bpd of condensate and 60 bpd of water, with a minimum design life of ten years.

Compression is planned once the field begins to produce off plateau. The compression is planned to decrease inlet pressure to 400 psig, requiring 1.2 TJ/d of fuel gas.

Both wells are to be produced via reservoir pressure depletion, with sliding sleeves allowing for zonal isolation. Well Walyering-5 is to be the primary producer, with Well Walyering-6 producing at low rates, supporting Well Walyering-5 in case of any downtime or workover activities.

A facilities uptime of 95% has been assumed which is inline with comparable, new onshore gas facilities and wells.

No production forecasts have been generated for the stage two exploration well due to the uncertainty in the resource properties.

3.1.1.1 Reservoir Model Description

3.1.1.1.1 Reservoir Model Description

ERCE modelled production forecasting using an integrated asset model (“IAM”). The model has separate reservoir tanks for the Well Walyering-5 area (combining A, B, C and D sands) and for the Cadda sand developed by Well Walyering-6.

Models were calibrated to well test performance using multi-rate test data and the current Well Walyering-5 and Walyering-6 completions. Model GIIPs were adjusted from operator GIIP to match ERCE probabilistic GIIP estimates at Low, Best and High Case estimates. The model has been built with pipeline specifications outlined in the Walyering field development plan.

Models were run with a back pressure of 1,595 psia; the inlet pressure to the Parmelia pipeline. A compression to 400 psia was modelled as production comes off plateau, in line with operator estimate, based on compressor design studies.

In the Best Case, production plateau is forecast at 20TJ/d, or 18MMscf/d. In the Low Case and High Cases, plateau is forecast at 16 MMscf/d and 26.5 MMscf/d respectively to represent the uncertainty in gas production and flexibility allowed in the GSA and in line with ERCE experience in gas production forecasting.

Once compression is installed, the raw gas rate is increased so that the plateau sales gas rate is maintained.

3.1.1.1.2 Recovery Factor

Forecasting results in a recovery factor of 85%. ERCE has considered this to be the high case recovery factor, as the model does not consider the risk of water breakthrough, additional compartmentalisation or production issues.

Thus, ERCE has estimated recovery factors of 65%, 75% and 85% in the low, best and high case respectively, based on analogue data within the Perth Basin, see Table 3.12.

The low case recovery factor reflects the possibility of water breakthrough, additional compartmentalisation and other production related issues, whilst the high case assumes there is no impact due to premature water breakthrough, compartmentalisation or other production related issues. As the recoverable volumes are determined probabilistically, the risk of water breakthrough and compartmentalisation are taken into account. Production issues related to the well are covered by the ability to produce at high rates from Walyering-6 whilst issues in Walyering-5 are remedied.

Table 3.12: Recovery Factor

Recovery Factor (%)		
Low Case	Best Case	High Case
65	75	85

3.3.3 Processing Facility Power

The processing facility is powered by solar batteries, but the compressor requires additional fuel. Fuel gas is estimated as the larger of either 6% of sales gas or 0.6 TJ/d, as per general design specifications of reciprocating compressors. Fuel gas is only utilised after compression is installed.

3.3.4 Technically Recoverable Resources

ERCE has probabilistically determined technically recoverable resources (“TRR”) using the recovery factors in Section 3.6.2. The resultant technically recoverable resources following compression are listed Table 3.13.

Table 3.13: Technically Recoverable Resources (MMstb)

Technically Recoverable Resources (MMstb)		
Low Case	Best Case	High Case
25.1	43.0	80.2

3.3.4.1 Stage 1 Technically Recoverable Resources

Production forecasts prior to compression are shown in Figure 3.12. Stage one does not utilise compression, and sales gas is equivalent to the raw gas.

Table 3.14: Stage 1 Technically Recoverable Resources (MMstb)

Stage 1 Technically Recoverable Resources (MMstb)		
Low Case	Best Case	High Case
13.4	23.0	42.4

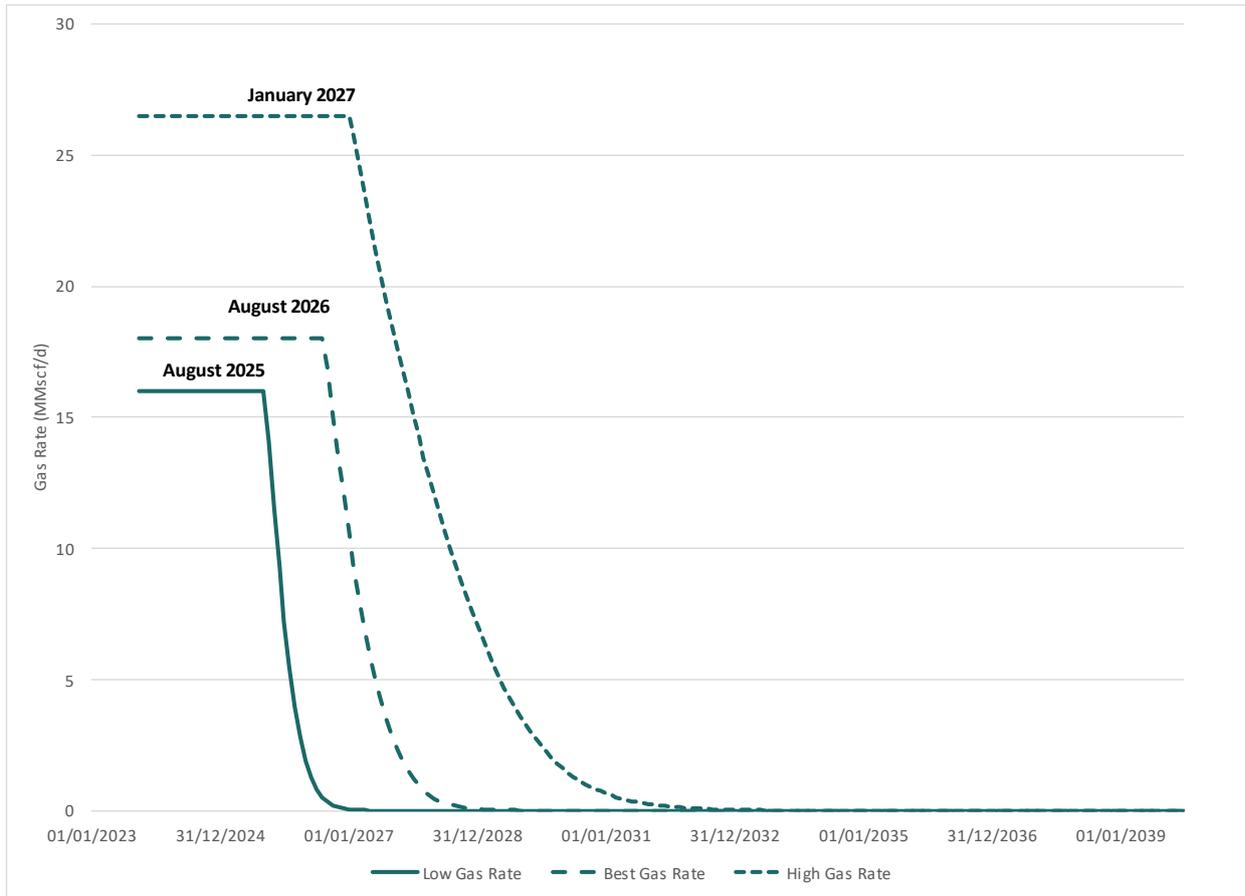


Figure 3.11: Gas rate with compression installed for the Low, Best and High Gas Rate cases.

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Stage two of the development plan is to drill the appraisal well Walyering-7. No production has been forecast for Walyering-7 as the field requires additional appraisal before the stage two development plan can be matured.

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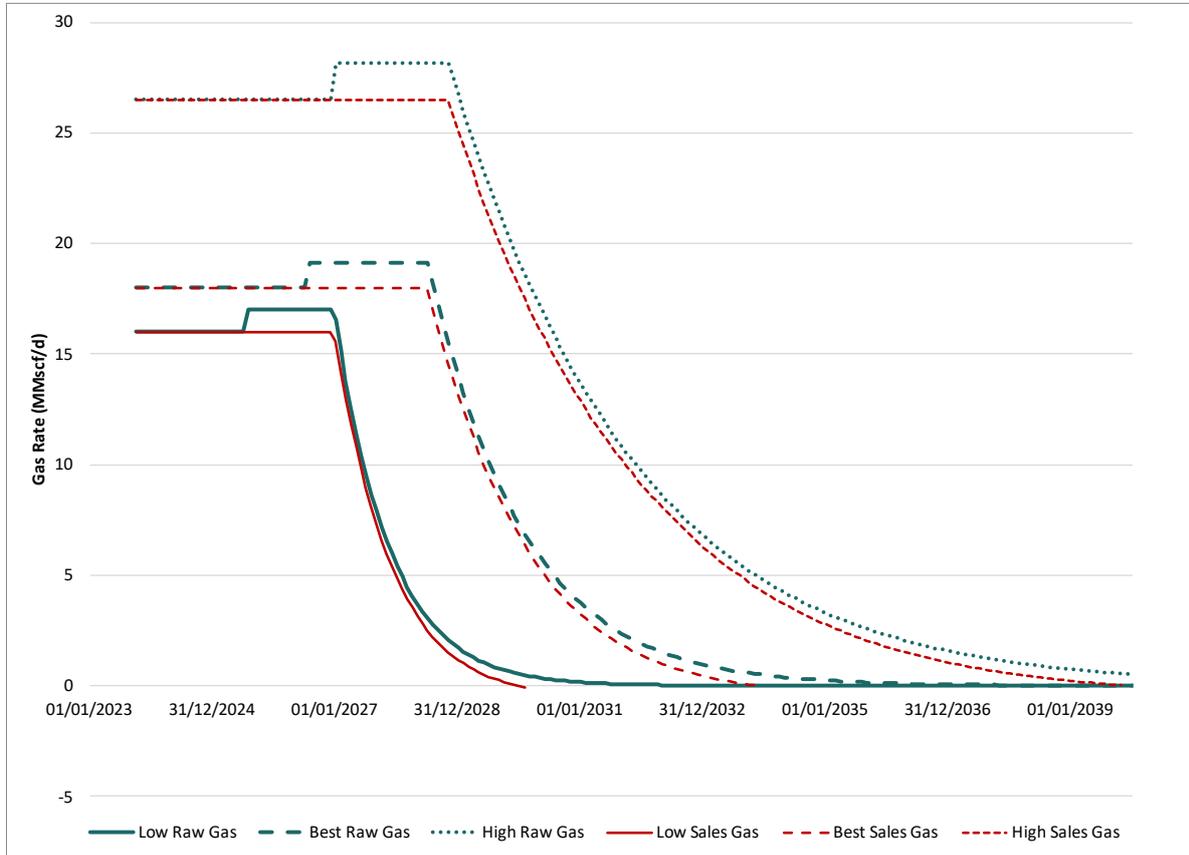
Production forecasts with compression installed are shown in Figure 3.13, with technically recoverable resources in Table 3.15. The production forecast shows raw gas in green, and sales gas in red. Sales and raw gas are equal prior to compression. ERCE has modelled compression as occurring in August 2025, August 2026 and January 2027 in the Low, Best and High Case respectively, based on the installation of compression once stage-1 forecasts come off plateau. This differs from the operators single compression date forecasts as ERCE estimate compression to be necessary with different timings based on the size of the gas in place.

Once compression begins, fuel gas is utilised to power the compressor, the raw gas plateau rate is increased so that the sales gas plateau is met.

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Stage 2: Technically Recoverable Resources (MMstb)		
Low Case	Best Case	High Case
25.1	43.0	80.2

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The Walyering development comprises three stages. In stage one, two production wells are tied back to a central processing facility, consisting of basic 3-phase separation, metering and liquid tanker offloading for condensate and water. Minimal volumes of produced water are anticipated as wells have been completed with sliding sleeves which will be adjusted to blank off water producing zones. Gas is exported via the Parmelia pipeline, and condensate is exported by truck to Port Bonython.

In stage two, gas compression is to be installed in future to aid gas recovery.

ERCE has prepared a set of independent cost profiles, on the basis of the data provided by Talon alongside benchmarks from ERCE's costs database. The main features of these cost profiles are outlined below in Table 3.17.

Table 3.18: Comparison of Talon Economic Model Assumptions and ERCE Cost Profile Assumptions

Cost Input	Talon Economic Model Assumption	ERCE Cost Profile Assumption
G&A	As defined in budget during period 2023-2026, after which the previous year's G&A cost is assumed with inflation applied.	ERCE considers the G&A profile to be reasonable on the basis it is in line with comparable analogues. However, a correction to the inflation formula was applied to reflect a flat real terms profile beyond Q2 2026.
Field Operating Costs	As defined in the FY24-25 work programme and budget.	ERCE considers the field operating cost to be reasonable on the basis of comparison with representative analogues, both as a proportion of facility CAPEX and on the basis of throughput and facility complexity.
Compression Facility CAPEX	The base project cost estimate of A\$14.4 MM has been carried in the model.	ERCE has reviewed and accepts the cost estimate, however would consider it prudent to apply owner's cost overheads. In addition, ERCE would recommend applying a higher rate of contingency given that a firm vendor quote has not yet been obtained. On this basis, ERCE has applied \$18.0 MM (2023 Real Terms) plus inflation depending on the timing of the project.
Restoration CAPEX	Talon's share of restoration CAPEX of A\$3.9 MM has been assumed in the model	ERCE has benchmarked the restoration CAPEX against representative onshore analogues as a proportion of the development CAPEX, considering it to be within expected limits of reasonableness.
Processing plant and APA connection:	Model assumes A\$6.9 MM Gross (A\$3.1 MM Net to Talon) in processing costs and APA connection.	ERCE has reviewed the budgeted vs. actual spend to date, alongside the status of ongoing CAPEX AFEs and find these assumptions to be reasonable.
Royalties	Model assumes 8% on sales of gas and condensate.	ERCE has reviewed documentation between Talon and the Department of Mines, Industry Regulation and Safety, Western Australia regarding supporting a Royalty rate of 8% on gross production.
Freight	Model assumed A\$50/boe for Port Bonython	ERCE has reviewed the wording of signed agreements between the relevant parties and considers this to be a correct interpretation of the terms of the agreement.
Port Bonython other costs	Model has assumed other costs of A16\$/boe	ERCE has reviewed the wording of signed agreements between the relevant parties and considers this to be a correct interpretation of the terms of the agreement.
Compression Facility OPEX	OPEX of A\$1.02 MM per year has been applied in the model.	ERCE considers this operating cost to be reasonable based on comparison with representative analogues as a proportion of facility CAPEX, noting that this does not include fuel costs (these are deducted from sales gas). ERCE would however increase this figure to A\$1.35 MM per year to reflect the increased CAPEX as above.
Condensate OPEX	The model assumes condensate would be processed via Port Bonython until July 2024 under terms in provided agreements, then subsequently via alternative.	ERCE has checked and considers the agreements provided by Talon are correctly reflected in the model, with a freight tariff of A\$40/bbl and processing tariff of A\$16/bbl. The arrangement for processing via an alternative route is not yet confirmed, so ERCE has extended out the above arrangement to end of field life.

The resulting costs are shown in Table 3.18, Table 3.19, and Table 3.20 below for the low, best, and high cases. It should be noted that the timing of the Compression CAPEX and the level of Freight OPEX paid varies in the Low and High cases.

Table 3.18: Capital Expenditures and Operating Expenses (Capex and Opex) - 2023-2029

Year	CAPEX	OPEX				Restoration Capex
	Compression	Facility OPEX	GG&A	Compression OPEX	Freight	
	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM
2023	-	0.69	1.54	-	0.87	-
2024	3.62	2.76	4.97	-	3.48	-
2025	14.38	2.76	3.79	0.11	3.47	-
2026	-	2.76	3.79	1.35	3.47	-
2027	-	2.76	3.79	1.35	2.12	-
2028	-	2.53	3.36	1.24	0.59	-
2029	-	-	-	-	-	8.70

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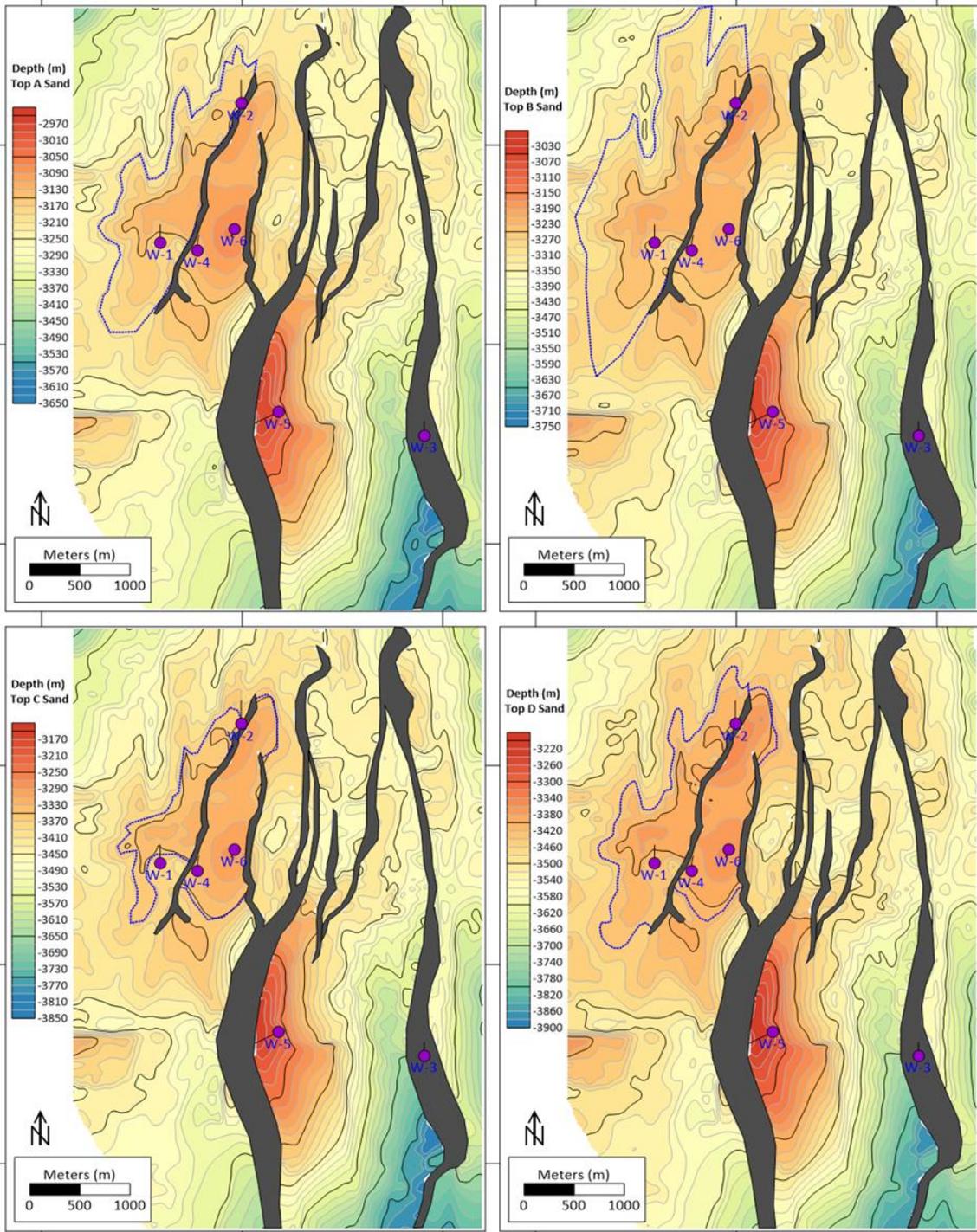
Table 3.19: Capital Expenditures and Operating Expenses (Capex and Opex) - 2023-2034

Year	CAPEX	OPEX				Restoration Capex
	Compression	Facility OPEX	GG&A	Compression OPEX	Freight	
	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM
2023	-	0.69	1.54	-	0.98	-
2024	0.62	2.76	4.97	-	3.91	-
2025	10.12	2.76	3.79	-	3.90	-
2026	7.26	2.76	3.79	0.68	3.90	-
2027	-	2.76	3.79	1.35	3.90	-
2028	-	2.76	3.79	1.35	3.68	-
2029	-	2.76	3.79	1.35	2.15	-
2030	-	2.76	3.79	1.35	1.07	-
2031	-	2.76	3.79	1.35	0.49	-
2032	-	2.76	3.79	1.35	0.19	-
2033	-	2.76	3.79	1.35	0.04	-
2034	-	-	-	-	-	8.70

Table 3.0: Forecasted Capital and Operating Expenses (A\$ MM)

Year	CAPEX	OPEX				Restoration Capex
	Compression	Facility OPEX	GG&A	Compression OPEX	Freight	
	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM	A\$ MM
2023	-	0.69	1.54	-	1.45	-
2024	-	2.76	4.97	-	5.76	-
2025	3.62	2.76	3.79	-	5.74	-
2026	14.38	2.76	3.79	0.11	5.74	-
2027	-	2.76	3.79	1.35	5.74	-
2028	-	2.76	3.79	1.35	5.75	-
2029	-	2.76	3.79	1.35	4.69	-
2030	-	2.76	3.79	1.35	3.36	-
2031	-	2.76	3.79	1.35	2.39	-
2032	-	2.76	3.79	1.35	1.68	-
2033	-	2.76	3.79	1.35	1.14	-
2034	-	2.76	3.79	1.35	0.76	-
2035	-	2.76	3.79	1.35	0.49	-
2036	-	2.76	3.79	1.35	0.31	-
2037	-	2.76	3.79	1.35	0.17	-
2038	-	2.76	3.79	1.35	0.08	-
2039	-	2.53	3.36	1.24	0.02	-
2040	-	-	-	-	-	8.70

No costs have been forecast for stage two of the Walyering development as the field requires additional appraisal before the stage two development plan can be matured.



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(Walyering field. Cattamarra Coal Measures reservoirs: A Sand (top left), B Sand (top right), C Sand (bottom left) and D Sand (bottom right) indicating approximate high contacts for GRV calculations)

GRV calculations for the prospective zones were generated using fixed Best Case top reservoirs with variations made to the gas-water-contact to capture uncertainty in GRV. These were populated on a log-normal distribution and shown in Table 4.1.

Table 4.1: Probabilistic GRV (MMm3) by Interval

Interval		GRV (MMm3)		
		Low	Mid	High
W-1 & W-2	A Sand West	32.6	42.0	48.4
	B Sand West	92.6	120.0	139.0
	C Sand West	9.0	11.6	13.4
	D Sand West	14.6	19.0	22.0
W-4 & W-6	C Sand Central	16.3	21.2	24.5
	D Sand Central	14.6	19.0	22.0

ERCE probabilistically calculated the hydrocarbons in place and Prospective Resources based on the geological, petrophysical and fluid inputs described in the earlier parts of the report. Summaries of petrophysical, fluid and reservoir engineering inputs are shown in Table 4.2 and Table 4.3.

Table 4.2: Probabilistic Petrophysical Inputs by Interval

Interval		NTG (frac)			Porosity (frac)			Sg (frac)		
		Low	Mid	High	Low	Mid	High	Low	Mid	High
W-1 & W-2	A Sand West	0.35	0.65	0.95	0.05	0.085	0.12	0.59	0.69	0.79
	B Sand West	0.22	0.48	0.65	0.05	0.09	0.12	0.55	0.65	0.75
	C Sand West	0.04	0.22	0.4	0.05	0.08	0.11	0.55	0.65	0.75
	D Sand West	0.22	0.48	0.65	0.05	0.075	0.125	0.55	0.65	0.75
W-4 & W-6	C Sand Central	0.04	0.22	0.4	0.05	0.08	0.11	0.55	0.65	0.75
	D Sand Central	0.22	0.48	0.65	0.05	0.075	0.125	0.55	0.65	0.75

Table 4.3: Geology and Recovery Factor

Interval		GEF (scf/rcf)			Recovery Factor		
		Low	Mid	High	Low	Mid	High
W-1 & W-2	A Sand West	256	266	276	0.5	0.68	0.85
	B Sand West	256	266	276	0.5	0.68	0.85
	C Sand West	255	259	263	0.5	0.68	0.85
	D Sand West	256	260	264	0.5	0.68	0.85
W-4 & W-6	C Sand Central	255	259	263	0.5	0.68	0.85
	D Sand Central	256	260	264	0.5	0.68	0.85

Combined with the GRV, these Low, Mid and High inputs were used as P90, P50 and P10 inputs on normal distributions into a Monte Carlo probabilistic simulation. Resulting Walyering GIIP and Recoverable Resources estimations are shown in Table 4.4

Table 4.4: Walyering GIIP and Recoverable Resources

Interval		GIIP (Bscf)				Recoverable Gas (Bscf)			
		Low	Mid	High	Mean	1U	2U	3U	Mean
W-1 & W-2	A Sand West	5.8	13.6	24.5	14.5	3.7	8.9	16.9	9.7
	B Sand West	10.2	25.2	47.4	27.4	6.4	16.4	32.5	18.3
	C Sand West	0.3	1.2	2.4	1.3	0.2	0.8	1.7	0.9
	D Sand West	1.6	4.0	7.6	4.4	1.0	2.6	5.3	2.9
W-4 & W-6	C Sand Central	0.6	2.1	4.5	2.4	0.4	1.4	3.1	1.6
	D Sand Central	1.6	4.0	7.6	4.4	1.0	2.6	5.2	2.9
Totals		19.1	49.1	94.1	43.0	13.7	33.7	64.5	33.4

Notes:

- Totals in the above table are arithmetically summed
- Chance of geological success has not been applied
- Gross volumetrics and do not take into account inerts, off-block resources or Talon equity

As they are considered to be undiscovered, ERCE has assessed the geological Chance of Success (“COS”) for the Walyering prospective zones.

ERCE divides the COS into two key risking segments, Play Risk (only applicable where true wildcat drilling is being undertaken) and Prospect Risk. At ERCE, we attempt to parameterise and risk a single model that focusses on the four prospect specific elements of a given target which are the Source, Reservoir, Trap and Seal. In addition to this, ERCE attempt to identify the primary risk which is the likeliest geological cause of failure.

Source risk reflects the risk to migration of hydrocarbons from the source rock into the prospect. ERCE’s practice is to risk the migration of hydrocarbons for the modelled phase, and to state the risk to the hydrocarbon phase separately outside of the COS calculation.

Reservoir risk reflects the prospect specific presence and efficacy, (i.e. porosity and permeability), of any identified reservoir interval.

Trap risk is defined as both definition and containment integrity of the mapped feature and its robustness.

Seal risk reflects the prospect specific presence and efficacy of a sealing formation, that has sufficient integrity to prevent the leakage of the modelled hydrocarbon column. Regional presence will have been risked within the play element, but local presence may be hindered due to local erosion, faulting, thief zones etc.

Given the results of the Walyering wells, reservoir and hydrocarbon charge are considered proven. Geological risk is still apparent in the trap definition (due to structural complexity and depth uncertainty) and seal is considered to be the primary risk, as outlined in Table 4.5.

Table 4.5: Geological Risk Matrix for Walyering Prospective Zones

Geological Risk Matrix				COS
Walyering Prospective Zones				
Reservoir	Source	Trap	Seal	
100%	100%	90%	60%	54%

Estimates of Talon’s Net Entitlement Prospective Resources are summarised in Table 4.6. This takes into account Talon’s 45% equity in the L23 licence.

Mount Horner Deep prospect

The Mount Horner Deep prospect is defined as a hanging wall faulted anticline, as shown in Figure 4.4. A seismic line through the prospect is shown in Figure 4.5. The primary target reservoirs are the Kingia and High Cliff Sandstones; reservoir presence and effectiveness are proven within the permit. In addition, hydrocarbon source and charge are proven within the area. The Dongara Sandstone is the secondary target. ERCE risk the trap and seal as outlined in Table 4.12, where fault seal is the primary risk.

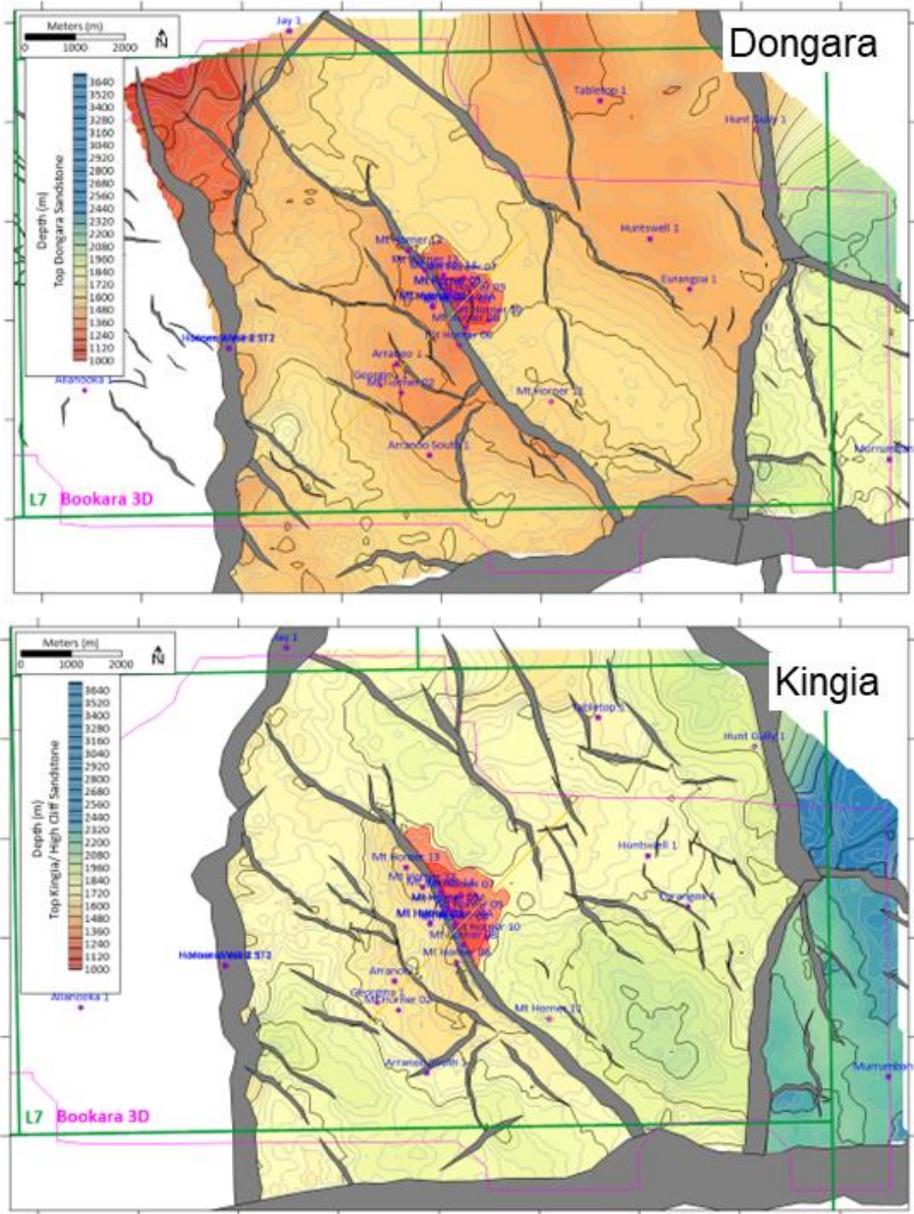


Figure 4.4: Mount Horner Deep prospect

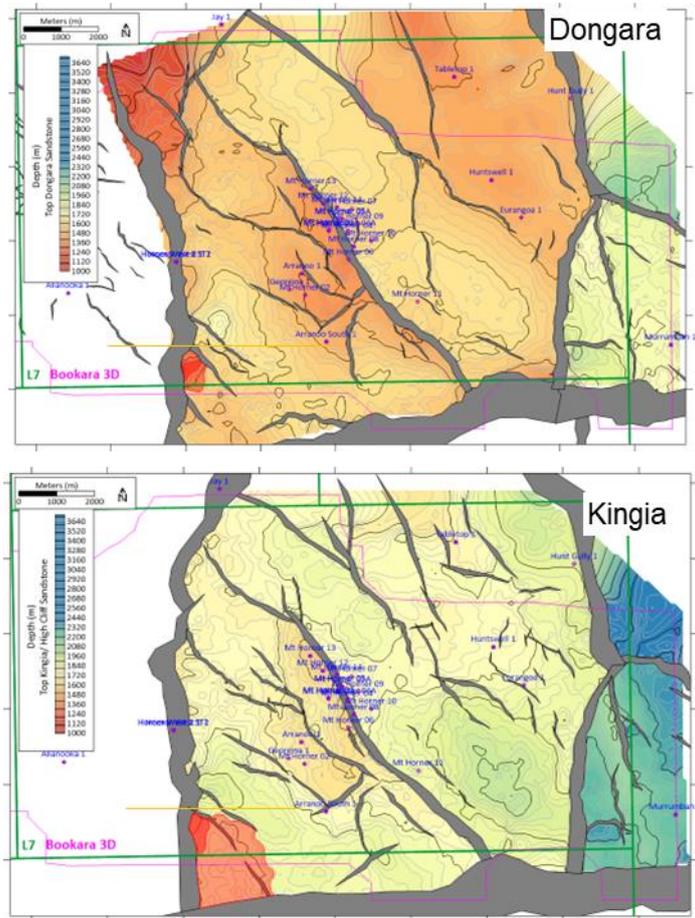
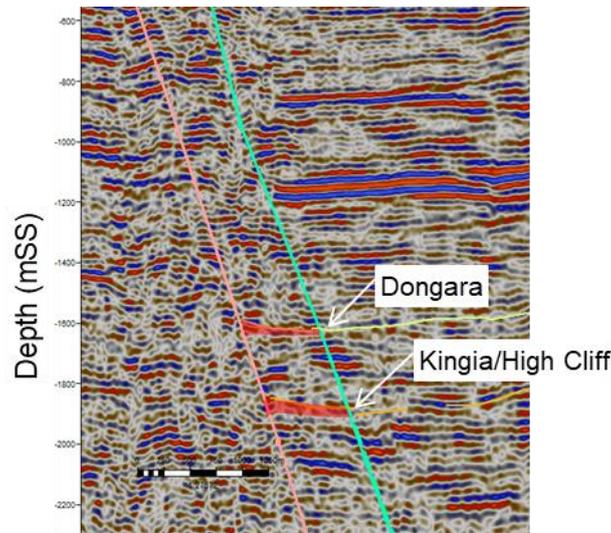


Figure 4.8: Map of the Dongara and Kingia regions showing the location of the seismic line L7 Bookara 3D.



Seismic Line: S81-04-R95 (reflectivity, depth converted)

Figure 4.9: Seismic reflection profile showing the Dongara and Kingia/High Cliff features.

Mount Horner North-West prospect

Similar to the other L7 prospects, the Mount Horner North-West prospect is also a hangingwall trap, as shown in Figure 4.10. It has less seismic coverage than the other prospects in the L7 licence. A seismic line through the prospect is shown in Figure 4.11. The primary target reservoir is the Dongara Sandstone. Reservoir presence and effectiveness and hydrocarbon charge are proven in the area. ERCE risks uncertainty in trap geometry and cross fault seal as outlined in Table 4.12, where fault seal is the primary risk.

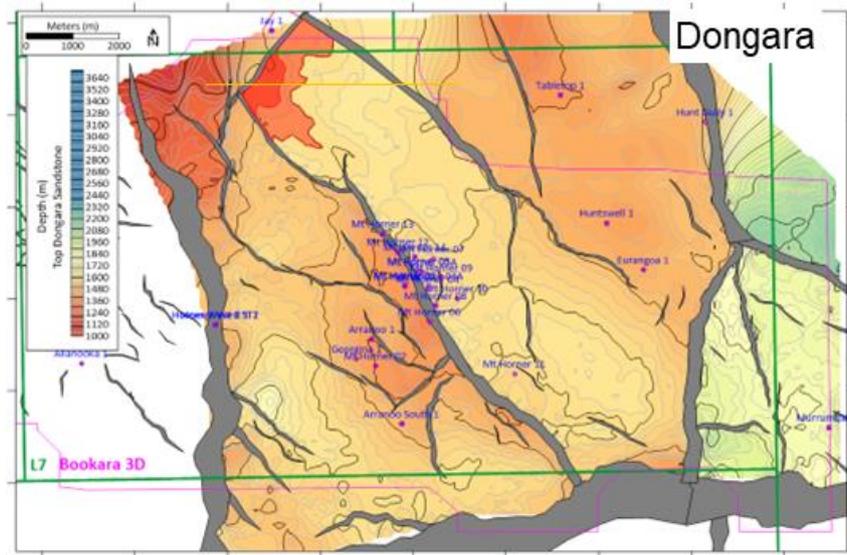


Figure 4.10: Map of the Top Dongara Sandstone depth

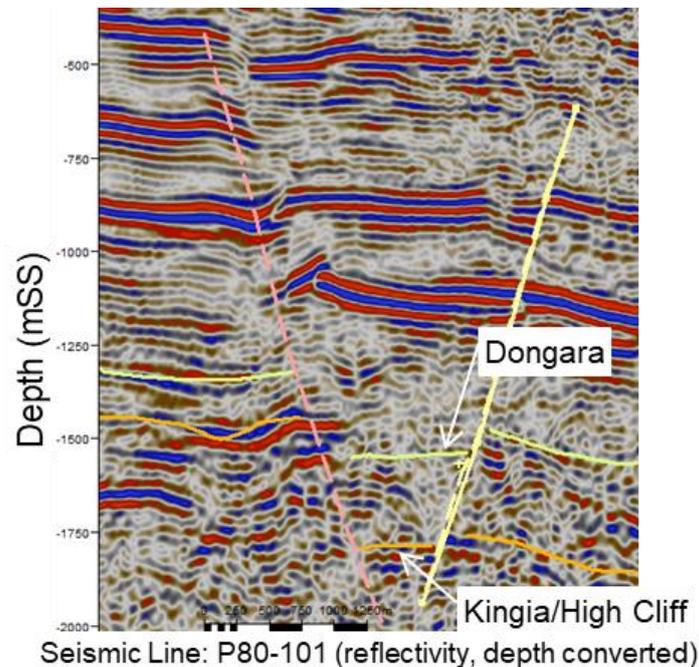


Figure 4.11: Seismic line through the prospect

GRV for these prospects was calculated using structural spill points to define low and high inputs. Mid GRV values were defined from a log-normal distribution and outlined in Table 4.7.

Table 4.7: Gas Prospects GRV (km3)

Gas Prospects	GRV (km3)		
	Low	Mid	High
Mt Horner Deep Dongara	6	11	20
Mt Horner Deep Kingia/High Cliff	31	47	70
Mt Horner-11 Deep Dongara	4	8	18
Mt Horner-11 Deep Kingia/High Cliff	2	3	5
Booth Dongara	25	67	182
Booth Kingia/High Cliff	160	331	688
Mountain Bridge Sth Dongara	3	47	10
Mountain Bridge Sth Kingia/High Cliff	18	88	427
Mt Horner NW Deep Dongara	12	26	57
Hunstwell Deep Kingia/High Cliff	22	65	191

ERCE has used probabilistic methods to estimate the hydrocarbons in place based on regional geological, petrophysical inputs, summarised in Table 4.8. Net-to-gross ratio, porosity and hydrocarbon saturations have been estimated from regional well data and analogues. For each property, Low and High inputs defined P90 and P10 normal probabilistic distributions.

Table 4.8: Probabilistic Inputs for Gas Prospects

Gas Prospects	NTG (fraction)			Porosity (fraction)			Sg		
	Low	Mid	High	Low	Mid	High	Low	Mid	High
Mt Horner Deep Dongara	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Mt Horner Deep Kingia/High Cliff	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Mt Horner-11 Deep Dongara	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Mt Horner-11 Deep Kingia/High Cliff	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Booth Dongara	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Booth Kingia/High Cliff	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Mountain Bridge Sth Dongara	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Mountain Bridge Sth Kingia/High Cliff	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
Mt Horner NW Deep Dongara	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90

Huntswell Deep Kingia/High Cliff	0.70	0.80	0.90	0.10	0.15	0.20	0.70	0.80	0.90
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Similarly, ERCE probabilistically applied regional engineering inputs for Gas Expansion Factor and Recovery Factors as shown in Table 4.9. For each property, Low and High inputs defined P90 and P10 normal probabilistic distributions.

ERCE has estimated gas expansion factors in the prospective regions using Hall-Yarborough equation of state⁴ based on a dry gas composition, a normal pressure gradient of 1.42 psi/m (based on fresh water) and a regional temperature gradient of 2.85 °C/100m.

Table 4.9: Regional Engineering Inputs for Gas Expansion Factor and Recovery Factors

Gas Prospects	GEF (scf/rcf)			RF		
	Low	Mid	High	Low	Mid	High
Mt Horner Deep Dongara	136	151	166	0.50	0.68	0.85
Mt Horner Deep Kingia/High Cliff	149	166	183	0.50	0.68	0.85
Mt Horner-11 Deep Dongara	137	152	167	0.50	0.68	0.85
Mt Horner-11 Deep Kingia/High Cliff	153	170	187	0.50	0.68	0.85
Booth Dongara	153	170	187	0.50	0.68	0.85
Booth Kingia/High Cliff	180	200	220	0.50	0.68	0.85
Mountain Bridge Sth Dongara	132	146	161	0.50	0.68	0.85
Mountain Bridge Sth Kingia/High Cliff	152	169	186	0.50	0.68	0.85
Mt Horner NW Deep Dongara	137	152	167	0.50	0.68	0.85
Huntswell Deep Kingia/High Cliff	147	163	180	0.50	0.68	0.85

Combined with the GRV, these petrophysical and engineering inputs were combined into a Monte Carlo probabilistic simulation. Resulting L7 prospects and leads undiscovered GIIP and Prospective Resources estimations are shown in Table 4.10.

⁴ Hall, K.R., Yarborough, L., 1973. A new equation-of-state for Z-factor calculations. Oil Gas J. 71, 82–92

Table 4.10: Summary of Gas Prospects and Resources

Gas Prospects	Gross GIIP (Bscf)				Unrisked Gross Prospective Gas Resources (Bscf)			
	Low	Mid	High	Mean	1U	2U	3U	Mean
Mt Horner Deep Dongara	2.4	5.0	10.3	5.9	1.5	3.3	7.2	4.0
Mt Horner Deep Kingia/High Cliff	13.2	23.8	41.6	26.0	8.3	15.8	29.0	17.6
Mt Horner-11 Deep Dongara	1.6	3.9	9.3	4.9	1.0	2.6	6.4	3.3
Mt Horner-11 Deep Kingia/High Cliff	0.9	1.7	3.0	1.8	0.6	1.1	2.1	1.2
Booth Dongara	11.8	34.9	103.2	50.2	7.6	23.2	70.0	34.0
Booth Kingia/High Cliff	86.0	200.5	457.5	245.0	54.8	132.9	312.2	165.8
Mountain Bridge Sth Dongara	1.2	2.4	5.0	2.8	0.7	1.6	3.5	1.9
Mountain Bridge Sth Kingia/High Cliff	8.7	45.2	230.3	100.7	5.7	29.9	156.1	68.0
Mt Horner NW Deep Dongara	4.9	12.0	29.1	15.2	3.1	8.0	19.8	10.3
Huntswell Deep Kingia/High Cliff	10.0	32.3	102.1	48.3	6.6	21.4	70.1	32.6
Total	140.8	331.1	991.4	500.8	89.9	240.0	738.3	338.6

Notes:

- Totals in the above table are arithmetically summed
- Chance of geological success has not been applied
- Gross volumetrics and do not take into account inerts, off-block resources or Talon equity

Where required, on-block proportion was calculated, as outlined in Table 4.11.

Table 4.11: On-Block Proportion of Gas Prospects

Interval	On-Block (%)		
	Low	Mid	High
Mt Horner Deep Dongara	100%	100%	100%
Mt Horner Deep Kingia/High Cliff	100%	100%	100%
Mt Horner-11 Deep Dongara	100%	100%	100%
Mt Horner-11 Deep Kingia/High Cliff	100%	100%	100%
Booth Dongara	100%	95%	91%
Booth Kingia/High Cliff	63%	59%	56%
Mountain Bridge Sth Dongara	100%	94%	87%
Mountain Bridge Sth Kingia/High Cliff	100%	70%	41%
Mt Horner NW Deep Dongara	100%	89%	78%
Huntswell Deep Kingia/High Cliff	100%	100%	100%

ERCE’s estimates of chance of geological success for each of the prospects and leads in L7 licence is shown in Table 4.12.

Table 4.12: Geological Risk Matrix

Interval	Geological Risk Matrix				COS
	Prospect				
	Reservoir	Source	Trap	Seal	
Mt Horner Deep Dongara	100%	100%	60%	40%	24%
Mt Horner Deep Kingia/High Cliff	100%	100%	60%	40%	24%
Mt Horner-11 Deep Dongara	100%	100%	60%	40%	24%
Mt Horner-11 Deep Kingia/High Cliff	100%	100%	60%	40%	24%
Booth Dongara	100%	100%	60%	40%	24%
Booth Kingia/High Cliff	100%	100%	60%	40%	24%
Mountain Bridge Sth Dongara	100%	100%	40%	40%	16%
Mountain Bridge Sth Kingia/High Cliff	100%	100%	40%	40%	16%
Mt Horner NW Deep Dongara	100%	100%	40%	40%	16%
Huntswell Deep Kingia/High Cliff	100%	100%	60%	40%	24%

Estimates of Talon’s Net Entitlement Prospective Resources for the L7 licence are summarised in Table 4.13. This takes into account Talon’s 25% equity and removes resources off-block to L7.

Table 4.13: Talon Unrisked Net Entitlement: On-Block Prospective Gas Resources (Bscf)

L7 Prospects	Talon Unrisked Net Entitlement: On-Block Prospective Gas Resources (Bscf)				Geological COS
	1U	2U	3U	Mean	
Mt Horner Deep Dongara	0.4	0.8	1.8	1.0	24%
Mt Horner Deep Kingia/High Cliff	2.1	4.0	7.2	4.4	24%
Mt Horner-11 Deep Dongara	0.3	0.6	1.6	0.8	24%
Mt Horner-11 Deep Kingia/High Cliff	0.1	0.3	0.5	0.3	24%
Booth Dongara	1.9	5.5	15.9	8.1	24%
Booth Kingia/High Cliff	8.6	19.7	43.4	24.6	24%
Mountain Bridge Sth Dongara	0.2	0.4	0.8	0.4	16%
Mountain Bridge Sth Kingia/High Cliff	1.4	5.3	15.9	12.0	16%
Mt Horner NW Deep Dongara	0.8	1.8	3.9	2.3	16%
Huntswell Deep Kingia/High Cliff	1.6	5.4	17.5	8.2	24%
Totals	14.4	43.8	108.0	24.1	

Notes:

- Totals in the above table are arithmetically summed
- Talon equity of 25% has been applied to the resources estimates
- Off-block resources have been removed from these estimates
- Chance of geological success has not been applied to the resources estimates

The primary target reservoir is the Bookara Sandstone which is shallow (approximately 800mSS) at the Becos structure. Hydrocarbon source and charge are proven within the area, with trap (uncertainty in depth conversion and column height) and cross fault seal being the primary risks, as shown in Table 4.14.

Table 4.14: Geological Risk Matrix for Becos Prospect

Oil Prospect	Geological Risk Matrix				COS
	Prospect				
	Reservoir	Source	Trap	Seal	
Becos	100%	100%	40%	40%	16%

GRV for the Becos prospect was estimated using structural spill to define the area, then varying the reservoir thickness to analogue wells. Mid GRV values were defined from a log-normal distribution and outlined in Table 4.15.

Table 4.15: GRV (km3) for Becos Prospect

Oil Prospects	GRV (km3)		
	Low	Mid	High
Becos	21	26	33

ERCE has used probabilistic methods to estimate the hydrocarbons in place based on regional geological, petrophysical inputs, summarised in Table 4.16. Net-to-gross ratio, porosity and hydrocarbon saturations have been estimated from regional well data and analogues. In addition, engineering values used for probabilistic calculations have been obtained from regional data. For each property, Low and High inputs defined P90 and P10 normal probabilistic distributions.

Table 4.16: Probabilistic Inputs for Becos Prospect

Oil Prospects	NTG (fraction)			Porosity			Sh		
	Low	Mid	High	Low	Mid	High	Low	Mid	High
Becos	0.50	0.65	0.80	0.10	0.15	0.20	0.50	0.60	0.70

-
-
-

Table 4.1: Oil Prospect 1/Bo and RF

Oil Prospects	1/Bo			RF		
	Low	Mid	High	Low	Mid	High
Becos	0.67	0.81	0.95	0.15	0.33	0.50

Combined with the GRV, these petrophysical and engineering inputs were combined into a Monte Carlo probabilistic simulation. Resulting Becos prospect undiscovered STOIP and Prospective Resources estimations are shown in Table 4.18.

Table 4.18: Oil Prospect STOIP and Unrisked Prospective Oil Resources

Oil Prospects	STOIP (MMstb)				Unrisked Prospective Oil Resources (MMstb)			
	Low	Mid	High	Mean	1U	2U	3U	Mean
Becos	4.23	7.50	12.42	8.00	0.91	2.31	4.71	2.60

The Becos oil prospect is situated across two of the Talon permits, EP437 and L7, as shown in Table 4.19.

Table 4.19: Becos On-Block (%)

Becos On-Block (%)	
EP437	L7
62%	38%

Estimates of Talon’s Net Entitlement Prospective Resources for the Becos prospect are summarised in Table 4.20. This takes into account Talon’s 25% equity.

4.0.0 Resource R Resource 43

Becos	Talon Unrisked Net Entitlement: Onblock Prospective Oil Resources (MMstb)				Geological COS
	1U	2U	3U	Mean	
EP 437	0.14	0.36	0.73	0.40	16%
L7	0.09	0.22	0.45	0.25	
	0.3	0.8	1.18	0.4	-

Notes:

1. Totals in the above table are arithmetically summed
2. Talon equity of 25% has been applied to the resources estimates
3. Chance of geological success has not been applied to the resources estimates

4.4.4 Resource

EP 447 is located adjacent to the L23 License which contains the Walyering Gas Field. The continuation of the Waylyering Cattamarra gas trend and the earlier Jurassic Eneabba play form a series of leads. There is sparse coverage with 2D seismic from the 1970's, having been reprocessed in 2016.

The Badginarra, Comaloo and Comaloo East leads are currently being matured with further seismic reprocessing to evaluate a drill-ready prospect prior to a commitment exploration well in 2025.

Due to the immaturity of the leads, ERCE has not evaluated prospective resources for EP 447, and has valued the permit using a cost-based approach, further detailed Section 6.3.

4.4.4.4 Resource

In January 2021, Talon entered into a agreement with Macallum Group Limited (Macallum Group) to acquire a 100% interest in the area covering the Condor Structure located on EP494 and SPA 34 AO in the onshore Perth Basin. As of the effective date this agreement has not been fully exercised and entitlement of resources remains with Macallum Group. Given this situation no value has been assigned to EP494.

- the subject asset has recently been sold in a transaction appropriate for consideration under the basis of value.
- the subject asset or substantially similar assets are actively publicly traded, and/or
- there are frequent and/or recent observable transactions in substantially similar assets.

Finding appropriate recent transactions can be challenging, thus, when choosing comparable transactions, a valuer should consider:

- evidence of several transactions is generally preferable to a single transaction or event.
- evidence from transactions of very similar assets (ideally identical) provides a better indication of value than assets where the transaction prices require significant adjustments.
- transactions that happen closer to the valuation date are more representative of the market at that date than older/dated transactions, particularly in volatile markets.
- for most bases of value, the transactions should be “arm’s length” between unrelated parties.
- sufficient information on the transaction should be available to allow the valuer to develop a reasonable understanding of the comparable asset and assess the valuation metrics/comparable evidence.
- information on the comparable transactions should be from a reliable and trusted source, and
- actual transactions provide better valuation evidence than intended transactions.

3 **d** **r**

According to IVS, “the cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved”. In this approach, the current replacement cost of an asset is calculated and deductions for physical deterioration are made.

The cost approach should be applied under the following circumstances:

- participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a participant would not be willing to pay a significant premium for the ability to use the subject asset immediately.
- the asset is not directly income-generating and the unique nature of the asset makes using an income approach or market approach unfeasible, and/or

the basis of value being used is fundamentally based on replacement cost, such as replacement value.

4 Approach Selected for Talon's assets

The FMV of the producing sands Walyering gas field has been evaluated by BDO. ERCE has not been instructed to estimate the value of the field. ERCE's FMV estimates are therefore restricted to the additional prospectivity in the non-producing Walyering sands, Talon's 33% interest in the Gurvantes XXXV PSA in Mongolia and various interests in exploration licences onshore Perth Basin, Australia which contain Prospective Resources and Leads.

Mongolian operations are early-stage with extended production testing currently on the way and hence, ERCE elected not to value it using an income-based approach. ERCE investigated a market-based approach and concluded that a cost-based approach should be used to value Talon's interest in the Gurvantes XXXV PSA.

Due to the maturity of the EP 447 leads, ERCE has elected to not generate in place estimates. As such, there is insufficient data to calculate a fair market valuation using a market based approach and used a cost-based approach to value Talon's interest in EP 447.

For the remaining exploration assets in Australia, within L23, EP 437 and EP 494, given the high uncertainty of geological success and/or commercial potential, ERCE has chosen a market-based approach.

ERCE has independently evaluated the geological chance of success for the Prospects within Talon's exploration assets. Market multiples are applied to risked prospective resources, which include this chance of success.

Market-based approach

To perform the market-based valuation of the onshore Perth Basin assets, ERCE used the Comparable Transactions Method. The comparable transactions method utilises information on transactions involving assets that are the same or similar to the subject asset to arrive at an indication of value.

The factors that impact transaction multiples include but are not limited to:

- Reserves/Resources volume
- Split between Reserves and Resources categories
- Stage of development and access to infrastructure
- Pricing forecasts at the time of transactions
- Fiscal regime, etc.

ERCE compiled all relevant onshore Perth Basin Oil & Gas transactions in order to establish a suitable multiple range, shown Table 7.1, with related sources shown Table 7.3. Gas price is shown based on monthly gas price and is shown to provide context to the environment in

which the transaction was performed. Gas price is not used within the calculation of market multiples due to the volatility in gas prices. The time to between exploration acreage transaction and commercial production of gas is extensive and gas price is likely to have changed significantly.

ERCE has reviewed all Perth Basin Transactions with Contingent or Prospective Resources in the past 8 years. The market multiples used by ERCE for valuation are based off historical Prospective Resource transactions. By definition, as prospective resources, these exploration assets are all at the same stage of development as the exploration assets in Talon's portfolio, namely, pre-exploration drilling.

All transactions reviewed relate to exploration assets in the Perth Basin, a mature basin with evacuation routes already in place. On the whole, in a success case there may be some small amounts of pipeline to be built to tie a discovery into the evacuation route, but these are expected to be a minor cost compared to other development costs. Gas processing facilities will need to be built for any discovery, and all assets reviewed will have similar access to the pipelines currently available

Similarly for oil prospectivity, export routes are similar for all prospects within the mature Perth Basin.

For the Gas Prospective Resources that were reviewed, the processing techniques will be similar for any potential discovery barring extreme circumstances such as erroneously high CO₂ or other contaminants, which have not been accounted for as we would not have reasonable grounds for making such assessments.

As onshore Western Australian Prospects, the regulations for all prospects reviewed are set by DMIRS (Department of Mines, Industry Regulations and Safety.) Regulations have been consistent for all permits.

Transactions are based on net transaction value and net entitlement to prospective and contingent oil and gas resources, normalised to barrels of oil equivalent (boe) using a conversion factor of 6 boe per MMscf. Unrisked resources are for the Perth Basin wide transactions (Table 7.1) due to data availability. For the direct comparable values (Table 7.2), risked resources are used for multiples derivation.

In these tables, prospective resources listed are net to the buyer. As such, the per cent of interest in the sale is included in the transaction metric.

In the chosen comparable transactions there are transactions for both operating and non-operating interest of assets. Based on the pre-development stage of the asset, ERCE does not consider it appropriate to differentiate between operating and non-operating transactions as any adjustment would be arbitrary and not be material to the value of the assets being acquired.

In the direct comparable transactions, the Triangle key transaction was not considered an outlier as the transaction involved a takeover of key petroleum, and additional exploration work has been undertaken in the form of seismic acquisition since the date of this transaction.

ERCE has not adjusted transaction for financial exposure and level of liquidity of the buyer and sellers at the time of these transactions as the comparable transaction metrics are at the asset level and ERCE do not consider it appropriate to adjust the market multiples to reflect financial exposure and liquidity as any adjustment for these factors is considered arbitrary and not material to the valuation of early stage exploration assets.

Table 1: Summary of Acquisitions

Acquisition Date	Acquirer	Target	Acquisition Description	Price per Share (\$)	Enterprise Value (\$MM)	Debt (\$MM)	Enterprise Value (\$MM)	Debt (\$MM)	Enterprise Value (\$MM)
01/03/2023	Talon Energy	Triangle Energy	25% interest in Permits L7 and EP 437	9.2			16.40	0.56	8.20
17/01/2023	New Zealand Oil & Gas	Triangle Energy	25% interest in Permits L7 and EP 437	9.96			16.40	0.61	7.06
21/09/2022	Triangle Energy	Key Petroleum	50% interest in L7 and 86.94% interest in EP 437	1.1			32.80	0.03	5.82
21/10/2021	Advanced Energy Transition	Pilot Energy	50% interest in Exploration Permit EP 416 or EP 480	n/a					5.27
20/01/2021	Talon Petroleum Limited	Macallum Group	100% interest in EP494 and SPA-0081	2.6			88.20	0.03	3.94
20/07/2020	Talon Petroleum Limited	Strike Energy	45% of non operated interest in Walyering (EP447)	6			7.43	0.81	2.83
15/11/2019	Vintage Energy	Metgasco	30% of the Cervantes oil prospect in Perth Basin	3.2			4.60	0.70	2.57
09/09/2019	Metgasco	RCMA (Jade Energy Holdings)	Option to farm-in (60% interest) in the L14 onshore Perth Basin	n/a					2.73
22/10/2018	Strike Energy Limited	UIL Energy Ltd.	Perth Basin gas permits; Ocean Hill gas field	17.6	60.00	0.29			3.41
25/10/2018	Triangle Energy	Whitebark Energy	15% interest in TP15	5			24.00	0.21	3.41
13/09/2018	Key Petroleum	AWE (Mitsui)	PL L7 in the onshore North Perth basin						3.42
28/03/2018	Strike Energy Limited	Warrego Energy Ltd.	50% interest in EP469 in Perth Basin	0.6	6.00	0.10			3.67
10/02/2017	Triangle Energy, 3C Group, Whitebark Energy	Norwest Energy	TP/15 permit of the Perth Basin	3			48.00	0.06	4.44
01/09/2015	Pilot Energy	Empire Energy	EP 416 and EP 480 in South Perth Basin	0.45					3.28
Mid						0.0		0.38	

⁵ <https://www.gastrading.com.au/spot-market/historical-prices-and-volume/forecast-vs-actual>

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D d	r	r	r	r
1/03/2023	Talon Energy	Triangle Energy	25% interest in Permits L7 and EP 437	https://www.investi.com.au/api/announcements/tpd/589b1402-afc.pdf
17/01/2023	New Zealand Oil & Gas	Triangle Energy	25% interest in Permits L7 and EP 437	https://www.investi.com.au/api/announcements/tpd/1fe3a54b-c98.pdf
21/09/2022	Triangle Energy	Key Petroleum	50% interest in L7 and 86.94% interest in EP 437	https://triangleenergy.com.au/wp-content/uploads/2022/09/2440464-TEG-Secures-100-of-Permits-L7-and-EP437-Onshore-Perth-Basin.pdf
21/10/2021	Advanced Energy Transition	Pilot Energy	50% interest in Exploration Permit EP 416 or EP 480	https://www.pilotenergy.com.au/sites/pilotenergy.com.au/files/asx-announcements/61040727.pdf
20/01/2021	Talon Petroleum Limited	Macallum Group	100% interest in EP494 and SPA-0081	https://www.investi.com.au/api/announcements/tpd/0fcb2d21-bb6.pdf
20/07/2020	Talon Petroleum Limited	Strike Energy	45% of non operated interest in Walyering (EP447)	https://www.investi.com.au/api/announcements/tpd/b2e41f75-aca.pdf
15/11/2019	Vintage Energy	Metgasco	30% of the Cervantes oil prospect in Perth Basin	https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02173363-2A1186807?access_token=83ff96335c2d45a094df02a206a39ff4
9/09/2019	Metgasco	RCMA (Jade Energy Holdings)	Option to farm-in (60% interest) in the L14 onshore Perth Basin	https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02144679-2A1171790?access_token=83ff96335c2d45a094df02a206a39ff4
22/10/2018	Strike Energy Limited	UIL Energy Ltd.	Perth Basin gas permits; Ocean Hill gas field	https://app.sharelinktechnologies.com/announcement/asx/1ac7dafa068909cacfe2d3070429c8df

Date	Company	Company	Description	Link
25/10/2018	Triangle Energy	Whitebark Energy	15% interest in TP15	https://teg.live.irmau.com/pdf/7358fa49-69b9-452d-8332-2e0b6835a31d/Triangle-Increases-Equity-in-Xanadu-Oil-Discovery.pdf
13/09/2018	Key Petroleum	AWE (Mitsui)	PL L7 in the onshore North Perth basin	https://www.keypetroleum.com.au/wp-content/uploads/2018/08/6899330.pdf
28/03/2018	Strike Energy Limited	Warrego Energy Ltd.	50% interest in EP469 in Perth Basin	https://app.sharelinktechnologies.com/announcement/asx/0553c73bd658da33b740e1778898c98d
10/02/2017	Triangle Energy, 3C Group, Whitebark Energy	Norwest Energy	TP/15 permit of the Perth Basin	https://www.marketindex.com.au/asx/nwe/announcements/xanadu1-farmout-finalised-and-placement-6A809743
01/09/2015	Pilot Energy	Empire Energy	EP 416 and EP 480 in South Perth Basin	https://www.pilotenergy.com.au/sites/pilotenergy.com.au/files/asx-announcements/6732236.pdf

ERCE looked at all transactions from the Perth basin and derived average metrics based on the ratio of transaction cost to reported unrisks reserves and resources. In Perth Basin wide transactions, ERCE considered unrisks prospective resources due to lack of available risks prospective resource values.

From the analysis of the onshore Perth Basin transactions shown in Table 7.1, ERCE derived average metrics of A\$0.20/boe of 2P+2C and A\$0.38/boe of 2P+2C+2U (unrisks Prospective).

ERCE also investigated direct comparable transactions as transactions occurring within Talon's licenses. Three prior transactions were considered for the L7/EP 437 Licenses and one prior transaction for the L23/EP 447 Licenses, shown Table 7.2. The direct comparable transactions had publicly available risks resources. As such, ERCE evaluated metrics as the ratio of transaction cost to risks prospective resources.

It is important to note that the average metrics are not precise indicators of value as they are based on historical transactions of different assets and different market conditions. The implied value is derived from direct comparables, i.e., from the transactions associated with the assets being evaluated.

ERCE investigated the gas price at the time of the transaction, however the gas price is not used within the calculation of market multiples due to the volatility in gas prices. The time between exploration acreage transactions and commercial production of gas is extensive and the gas price is likely to have changed significantly.

Additional market conditions such as Western Australian gas demand outlook, interest rates, changing development costs and technologies available can affect the price of exploration acreage. However, the direct comparable transactions utilised by ERCE for the asset valuations have occurred in the last 12 months for block L7 and EP 437, and in 2020 for EP 447, and it is of ERCE's opinion that market conditions outside of gas prices have not varied materially in this short timeframe.

While ERCE calculates implied values for the range of 1U, 2U and 3U to investigate the ranges of value, the final fair market conclusion is based on 2U risks estimates.

In Table 7.4, ERCE summarises Talon's Perth Basin Risks Prospective Resources evaluated by ERCE and Table 7.5 summarises the implied value for Talon's assets.

4: Talon's Net Risked Prospective Resources

Asset	Net WI Risked Prospective Resources (1U)			Net WI Risked Prospective Resources (2U)			Net WI Risked Prospective Resources (3U)		
	Liquids (MMstb)	Gas (Bcf)	Total (MMBoe)	Liquids (MMstb)	Gas (Bcf)	Total (MMBoe)	Liquids (MMstb)	Gas (Bcf)	Total (MMBoe)
L23/EP447 Walyering	0.00	3.09	0.52	0.00	7.93	1.32	0.00	15.73	2.62
L7/EP437	0.23	3.99	0.89	0.58	9.91	2.23	1.18	24.39	5.24

Table 7.6: Implied Value of Risked Prospective Resources

Transaction Metric (A\$/b)	Implied Value (A\$ MM)			
	1U	2U	3U	
L23/EP447 Walyering				
<i>All Perth Basin transactions:</i>				
2P+2C+2U (Median)	0.38	0.20	0.51	1.01
2P+2C+2U (Average)	0.38	0.19	0.50	0.99
<i>Direct Comparable:</i>				
Talon/Strike transaction; 2P+2C+2U	2.45	1.27	3.23	6.41
L7/EP437				
<i>All Perth Basin transactions:</i>				
2P+2C+2U (Median)	0.38	0.34	0.84	1.97
2P+2C+2U (Average)	0.39	0.34	0.86	2.02
<i>Direct Comparable:</i>				
Talon/Triangle transaction; Prospective	2.55	2.28	5.68	13.37
Triangle/NZOG transaction; Prospective	2.76	2.47	6.15	14.47
Triangle/Key transaction; Prospective	0.31	0.27	0.67	1.57

To value the risked Prospective Resources associated with L23/EP447 (Walyering) ERCE uses the Talon/Strike transaction. In July 2020, Talon agreed to free carry Strike for the first A\$6 MM of a proposed A\$9 MM of costs incurred by the joint venture in relation to the drilling and completing of one well and associated geological and geophysical studies within the permit (including related admin costs) to earn a 45% non-operated WI in EP447. Talon's net estimates of 2U (Risked) were 2.45 MMboe at the time of the transaction. ERCE calculates a metric of A\$2.45/boe based on net 2P+2C+2U (Risked) and applies it to the ERCE estimated Risked Prospective Resource (2U) of 1.32 MMBoe to arrive at the implied value of A\$3.23 MM. The transaction metrics are shown in Table 7.6.

Table 7.7: Valuation Metrics

Valuation Metrics	Unit	
Talon Well Cost Contribution	MM AUD	6.00
<i>Total transaction value</i>	<i>MM AUD</i>	<i>6.00</i>
Talon Risked Prospective Resource (2U)	MMboe	2.45
Direct Comparable Multiple	A\$/boe	2.45
ERCE Risked Prospective Resource (2U)	MMboe	1.32
ERCE Risked Prospective Resource (2U) Multiple	MM AUD	3.33

To value the risked Prospective Resources associated with L7/EP437 ERCE uses the Talon/Triangle and Triangle/NZOG transactions. The Triangle – Key transaction is considered an outlier and is not considered in the valuation.

In March 2023, Talon agreed to pay Triangle ~A\$1.9 MM towards past expenditure on the recently acquired Bookara 3D seismic data as consideration for its 25% interest in L7 and EP437. In addition to these upfront costs, Talon will fund an uplift on the costs of three exploration wells to be drilled in 2024, with forecast expenditure of ~A\$7.3 MM, net to Talon, paid as costs are incurred. ERCE estimates total transaction value at A\$9.2 MM. Talon’s net estimate of 2U (Risked) is 3.60 MMBoe, based on prior referenced publicly available transaction records. ERCE calculates a metric of A\$2.55/boe based on net 2U (Risked).

In January 2023, Triangle Energy completed farmout negotiations with New Zealand Oil & Gas acquiring a 25% interest in Permits L7 and EP 437. The terms comprise the following: payment of A\$1.9 MM towards expenditure on the Bookara 3D seismic data; payment of A\$3.75 MM of the estimated A\$7.5 MM cost of the first well in Permit L7, (any additional costs to be on a per interest basis); payment of A\$2.81 MM of the estimated A\$7.5 MM cost of the second well on the L7 Permit, (any additional costs to be on a per interest basis); payment of approximately A\$1.5 MM of the estimated A\$3.0 MM cost of a well in EP 437 (any additional costs to be on a per interest basis). ERCE estimates total transaction value at A\$9.96 MM. Triangle’s net estimate of 2U (Risked) is 3.60 MMBoe based on prior referenced publicly available transaction records. ERCE calculates a metric of A\$2.76/boe based on net 2U (Risked).

Based on both transactions, the direct comparable multiple is derived as ratio of average transaction value to Talon’s Risked Prospective Resources.

ERCE’s valuation is the direct comparable multiple applied to ERCE’s independent evaluation of the risked prospective resources in L7 and EP 437. Based on the two comparable transactions associated with L7/EP437, ERCE estimates a fair market value of A\$5.92 MM for Talon’s 25% WI in L7/EP437, shown in Table 7.7.

ERCE also considered a valuation based on applying multiples on the value of the unrisked volumes quoted in recent Perth Basin transactions and applying these to the unrisked prospective resource estimates that ERCE calculated. However ERCE do not believe

comparing unrisks is an appropriate measure to use due to the different risks and uncertainties in different parts of the Perth Basin.

Table 43: Summary of Valuation Metrics

Valuation Metrics	Unit	
Talon - Triangle Transaction Cost	MM AUD	9.2
NZOG - Triangle Transaction Cost	MM AUD	9.96
<i>Average Transaction Cost</i>	<i>MM AUD</i>	<i>9.58</i>
Talon Risked Prospective Resource (2U)	MMboe	3.60
Direct Comparable Multiple	A\$/boe	2.66
ERCE Risked Prospective Resource	MMboe	2.23
ERCE Risked Prospective Resource	MM AUD	9.9

8.3.3.3. Mongolian operations

Mongolian operations are early-stage pre-development with extended production testing currently on the way and more exploration planned in the future and hence, ERCE elected not to value it using income-based approach.

ERCE investigated market-based approach and found no comparable transactions to arrive at any conclusions on fair market value.

ERCE concluded that cost-based approach should be used to value Talon’s interest in the Gurvantes XXXV PSA.

According to public sources, Talon acquired its current 33% holding in the Gurvantes project in December 2022, after paying an initial US\$1.85 MM in funding. Having exercised its option to acquire the stake, Talon has now covered a further US\$3.15 MM in exploration expenses. Any exploration expenses above that amount will be split between Talon and TMK. Together with contingent payment of US\$ 809,333 and options issued to TMK, approximate cost associated with Talon’s 33% interest is around US\$6 MM. Based on this information, ERCE estimates a fair market value of Talon’s interest in the Gurvantes XXXV PSA at US\$6 MM.

For EP 447, ERCE has reviewed the License Extension documentation to the Department of Mines and Industry Regulation and Safety with commitment to drill an exploration well targeting either the Cadda Formation or the Cattamara Coal Measures. Expenditure is estimated at A\$10.00 MM. Additional commitments are in place for an additional A\$0.50 MM for seismic reprocessing, geotechnical studies and geological studies. Minimal historic spend has been associated with EP 447, with the majority of past expenditure being spent in the appraisal of the Walyering Field.

Table 9.1: Fair Market Value of Net Risked Contingent and Prospective Resources and Leads

Asset	Fair Market Value of Net Risked Contingent and Prospective Resources and Leads	Currency
Gurvantes XXXV	6 MM	US\$
L23/EP447 Walyering	3.23 MM	A\$
L7/EP437	5.92 MM	A\$
EP 447	4.725 MM	A\$
Total	3.11 MM	

Notes

1. An exchange rate of 1.54 A\$ per US\$ has been used.
2. Any valuations or projections included in this FMV Report are prepared for use by BDO and inclusion in the IER in relation to the Scheme (see full Disclaimer).

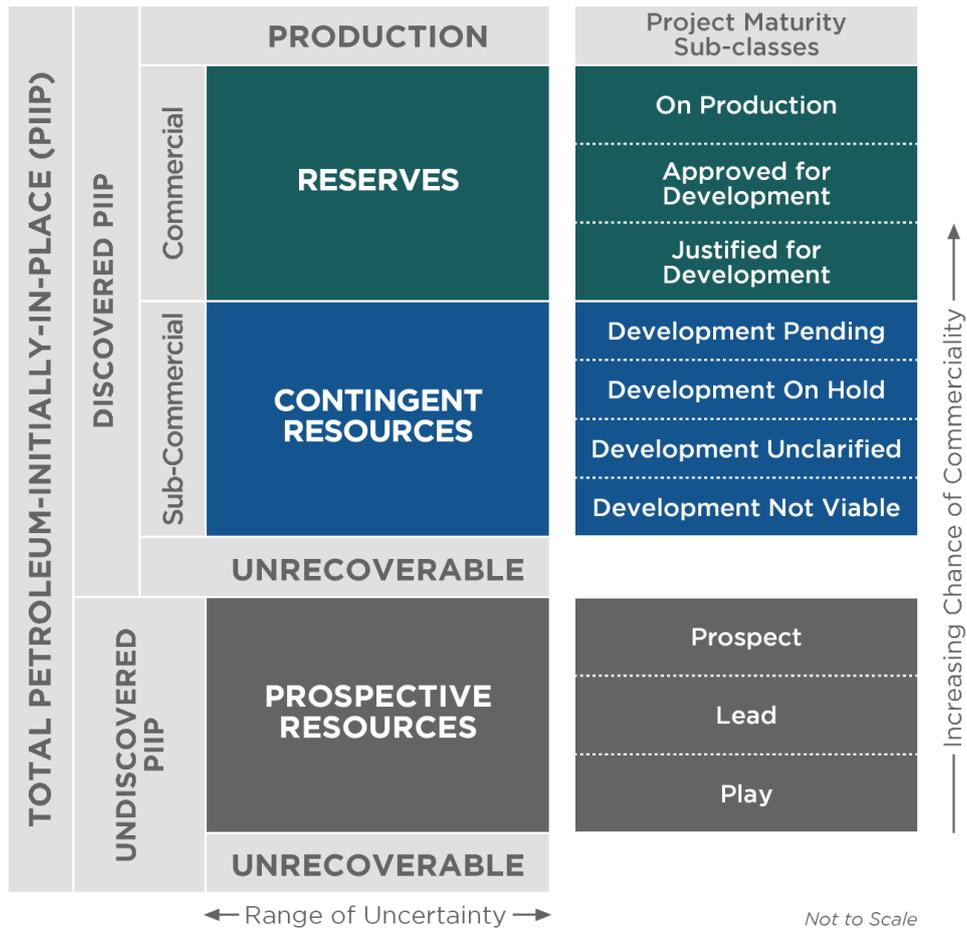
Any valuations or projections included in this FMV Report are prepared for use by BDO Corporate Finance (WA) Pty Ltd and inclusion in the IER in relation to the Scheme (see full Disclaimer).

Oil and Gas Reserves and Resources Management

This report references the SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Reserves and Resources Classification System and Definitions, as revised in June 2018 (PRMS). The full text of the PRMS document can be viewed at:

<https://www.spe.org/en/industry/petroleum-resources-management-system-2018/>

Definitions of the key PRMS Reserves and resources classes, categories and a glossary of related terms can be found at the above address.



(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 2.1)

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1 RM R r R r d

<p>1</p>	<p>D</p>	<p>d</p>
<p>R</p>	<p>Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.</p>	<p>Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame.</p> <p>A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.</p>
<p>r</p>	<p>The development project is currently producing or capable of producing and selling petroleum to market.</p>	<p>The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves.</p> <p>The project decision gate is the decision to initiate or continue economic production from the project.</p>

RM R D d d

	D	d
<p>D R</p>	<p>Expected quantities to be recovered from existing wells and facilities.</p>	<p>Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.</p>
<p>D r R</p>	<p>Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.</p>	<p>Improved recovery Reserves are considered producing only after the improved recovery project is in operation.</p>
<p>D r R</p>	<p>Shut-in and behind-pipe Reserves.</p>	<p>Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.</p> <p>In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.</p>
<p>d R</p>	<p>Quantities expected to be recovered through future significant investments.</p>	<p>Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.</p>

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3 RM R r D d d

r	D	d
r d R r	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	<p>If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.</p> <p>The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and</p> <p>2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved.</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive. B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations. <p>For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.</p>
r R r	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	<p>It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p> <p>Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>
R r	Those additional reserves that analysis of	The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-

	<p>geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.</p>	<p>estimate scenario.</p> <p>When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>
<p>□r□□□□□□ □□d□ □□□□□□□□ R□□r□□□□</p>	<p>See above for separate criteria for Probable Reserves and Possible Reserves.</p>	<p>The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.</p> <p>Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.</p> <p>In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.</p>

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□□□ □ r□□□□□	A project is commercial when there is evidence of a firm intention to proceed with development within a reasonable time-frame. Typically, this requires that the best estimate case meet or exceed the minimum evaluation decision criteria (e.g., rate of return, investment payout time). There must be a reasonable expectation that all required internal and external approvals will be forthcoming. Also, there must be evidence of a technically mature, feasible development plan and the essential social, environmental, economic, political, legal, regulatory, decision criteria, and contractual conditions are met. .
□□□ □ □□□□d□ □r□□□□□□	Project that the entity has a firm intention to develop in a reasonable time-frame. Intent is demonstrated with funding/financial plans, but FID has not yet been declared (See also Final Investment Decision.)
□□□ □□□□□□□□	Completion of a well. The process by which a well is brought to its operating status (e.g., producer, injector, or monitor well). A well deemed to be capable of producing petroleum, or used as an injector, is completed by establishing a connection between the reservoir(s) and the surface so that fluids can be produced from, or injected into, the reservoir.
□□□ □□□□□□□□ □□□r□□□□□	The specific reservoir interval(s) that is (are) open to the borehole and connected to the surface facilities for production or injection, or reservoir intervals open to the wellbore and each other for injection purposes.
□□□□□□□□□□□□	A grant of access for a defined area and time period that transfers certain entitlements to produced hydrocarbons from the host country to an entity. The entity is generally responsible for exploration, development, production, and sale of hydrocarbons that may be discovered. Typically granted under a legislated fiscal system where the host country collects taxes, fees, and sometimes royalty on profits earned. (Also called a license.)
□□□d□□□□□□□□	A mixture of hydrocarbons (mainly pentanes and heavier) that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions. Condensate differs from NGLs in two respects: (1) NGL is extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGL includes very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensate.
□□□□d□□□□□□ □□□□□□□□	A measure of the estimated reliability of a result. As used in the deterministic incremental method, the evaluator assigns a relative level of confidence (high/moderate/low) to areas/segments of an accumulation based on the information available (e.g., well control and seismic coverage). Probabilistic and statistical methods use the 90% (P90) for the high confidence (low value case), 50% (P50) for the best estimate (moderate value case), and 10% (P10) for the low (high value case) estimate to represent the chances that the actual value will equal or exceed the estimate.
□□□□□□□□□□□□□□	A descriptor applied to the economic evaluation of resources estimates. Constant-case estimates are based on current economic conditions being those conditions (including costs and product prices) that are fixed at the evaluation date and held constant, with no inflation or deflation made to costs or prices throughout the remainder of the project life other than those permitted contractually.
□□□□□□ □d□□□□ □□□r□□□□□□□□□□ □□	That portion of produced petroleum consumed as fuel in production or lease plant operations before delivery to the market at the reference point. (Also called lease fuel.)

□ □ □ □ □ □ □ □ □ □	A condition that must be satisfied for a project in Contingent Resources to be reclassified as Reserves. Resolution of contingencies for projects in Development Pending is expected to be achieved within a reasonable time period.
□ □ □ □ □ □ □ □ □ □ □ r □ □ □ □ □ □	A project that is not yet commercial owing to one or more contingencies that have not been resolved.
□ □ □ □ □ □ □ □ □ □ R □ □ □ □ r □ □ □ □ □	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
□ □ □ □ □ □ □ □ □ □ □ □ □ □ □ D □ □ □ □ □ □ □ □	A petroleum accumulation that is pervasive throughout a large area and that generally lacks well-defined OWC or GWC. Such accumulations are included in unconventional resources. Examples of such deposits include “basin-centered” gas, tight gas, tight oil, gas hydrates, natural bitumen, and oil shale (kerogen) accumulations.
□ □ □ □ □ □ □ □ □ □ □ □ □ □ R □ □ □ □ □ r □ □ □ □ □ □	Resources that exist in porous and permeable rock with buoyancy pressure equilibrium. The PIIP is trapped in discrete accumulations related to a localized geological structural feature and/or stratigraphic condition, typically with each accumulation bounded by a down dip contact with an aquifer and is significantly affected by hydrodynamic influences such as buoyancy of petroleum in water.
□ □ □ □ □ R □ □ □ □ □ □ r □ □ □	Under a typical production-sharing agreement, the contractor is responsible for the field development and all exploration and development expenses. In return, the contractor recovers costs (investments and operating expenses) out of the production stream. The contractor normally receives an entitlement interest share in the petroleum production and is exposed to both technical and market risks.
□ r □ d □ □ □ □ □ □ □ □	Crude oil is the portion of petroleum that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric conditions of pressure and temperature (excludes retrograde condensate). Crude oil may include small amounts of non-hydrocarbons produced with the liquids but does not include liquids obtained from the processing of natural gas.
□ □ □ □ □ □ □ □ □ □ □ □ □ r □ d □ □ □ □ □ □ □ □ □ □	The sum of petroleum quantities that have been produced at a given date. (See also Production). Production is measured under defined conditions to allow for the computation of both reservoir voidage and sales quantities and for the purpose of voidage also includes non-petroleum quantities.
□ □ r r □ d □ □ □ □ □ □ □ □	Economic conditions based on relevant historical petroleum prices and associated costs averaged over a specified period. The default period is 12 months. However, in the event that a step change has occurred within the previous 12-month period, the use of a shorter period reflecting the step change must be justified and used as the basis of constant-case resources estimates and associated project cash flows.
D □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ d □ □ □ □ □ □ □ □	Forecast of conditions to exist and impact the project during the time period being evaluated. Forecasts should account for issues that impact the commerciality, such as economics (e.g., hurdle rates and commodity price); operating and capital costs; and technical, marketing, sales route, legal, environmental, social, and governmental factors.
D □ □ □ □ □ □ □ □ □ □	Material laid down by a natural process. In resources evaluations, it identifies an accumulation of hydrocarbons in a reservoir. (See Accumulation.)

<p>D r d</p>	<p>An assessment method based on defining discrete parts or segments of the accumulation that reflect high, moderate, and low confidence regarding the estimates of recoverable quantities under the defined development plan.</p>
<p>D r d</p>	<p>An assessment method based on discrete estimate(s) made based on available geoscience, engineering, and economic data and corresponds to a given level of certainty.</p>
<p>D r d</p>	<p>Method where the evaluator provides three deterministic estimates of the quantities to be recovered from the project being applied to the accumulation. Estimates consider the full range of values for each input parameter based on available engineering and geoscience data, but one set is selected that is most appropriate for the corresponding resources confidence category. A single outcome of recoverable quantities is derived for each scenario.</p>
<p>D r d</p>	<p>Reserves that are expected to be recovered from existing wells and facilities. Developed Reserves may be further sub-classified as Producing or Non- Producing.</p>
<p>D r d</p>	<p>Developed Reserves that are expected to be recovered from completion intervals that are open and producing at the effective date. Improved recovery reserves are considered producing only after the improved recovery project is in operation.</p>
<p>D r d</p>	<p>Developed Reserves that are either shut-in or behind-pipe. (See also Shut-In Resources and Behind-Pipe Reserves.)</p>
<p>D r d</p>	<p>A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. A project maturity sub-class of Contingent Resources.</p>
<p>D r d</p>	<p>A discovered accumulation for which there are contingencies resulting in there being no current plans to develop or to acquire additional data at the time due to limited commercial potential. A project maturity sub-class of Contingent Resources.</p>
<p>D r d</p>	<p>A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. A project maturity sub-class of Contingent Resources.</p>
<p>D r d</p>	<p>The design specifications, timing, and cost estimates of the appraisal and development project(s) that are planned in a field or group of fields. The plan will include, but is not limited to, well locations, completion techniques, drilling methods, processing facilities, transportation, regulations, and marketing. The plan is often executed in phases when involving large, complex, sequential recovery and/or extensive areas.</p>
<p>D r d</p>	<p>A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. This sub-class requires appraisal or study and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity. A project maturity sub-class of Contingent Resources.</p>

D	A petroleum accumulation where one or several exploratory wells through testing, sampling, and/or logging have demonstrated the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In this context, “significant” implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for technical recovery. (See also Known Accumulation.)
D r	Quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production. Discovered PIIP may be subdivided into commercial, sub-commercial, and the portion remaining in the reservoir as Unrecoverable.
D r	Discovered petroleum in-place resources that are evaluated, as of a given date, as not able to be recovered by the commercial and sub-commercial projects envisioned.
Dr	Natural gas remaining after hydrocarbon liquids have been removed before the reference point. It should be recognized that this is a resources assessment definition and not a phase behavior definition. (Also called lean gas.)
E	A project is economic when it has a positive undiscounted cumulative cash flow from the effective date of the evaluation, the net revenue exceeds the net cost of operation (i.e., positive cumulative net cash flow at discount rate greater than or equal to zero percent).
E r	Interest that is possessed when an entity has acquired an interest in the minerals in-place or a license and secures, by any form of legal relationship, revenue derived from the extraction of the mineral to which he must look for a return.
E P	Defined as the time when the maximum cumulative net cash flow (see Net Entitlement) occurs for a project.
E P R	Those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions. May also be subject to additional unsatisfied contingencies.
E P R	Those quantities associated with technically feasible projects where cash flows are positive under reasonable forecast conditions but are not Reserves because it does not meet the other commercial criteria
E r	Refers to the situation where the net revenue from an ongoing producing project exceeds the net expenses attributable to a certain entity’s interest. The ADR costs are excluded from the determination.
E D	Resource estimates of remaining quantities are “as of the given date” (effective date) of the evaluation. The evaluation must take into account all data related to the period before the “as of date.”
E P	That portion of future production (and thus resources) legally accruing to an entity under the terms of the development and production contract or license.
E	A legal construct capable of bearing legal rights and obligations. In resources evaluations, this typically refers to the lessee or contractor, which is some form of legal corporation (or consortium of corporations). In a broader sense, an entity can be an organization of any form and may include governments or their agencies.
E d	Methods of recovery or processing that have proved to be successful in commercial applications.

<p>□□□□ □□□□d□</p> <p>□□□□ □□□□</p> <p>R□□□□□r□□□□□R□□</p>	<p>Those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities that have been already produced. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.</p>
<p>□□□□□□□□□□</p>	<p>The geosciences, engineering, and associated studies, including economic analyses, conducted on a petroleum exploration, development, or producing project resulting in estimates of the quantities that can be recovered and sold and the associated cash flow under defined forward conditions. (Also called assessment.)</p>
<p>□□□□□□□□r□</p>	<p>The person or group of persons responsible for performing an evaluation of a project. These may be employees of the entities that have an economic interest in the project or independent consultants contracted for reviews and audits. In all cases, the entity accepting the evaluation takes responsibility for the results, including its resources and attributed value estimates.</p>
<p>□□□□□r□□□□□□</p>	<p>Prospecting for undiscovered petroleum using various techniques, such as seismic surveys, geological studies, and exploratory drilling.</p>
<p>□□□□d□</p>	<p>In conventional reservoirs, a field is typically an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impermeable rock, laterally by local geologic barriers, or both. The term may be defined differently by individual regulatory authorities. For unconventional reservoirs without hydrodynamic influences, a field is often defined by regulatory or ownership boundaries as necessary.</p>
<p>□□□□□□□□□□□□ □□□□</p> <p>D□□□□□□□□□□D□□</p>	<p>Project approval stage when the participating companies have firmly agreed to the project and the required capital funding.</p>
<p>□□□r□□□□ □□□□</p>	<p>The total quantity of gas vented and/or burned as part of production and processing operations (but not as fuel).</p>
<p>□□□□ □□□□□□</p>	<p>An operation on a well designed to demonstrate the existence of recoverable petroleum in a reservoir by establishing flow to the surface and/or to provide an indication of the potential productivity of that reservoir (such as a wireline formation test). May also demonstrate the potential of certain completion techniques, particularly in unconventional reservoirs.</p>
<p>□□□□d□□□□□□□□□□</p>	<p>The surface or interface in a reservoir separating two regions characterized by predominant differences in fluid saturations. Because of capillary and other phenomena, fluid saturation change is not necessarily abrupt or complete, nor is the surface necessarily horizontal.</p>
<p>□□□r□□□□□□□□ □□□□</p>	<p>A descriptor applied to a scenario when production and associated cash-flow estimates are based on those conditions (including costs and product price schedules, inflation indexes, and market factors) forecast by the evaluator to reasonably exist throughout the evaluation life (i.e., defined conditions). Inflation or deflation adjustments are made to costs and revenues over the evaluation period.</p>
<p>□□□□□□□□□□□□</p>	<p>In gas production operations involving multiple working interest owners, maintaining a statement of volumes attributed to each, depending on each owner's portion received. Imbalances may occur that must be monitored over time and eventually balanced in accordance with accepted accounting procedures.</p>
<p>□□□□□□□□□□ □□□□</p>	<p>Free natural gas that overlies and is in contact with crude oil in the reservoir. It is a subset of associated gas.</p>

<p>□□□r□□□□□□□□□□</p>	<p>Demonstrated improvements over time in performance of a repetitive task that results in efficiencies in tasks to be realized and/or in reduced time to perform and ultimately in cost reductions.</p>
<p>□□□□□□□□d□</p>	<p>Likelihood (the estimated probability or chance) is equal (1- risk). (See Probability and Risk.)</p>
<p>□□□ □□□□□□□□□□ □□□□□ □□□□□</p>	<p>Reflects the range of uncertainty as a reasonable range of estimated potentially recoverable quantities.</p>
<p>□□□ □□□□□ □□□□</p>	<p>With respect to resources categorization, this is a conservative estimate of the quantity that will actually be recovered from the accumulation by a project. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.</p>
<p>□□□ □□□□□ □□□ □□ □□dr□□□□r□□□□□ □□□□□□</p>	<p>The deepest documented occurrence of a producible hydrocarbon accumulation as interpreted from well log, flow test, pressure measurement, core data, or other conclusive and reliable evidence.</p>
<p>M□r□□□□</p>	<p>A consumer or group of consumers of a product that has been obtained through purchase, barter, or contractual terms.</p>
<p>M□r□□□□□□□□ □ □□□□□□□□□</p>	<p>Those quantities of hydrocarbons that are estimated to be producible from petroleum accumulations and that will be consumed by the market. (Also referred to as marketable products.)</p>
<p>M□□□□</p>	<p>The sum of a set of numerical values divided by the number of values in the set.</p>
<p>M□□□□r□□ □□□□</p>	<p>The process of establishing quantity (volume, mass, or energy content) and quality of petroleum products delivered to a reference point under conditions defined by delivery contract or regulatory authorities.</p>
<p>M□□r□□□□□□□□</p>	<p>An agreement in which a mineral owner (lessor) grants an entity (lessee) rights. Such rights can include (1) a fee ownership or lease, concession, or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of the lease; (2) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and/or (3) those agreements with foreign governments or authorities under which a reporting entity participates in the operation of the related properties or otherwise serves as producer of the underlying reserves (as opposed to being an independent purchaser, broker, dealer, or importer).</p>
<p>M□□□□□□r□□□ □□□ □□□□□□□□</p>	<p>A type of stochastic mathematical simulation that randomly and repeatedly samples input distributions (e.g., reservoir properties) to generate a resulting distribution (e.g., recoverable petroleum quantities).</p>
<p>M□□□□□□□□r□□□ M□□□□d□</p>	<p>An extension of the deterministic scenario method. In this case, a significant number of discrete deterministic scenarios are developed by the evaluator, with each scenario leading to a single deterministic outcome. Probabilities may be assigned to each discrete input assumption from which the probability of the scenario can be obtained; alternatively, each outcome may be assumed to be equally likely.</p>

□ □ □ □ r □ □ □ □ □ □ □ □ □ □	The portion of petroleum that exists in the semi-solid or solid phase in natural deposits. In its natural state, it usually contains sulfur, metals, and other non- hydrocarbons. Natural bitumen has a viscosity greater than 10,000 mPa·s (or 10,000 cp) measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural viscous state, it is not normally recoverable at commercial rates through a well and requires the implementation of improved recovery methods such as steam injection. Natural bitumen generally requires upgrading before normal refining.
□ □ □ □ r □ □ □ □ □ □ □ □ □ □	Portion of petroleum that exists either in the gaseous phase or is in solution in crude oil in a reservoir, and which is gaseous at atmospheric conditions of pressure and temperature. Natural gas may include some amount of non- hydrocarbons.
□ □ □ □ r □ □ □ □ □ □ □ □ □ □ □ □ □ □ d □ □ □ □ □ □ □ □ □ □	A mixture of light hydrocarbons that exist in the gaseous phase in the reservoir and are recovered as liquids in gas processing plants. NGLs differ from condensate in two principal respects: (1) NGLs are extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGLs include very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensates.
□ □	That portion of future production (and thus resources) legally accruing to an entity under the terms of the development and production contract or license. Under the terms of PSCs, the producers have an entitlement to a portion of the production. This entitlement, often referred to as “net entitlement” or “net economic interest” is estimated using a formula based on the contract terms incorporating costs and profits.
□ □ □ □ □ □ □ □ □ □	The portion (after applying cutoffs) of the thickness of a reservoir from which petroleum can be produced or extracted. Value is referenced to a true vertical thickness measured.
□ □ □ □ R □ r □ □ □ □ □ □ □ □ □ □	An entity’s revenue share of petroleum sales after deduction of royalties or share of production owing to others under applicable lease and fiscal terms. (See also Entitlement and Net Entitlement)
□ □	Term used in the hydrocarbon product price determination at reference point to reflect the revenue of one unit of sales after the costs associated with bringing the product to a market (e.g., transportation and processing) are removed.
□ □	Associated gases such as nitrogen, carbon dioxide, hydrogen sulfide, and helium that are present in naturally occurring petroleum accumulations.
□ □	That portion of estimated recoverable or produced quantities that will not be included in sales as contractually defined at the reference point. Non-sales include quantities CiO, flare, and surface losses, and may include non- hydrocarbons.
□ □	Sand deposits highly saturated with natural bitumen. Also called “tar sands.” Note that in deposits such as the western Canada oil sands, significant quantities of natural bitumen may be hosted in a range of lithologies, including siltstones and carbonates.
□ □	Shale, siltstone, and marl deposits highly saturated with kerogen. Whether extracted by mining or in-situ processes, the material must be extensively processed to yield a marketable product (synthetic crude oil). (Often called kerogen shale.)

<p>□r□□□□□□□□□□ M□□□□d□</p>	<p>The method of estimation of resources is called probabilistic when the known geoscience, engineering, and economic data are used to generate a continuous range of estimates and their associated probabilities.</p>
<p>□r□□□□□□□ R□□□r□□□□</p>	<p>An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p>
<p>□r□d□□□□□□□□</p>	<p>The cumulative quantities of petroleum that have been recovered at a given date. Production can be reported in terms of the sales product specifications, but project evaluation requires that all production quantities (sales and non-sales), as measured to support engineering analyses requiring reservoir voidage calculations, are recognized.</p>
<p>□r□d□□□□□□□□ □□r□□□□□□□</p>	<p>A forecasted schedule of production over time. For Reserves, the production forecast reflects a specific development scenario under a specific recovery process, a certain number and type of wells and particular facilities and infrastructure. When forecasting Contingent or Prospective Resources, more than one project scope (e.g., wells and facilities) is frequently carried to determine the range of the potential project and its uncertainty together with the associated resources defining the low, best, and high production forecasts. The uncertainty in resources estimates associated with a production forecast is usually quantified by using at least three scenarios or cases of low, best, and high, which lead to the resources classifications of, respectively, 1P, 2P, 3P and 1C, 2C, 3C or 1U,2U and 3U.</p>
<p>□r□d□□□□□□□□ □□□r□□□□ □□□r□□□□□□□□□□</p>	<p>A contract between a contractor and a host government in which the contractor typically bears the risk and costs for exploration, development, and production. In return, if exploration is successful, the contractor is given the opportunity to recover the incurred investment from production, subject to specific limits and terms. Ownership of petroleum in the ground is retained by the host government; however, the contractor normally receives title to the prescribed share of the quantities as they are produced. (Also termed production-sharing agreement (PSA).</p>
<p>□r□□□□□□</p>	<p>A defined activity or set of activities that provides the link between the petroleum accumulation’s resources sub-class and the decision-making process, including budget allocation. A project may, for example, constitute the development of a single reservoir or field, an incremental development in a larger producing field, or the integrated development of a group of several fields and associated facilities (e.g. compression) with a common ownership. In general, an individual project will represent a specific maturity level (sub-class) at which a decision is made on whether or not to proceed (i.e., spend money), suspend, or remove.</p> <p>There should be an associated range of estimated recoverable resources for that project. (See also Development Plan.)</p>
<p>□r□□□r□□□□</p>	<p>A defined portion of the Earth’s crust wherein an entity has contractual rights to extract, process, and market specified in-place minerals (including petroleum). In general, defined as an area but may have depth and/or stratigraphic constraints. May also be termed a lease, concession, or license.</p>

<p>□r□□□□□□</p>	<p>A project associated with an undrilled potential accumulation that is sufficiently well defined to represent a viable drilling target. A project maturity sub-class of Prospective Resources.</p>
<p>□r□□□□□□□□ R□□□r□□□□</p>	<p>Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.</p>
<p>□r□□□d□ R□□□r□□□□</p>	<p>An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.</p>
<p>□r□□□r□□□□□ □□□r□□□□</p>	<p>Agreement between a contractor and a host government that typically covers a defined technical service to be provided or completed during a specific time period. The service company investment is typically limited to the value of equipment, tools, and expenses for personnel used to perform the service. In most cases, the service contractor’s reimbursement is fixed by the contract’s terms with little exposure to either project performance or market factors. No Reserves or Resources can be attributed to these activities.</p>
<p>□□□□□d□ R□□□r□□□□ □□d□□r□</p>	<p>A reserves evaluator who (1) has a minimum of ten years of practical experience in petroleum engineering or petroleum production geology, with at least five years of such experience being in responsible charge of the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor’s or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer’s license or a registered or certified professional geologist’s license, or the equivalent, from an appropriate governmental authority or professional organization. (see SPE 2007 “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information”)</p>
<p>□□□□□d□ R□□□r□□□□ □□□□□r□</p>	<p>A reserves evaluator who (1) has a minimum of five years of practical experience in petroleum engineering or petroleum production geology, with at least three years of such experience being in the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor’s or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer’s license or a registered or certified professional geologist’s license, or the equivalent, from an appropriate governmental authority or professional organization. (modified from SPE 2007 “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information”)</p>
<p>R□□□□□□□ □□□r□□□□□□</p>	<p>The range of uncertainty of the in-place, recoverable, and/or potentially recoverable quantities; may be represented by either deterministic estimates or by a probability distribution. (See Resources Categories.)</p>
<p>R□□□r□d□□□□□□</p>	<p>All components, whether hydrocarbon or other, produced from the well or extracted from the mine (hydrocarbons, water, impurities such as non-hydrocarbon gases, etc.).</p>

<p>R□□□□□□□□□□ □□r□□□□□□□□</p>	<p>If deterministic methods for estimating recoverable resources quantities are used, then reasonable certainty is intended to express a high degree of confidence that the estimated quantities will be recovered. Typically attributed to Proved Reserves or 1C Resources quantities.</p>
<p>R□□□□□□□□□□ □□□□□□□□□□</p>	<p>Indicates a high degree of confidence (low risk of failure) that the project will proceed with commercial development or the referenced event will occur. (Differs from reasonable certainty, which applies to resources quantity technical confidence, while reasonable expectation relates to commercial confidence.)</p>
<p>R□□□□□r□□□□□□ R□□□□□r□□□□□</p>	<p>Those quantities of hydrocarbons that are estimated to be producible by the project from either discovered or undiscovered accumulations.</p>
<p>R□□□□□r□□□ □□□□□□□□□□</p>	<p>A numeric expression of that portion (expressed as a percentage) of in-place quantities of petroleum estimated to be recoverable by specific processes or projects, most often represented as a percentage. It is estimated using the recoverable resources divided by the hydrocarbons initially in-place. It is also referenced to timing; current and ultimate (or estimated ultimate) are descriptors applied to reference the stage of the recovery. (Also called recovery factor.)</p>
<p>R□□□r□□□□□□□□□□</p>	<p>A defined location within a petroleum extraction and processing operation where quantities of produced product are measured under defined conditions before custody transfer (or consumption). Also called point of sale, terminal point, or custody transfer point.</p>
<p>R□□□□r□□</p>	<p>The presentation of evaluation results within the entity conducting the assessment. Should not be construed as replacing requirements for public disclosures under guidelines established by regulatory and/or other government agencies.</p>
<p>R□□□□r□□□□</p>	<p>Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.</p>
<p>R□□□□r□□□□</p>	<p>A subsurface rock formation that contains an individual and separate natural accumulation of petroleum that is confined by impermeable barriers, pressure systems, or fluid regimes (conventional reservoirs), or is confined by hydraulic fracture barriers or fluid regimes (unconventional reservoirs).</p>
<p>R□□□□r□□□□</p>	<p>Term used to encompass all quantities of petroleum (recoverable and unrecoverable) naturally occurring in an accumulation on or within the Earth's crust, discovered and undiscovered, plus those quantities already produced. Further, it includes all types of petroleum whether currently considered conventional or unconventional. (See Total Petroleum Initially-in-Place.)</p>
<p>R□□□□r□□□□ □□□□□□r□□□□</p>	<p>Subdivisions of estimates of resources to be recovered by a project(s) to indicate the associated degrees of uncertainty. Categories reflect uncertainties in the total petroleum remaining within the accumulation (in-place resources), that portion of the in-place petroleum that can be recovered by applying a defined development project or projects, and variations in the conditions that may impact commercial development (e.g., market availability and contractual changes). The resource quantity uncertainty range within a single resources class is reflected by either the 1P, 2P, 3P, Proved, Probable, Possible, or 1C, 2C, 3C or 1U, 2U, 3U resources categories.</p>

<p>R□□□□r□□□□ □□□□□□□□</p>	<p>Subdivisions of resources that indicate the relative maturity of the development projects being applied to yield the recoverable quantity estimates. Project maturity may be indicated qualitatively by allocation to classes and sub-classes and/or quantitatively by associating a project’s estimated likelihood of commerciality.</p>
<p>R□□□□r□□□□□□□□□□</p>	<p>Describes the accumulation and is determined by the combination of the type of hydrocarbon and the rock in which it occurs.</p>
<p>R□□□□□□□□ □□□r□□□□ □□□r□□□□</p>	<p>Contracts that are very similar to the PSCs with the exception of contractor payment in these contracts, the contractor usually receives a defined share of revenue rather than a share of the production.</p>
<p>R□□□□</p>	<p>The probability of loss or failure. Risk is not synonymous with uncertainty. Risk is generally associated with the negative outcome, the term “chance” is preferred for general usage to describe the probability of a discrete event occurring.</p>
<p>R□□□□□d□ R□□□rd□</p>	<p>Risk and reward associated with oil and gas production activities are attributed primarily from the variation in revenues cause by technical and economic risks. The exposure to risk in conjunction with entitlement rights is required to support an entity’s resources recognition. Technical risk affects an entity’s ability to physically extract and recover hydrocarbons and is usually dependent on a number of technical parameters. Economic risk is a function of the success of a project and is critically dependent on cost, price, and political or other economic factors.</p>
<p>R□□□□r□□□□□□ □□□r□□□□R□□□□</p>	<p>Agreements that are very similar to the production-sharing agreements in that the risk is borne by the contractor but the mechanism of contractor payment is different. With a RSC, the contractor usually receives a defined share of revenue rather than a share of the production.</p>
<p>R□□□□□□□</p>	<p>A type of entitlement interest in a resource that is free and clear of the costs and expenses of development and production to the royalty interest owner. A royalty is commonly retained by a resources owner (lessor/host) when granting rights to a producer (lessee/contractor) to develop and produce that resource. Depending on the specific terms defining the royalty, the payment obligation may be expressed in monetary terms as a portion of the proceeds of production or as a right to take a portion of production in-kind. The royalty terms may also provide the option to switch between forms of payment at discretion of the royalty owner.</p>
<p>□□□□□□</p>	<p>The quantity of petroleum and any non-hydrocarbon product delivered at the custody transfer point (reference point) with specifications and measurement conditions as defined in the sales contract and/or by regulatory authorities.</p>
<p>□□□□□□□□□□</p>	<p>Although the terms shale gas and tight gas are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight gas production</p>
<p>□□□□□□□□□</p>	<p>Although the terms shale oil and tight oil are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight oil production</p>
<p>□□□□□□□□ R□□□□r□□□□□</p>	<p>Resources planned to be recovered from (1) completion intervals that are open at the time of the estimate, but which have not started producing; (2) wells that were shut-in for market conditions or pipeline connections; or (3) wells not capable of production for mechanical reasons that can be remediated at a limited cost compared to the cost of the well.</p>

<p>□ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □ □</p>	<p>A single project should be uniquely assigned to a sub-class along with its uncertainty range, For example, a project cannot have quantities categorized as 1C, 2P, and 3P. This is referred to as “split classification.” If there are differing commercial conditions, separate sub-classes should be defined.</p>
<p>□ □ □ □ □ □ □ □ d □ □ □ □ □ □</p>	<p>The uncertainty in recoverable quantities is assessed for each project using resources categories. The assumed commercial conditions are associated with resource classes or sub-classes and not with the resources categories. For example, the product price assumptions are those assumed when classifying projects as Reserves, and a different price would not be used for assessing Proved versus Probable reserves. That would be referred to as “split conditions.”</p>
<p>□ □ □ □ □ □ □ □ □ □</p>	<p>Adjective defining a process involving or containing a random variable or variables or involving likelihood or probability, such as a stochastic simulation.</p>
<p>□ □ □ □ □ □ □ □ □ r □ □ □ □ □ □</p>	<p>A project subdivision that is applied to discovered resources that occurs if either the technical or commercial maturity conditions of project have not yet been achieved. A project is sub-commercial if the degree of commitment is such that the accumulation is not expected to be developed and placed on production within a reasonable time-frame. Sub-commercial projects are classified as Contingent Resources.</p>
<p>□ □ □ □ □ □ □ □ □ □</p>	<p>Money spent before the effective date and that cannot be recovered by any future action. Sunk costs are not relevant to future business decisions because the cost will be the same regardless of the outcome of the decision. Sunk costs differ from committed (obligated) costs, where there is a firm and binding agreement to spend specified amounts of money at specific times in the future (i.e., after the effective date).</p>
<p>□ □ □ □ □ □ □ □ □ □ r □ □ □ □ □ □ □ □ □ □ □ □</p>	<p>A mixture of hydrocarbons derived by upgrading (i.e., chemically altering) natural bitumen from oil sands, kerogen from oil shales, or processing of other substances such as natural gas or coal. Synthetic crude oil may contain sulfur or other non-hydrocarbon compounds and has many similarities to crude oil.</p>
<p>□ □ □ □ □ □ □ □</p>	<p>Obligatory contributions to the public funds, levied on persons, property, or income by governmental authority.</p>
<p>□ □ □ □ □ □ □ □ □ □ □ □ r □ □ □ □ □ □ □ □</p>	<p>The forecast of produced resources quantities that is defined by applying only technical limitations (i.e., well-flow-loading conditions, well life, production facility life, flow-limit constraints, facility uptime, and the facility's operating design parameters). Technical limitations do not take into account the application of either an economic or license cut-off. (See also Technically Recoverable Resources).</p>
<p>□ □ □ □ □ □ □ □ □ □ □ □ □ □ r □ □ □ □ □ □ □ □</p>	<p>Indication of the varying degrees of uncertainty in estimates of recoverable quantities influenced by the range of potential in-place hydrocarbon resources within the reservoir and the range of the recovery efficiency of the recovery project being applied.</p>
<p>□ □ □ □ □ □ □ □ □ □ R □ □ □ □ □ □ r □ □ □ □ □ □ R □ □ □ □ r □ □ □ □ □ □</p>	<p>Those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial or accessibility considerations.</p>
<p>□ □ □ □ □ □ □ □ □ □ □ □ d □ □ □ □ D □ □ □ □ □ □ □ □ □ □</p>	<p>Technology that is currently under active development and that has not been demonstrated to be commercially viable. There should be sufficient direct evidence (e.g., a test project/pilot) to indicate that the technology may reasonably be expected to be available for commercial application.</p>

□□□□□□ □□□	Gas that is trapped in pore space and fractures in very low-permeability rocks and/or by adsorption on kerogen, and possibly on clay particles, and is released when a pressure differential develops. It usually requires extensive hydraulic fracturing to facilitate commercial production. Shale gas is a sub-type of tight gas.
□□□□□□ □□□	Crude oil that is trapped in pore space in very low-permeability rocks and may be liquid under reservoir conditions or become liquid at surface conditions. Extensive hydraulic fracturing is invariably required to facilitate commercial maturity and economic production. Shale oil is a sub-type of tight oil.
□□□□□□□□□□□□ □ □□□□□□□□□□□□□□□□	All estimated quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
□□□□□□□□□□	The range of possible outcomes in a series of estimates. For recoverable resources assessments, the range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities for an individual accumulation or a project. (See also Probability.)
□□□□□□□□□□□□□□ R □□□□□□□□□□	Unconventional resources exist in petroleum accumulations that are pervasive throughout a large area and lack well-defined OWC or GWC (also called “continuous-type deposits”). Such resources cannot be recovered using traditional recovery projects owing to fluid viscosity (e.g., oil sands) and/or reservoir permeability (e.g., tight gas/oil/CBM) that impede natural mobility. Moreover, the extracted petroleum may require significant processing before sale (e.g., bitumen upgraders).
□□ d □□□□□□□□□□ R □□□□□□□□□□	Those quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling and completing a new well) is required to recomplete an existing well.
□□ d □□□□□□□□□□ □□□□□□□□□□ □ □□□□□□□□□□□□□□□□	That quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
□□ r □□□□□□□□□□□□ R □□□□□□□□□□	Those quantities of discovered or undiscovered PIIP that are assessed, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered owing to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.
□□□□ r d □□□□	A general term applied to processing plants that convert extra-heavy crude oil and natural bitumen into lighter crude and less viscous synthetic crude oil. While the detailed process varies, the underlying concept is to remove carbon through coking or to increase hydrogen by hydrogenation processes using catalysts.
□□□□□□ □□□	Natural gas from which no liquids have been removed before the reference point. The wet gas is accounted for in resources assessments, and there is no separate accounting for contained liquids. It should be recognized that this is a resources assessment definition and not a phase behavior definition.
□□ r □□□□□□□□□□□□□□	An entity’s equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.

□□□□□	geological, geophysical and administrative expense
□□□□	gas oil contact
□□R□	gas oil ratio
□R□□	gross rock volume
□□□□	gas sales agreement
□□□□	gas water contact
□□□□	hydrogen sulphide
□□□□	hydrocarbons initially in place
□□□□	Heavy Lift Vessel
□□□□□	high pressure, high temperature
□□□□	interval control valve
□□□	permeability thickness
□□□	kilometres
□r□□	relative permeability
□□□□	liquefied natural gas
□□□□	liquefied petroleum gas
□□□□	long term compression
□□	metre
M □□□□	thousands and millions respectively
MD □	measured depth
□ d□□r□□ D□	millidarcy
MDR □□□	measured depth below Kelly Bushing
MDR □□	measured depth below rotary table
MD □□	modular dynamic tester
M □□□	mean sea level
□□□□	metres subsea
□□□	nitrogen
□□□□	non-associated gas
□□□□	National Balancing Point
□□□□□□	net present value at xx discount rate
□□□□	net to gross ratio
□□□□	normally unmanned installation
□ D □□	oil down to
□□□□□	operating cost

□□ □□	oil water contact
□ 90 □	low case (probabilistic) estimate (there should be a 90% probability of exceeding this estimate)
□□ 0 □	mid or best case (probabilistic) estimate (there should be a 50% probability of exceeding this estimate)
□ 10 □	high case (probabilistic) estimate (there should be a 10% probability of exceeding this estimate)
□□□	saturation, or bubble point, pressure
□□□□	pressure-build-up
□□□□	porosity
□□□□□	effective porosity
□□□□□	total porosity
□□□	productivity index, in stb/d/psi for oil or MMscf/d/psi or Mscf/d/psi for gas
□□ D □	plan of development
□□□□	production sharing agreement
□□□□	production sharing contract
□□□□	pressure, measured in pounds per square inch
□□□□□	absolute pressure, measured in pounds per square inch
□□□□□	gauge pressure which is the pressure above atmospheric pressure, measured in pounds per square inch
□□ DM □	post stack depth migration
□□□ M □	post stack time migration
□□□□	pressure volume temperature experiment
r □□	reservoir barrels
R □□□	routine core analysis
r □□□	cubic feet at reservoir conditions
R □□□	repeat formation tester
R □□	solution gas oil ratio
□□□□	standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
□□□□	sum of negative amplitudes
□□□	sub-sea
□□□□□	stock tank barrel (42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit)
□□□□□□□	stock tank oil initially in place
□□□	water saturation
□□□□	connate water saturation
□ D □	total depth
□□□□	tubing head pressure

□□D□	Terajoule per day
□□D□	true vertical depth
□□D□□□	true vertical depth sub-sea
□□ □□	two way time
□ □R□	water gas ratio
□ □R□	water oil ratio
□ □□□	water up to

Financial Ratios and Metrics

r_D	Debt rate
β	A measure of the sensitivity of a given investment or portfolio to movements in the overall market.
$\beta_{Levered}$ $\beta_{Unlevered}$	Estimated from the betas of firms in the specified business and levered using the company's current financial leverage. This methodology reduces standard errors from regression betas and represents the company's current financial leverage.
$r_A = \beta_A r_M + (1 - \beta_A) r_D$	An equation describing the expected return on an asset as a linear function of its beta relative to the market portfolio.
r_D	The required rate of return on debt.
r_E	The required rate of return on common stock.
$r_D - r_D^*$	The difference between the yields on default-free and credit risky zero-coupon bonds.
D	Any rate used in finding the present value of a future cash flow.
D r d	Income approach that values an asset based on estimates of future cash flows discounted to present value by using a discount rate reflective of the risks associated with the cash flows.
r_M r_M	The price at which an asset would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell.
r	Price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measured date.
d r R	A risk premium that investors expect the future return of the industry to exceed that of the whole market.
r R R	The discount rate that makes net present value equal 0; the discount rate that makes the present value of an investment's cost (outflows) equal to the present value of the investment's benefits (inflows).
M r	Approach that values an asset based on pricing multiples from sales of assets viewed as similar to the subject asset.
M r r	Approach that values an asset based on pricing multiples from sales of assets viewed as similar to the subject asset.
M r MR	The expected return on equities minus the risk-free rate; the premium that investors demand for investing in equities.
M d d M	An adaptation of the CAPM model that adds a premium for small size and company specific risk.
r r r	Future cash inflows less all cash outflows calculated using an appropriate discount rate.
r R r	A risk premium that reflects the business risk of the investment project.

r_{small}	<p>A premium for small market capitalisation that reflects an adjustment for differences in beta between small and large capitalisation stocks.</p>
d r_{common} $r_{preferred}$ r_{debt}	<p>A weighted average of the after-tax required rates of return on a company's common stock, preferred stock, and long-term debt, where the weights are the fraction of each source of financing in the company's target capital structure.</p>
d M r M	<p>Annual return that an investor earns on a bond if the investor purchases the bond today and holds it until maturity. It is the discount rate that equates the present value of the bond's expected cash flows until maturity with the bond's price.</p>

Annexure B – Scheme of Arrangement

Parties

Talon
 Name Talon Energy Limited
 ACN 153 229 086
 Address 1202 Hay Street West Perth WA 6005
 Email colby.hauser@talonenergy.com.au and greg@discol.net
 Attention Colby Hauser and Greg Columbus

Background

- A Talon has agreed in the Scheme Implementation Deed to propose this Scheme the effect of which will be that all Scheme Shares, and all rights and entitlements attaching to them as at the Implementation Date, will be transferred to Strike and Strike will provide or procure the provision of the Scheme Consideration to Scheme Shareholders.
- A Strike has executed the Deed Poll under which it has covenanted in favour of Scheme Shareholders to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders and to perform certain of its other obligations under the Scheme.

Agreed terms

1 **D**

D

1.1 In this deed:

means the Australian Securities and Investments Commission.

R means the official listing rules of ASX as modified by any waiver instrument executed by ASX that applies to Talon.

means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

means the Australian Tax Office.

D means any day that is each of the following:

- (a) a 'Business Day' within the meaning given in the ASX Listing Rules; and
- (b) on which banks are generally open in Perth, Australia for normal business (other than a Saturday, Sunday or public holiday).

r means a Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Scheme Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel of New Strike Shares (assessed by reference to the last traded price of Strike Shares on ASX on the trading day prior to the Record Date).

ASX Settlement and Transfer Corporation Pty Ltd means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

ATO means the Federal Commissioner of Taxation of Australia.

Corporations Act 2001 (Cth) means the *Corporations Act 2001* (Cth).

Federal Court means the Federal Court of Australia, Western Australian Division, or such other court of competent jurisdiction under the Corporations Act as Strike and Talon agree in writing.

Deed Poll means the deed poll to be entered into by Strike in favour of the Scheme Shareholders substantially in the form attached at Appendix 2 of the Scheme Implementation Deed or in such other form as the parties agree in writing.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and any penalty, fine, interest or additional charge payable in relation to any such duty or charge, but excludes any Tax.

Effective Date means the date the Scheme becomes Effective.

Order means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Security Interest means any security interest (within the meaning of section 51A of the Corporations Act) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind, and any agreement to create any of the foregoing.

6 Months Date means the date that is 6 months after the date of the Scheme Implementation Deed, or such other date as Strike and Talon agree in writing.

Strikes means any Talon Shares held by any person on behalf of or for the benefit of any member of the Strike Group.

Government means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere and includes any self-regulatory organisation established under statute or any stock exchange.

Five Business Days means the date which is five Business Days after the Record Date, or such other date as Strike and Talon agree in writing.

Ineligible Foreign Shareholder means a Scheme Shareholder whose address as shown in the Register (as at the Record Date) is in a place which Strike reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Shareholder with New Strike Shares when the Scheme becomes Effective (provided that a Scheme Shareholder whose address shown in the Register is within Australia and its external territories, Germany, United Kingdom and New Zealand will not be an Ineligible Foreign Shareholder).

Settlement Rules has the meaning given in the Settlement Rules.

Ordinary Share means a fully paid ordinary share in the capital of Strike to be issued to Scheme Shareholders under the Scheme.

nominee means the nominee appointed to sell the New Strike Shares that are to be issued under clause 5.4 of this Scheme.

ASX Rules means the official operating rules of ASX.

Record Date means 7.00pm on the date which is two Business Days after the Effective Date or such other time and date agreed to in writing between Strike and Talon.

Registered Address means in relation to a Shareholder, the address shown in the Talon Register as at the Record Date.

Scheme means this scheme of arrangement under Part 5.1 of the Corporations Act between Talon and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by the parties in writing.

Scheme Shares means in respect of a Scheme Shareholder, 0.4828 New Strike Shares for each Scheme Share held by that Scheme Shareholder.

Scheme Implementation Deed means the Scheme Implementation Deed dated 13 August 2023 between Strike and Talon.

Meeting means the meeting of Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

Shareholder means a Shareholder as at the Record Date.

Declaration means a declaration in accordance with the requirements of section 14-225 of Schedule 1 of the TAA that covers (at least) the Implementation Date.

Talon Shares means all of the Talon Shares on issue at the Record Date other than Excluded Shares.

Instrument of Transfer means a proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Strike as transferee, which may be a master transfer of all or part of the Scheme Shares.

First Day means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

ASX Settlement Operating Rules means the ASX Settlement Operating Rules.

Registered Holder means a person who is registered in the Talon Register as the holder of one or more Talon Shares from time to time.

Strike means Strike Energy Limited ACN 078 012 745.

Register means the register of Strike Shares maintained by Strike or the Strike Registry in accordance with the Corporations Act.

Boardroom Pty Limited means Boardroom Pty Limited.

Ordinary Shares means fully paid ordinary shares in the capital of Strike.

Taxation Act means the *Taxation Administration Act 1953* (Cth).

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- 2.2 At the Court hearing on the Second Court Date each of Talon and Strike must provide to the Court a certificate in to form attached in Appendix 4 of the Scheme Implementation Deed, or such other evidence as the Court requests, confirming (in respect of the matters within their knowledge) whether or not the conditions set out in clause 2.1(a) and 2.1(b) have been satisfied or waived.
- 2.3 The certificates provided by Talon and Strike under clause 2.2 constitute conclusive evidence as to whether or not those conditions have been satisfied or waived.

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- 2.4 Without limiting any rights under the Scheme Implementation Deed, if one or both of the Scheme Implementation Deed or the Deed Poll is terminated in accordance with their respective terms before the Scheme becomes Effective, Talon is released from any further obligation to take steps to implement the Scheme and any liability with respect to the Scheme.

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- 2.5 This Scheme attributes actions to Strike but does not itself impose an obligation on them to perform those actions. Strike has agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

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- 3.1 Subject to clause 3.3, the Scheme will take effect on and from the Effective Date.

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- 3.2 If the Scheme becomes Effective then:

- (a) all of the Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) will be transferred to Strike without the need for any further act by any Scheme Shareholder (other than acts performed by Talon as attorney and agent for Scheme Shareholders under clause 9.5) and Talon will enter Strike's name in the Talon Register as the holder of the Scheme Shares;
- (b) the transfer of Scheme Shares will be taken to be effective on the Implementation Date;
- (c) each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each Scheme Share registered in the name of that Scheme Shareholder as at the Record Date; and
- (d) the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll.

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- 3.3 The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date, or the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms, unless Talon and Strike otherwise agree in writing.

4. Talon undertakes to lodge with ASIC office copies of the Court orders made under section 411(4)(b) of the Corporations Act approving the Scheme as soon as practicable after such orders are made and in any event by 5.00pm on the first Business Day after those orders are made.

Talon undertakes to lodge with ASIC office copies of the Court orders made under section 411(4)(b) of the Corporations Act approving the Scheme as soon as practicable after such orders are made and in any event by 5.00pm on the first Business Day after those orders are made.

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Talon undertakes to lodge with ASIC office copies of the Court orders made under section 411(4)(b) of the Corporations Act approving the Scheme as soon as practicable after such orders are made and in any event by 5.00pm on the first Business Day after those orders are made.

4.2 Subject to this Scheme becoming Effective, on the Implementation Date:

(a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date must be transferred to Strike, without the need for any further act by any Scheme Shareholder (other than acts performed by Talon as attorney and agent for Scheme Shareholders under clause 9.5), by:

(i) Talon delivering to Strike a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Talon, for registration; and

(ii) Strike duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering to Talon for registration; and

(b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(ii) (but subject to the stamping of the Scheme Transfer if required) Talon will procure that Strike's name is entered in the Talon Register as the holder of all the Scheme Shares transferred to Strike in accordance with this Scheme.

Talon will procure that Strike's name is entered in the Talon Register as the holder of all the Scheme Shares transferred to Strike in accordance with this Scheme.

4.3 To the extent permitted by law, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, transferred under this Scheme to Strike will, at the time of transfer, vest in Strike free from all Encumbrances.

4.4 Immediately upon the provision of the Scheme Consideration, Strike will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending the entry of Strike's name in the Talon Register as the holder of the Scheme Shares.

Talon will procure that Strike's name is entered in the Talon Register as the holder of all the Scheme Shares transferred to Strike in accordance with this Scheme.

Talon will procure that Strike's name is entered in the Talon Register as the holder of all the Scheme Shares transferred to Strike in accordance with this Scheme.

5.1 Subject to clauses 5.2 to 5.15 and 5.23, in relation to the Scheme Consideration:

(a) on or before the Implementation Date, Strike must issue to each Scheme Shareholder who is not an Ineligible Foreign Shareholder or a Cash Out Shareholder such number of New Strike Shares as that Scheme Shareholder is entitled to receive and procure that the name and address of each Scheme Shareholder is entered in the Strike Register in respect of those New Strike Shares; and

(b) Strike must procure that on or before the date that is five Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder

- (ii) not to issue, or to issue to a trustee or nominee, such number of New Strike Shares as that Scheme Shareholder would otherwise be entitled to under clause 5.1,

until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

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5.23 In the case of Scheme Shares held in joint names:

- (a) the New Strike Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Talon, the holder whose name appears first in the Talon Share Register as at the Record Date or to the joint holders; and
- (c) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Talon, the holder whose name appears first in the Talon Register as at the Record Date or to the joint holders.

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6.1 To establish the identity of the Scheme Shareholders, dealings in Talon Shares and other alterations to the Talon Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Talon Register as the holder of the relevant Talon Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Talon Register is kept,

and Talon must not accept for registration, nor recognise for any purpose (except a transfer to Strike pursuant to this Scheme and any subsequent transfer by Strike or its successors in title), any transmission application or transfer or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Talon must register registrable transmission applications or transfers of the Scheme Shares of the kind referred to in clause 6.1(b) before the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2 requires Talon to register a transfer that would result in a Shareholder holding a parcel of Talon Shares that is less than a 'marketable parcel' (as that term is defined in the Operating Rules).

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6.3 If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them on or after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Talon shall be entitled to disregard any such disposal.

Maintenance of the Talon Register

6.4 For the purpose of determining entitlements to the Scheme Consideration, Talon must maintain the Talon Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been paid to all Scheme Shareholders. The Talon Register in this form will solely determine entitlements to the Scheme Consideration.

Effect of the Record Date

6.5 Following the Record Date all statements of holding for Talon Shares (other than statement of holding in favour of Strike) will cease to have effect as documents of title in respect of those shares and each entry on the Talon Register current at that date (other than entries on the Talon Register in respect of Strike) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Talon Shares relating to that entry.

Availability of the Talon Register

6.6 As soon as possible on or after the Record Date, and in any event by 5.00pm on the first Business Day after the Record Date, Talon will ensure that details of the names, Registered Addresses and holdings of Talon Shares for each Scheme Shareholder as shown in the Talon Register are available to Strike in the form Strike reasonably requires.

Issue of New Strike Shares

- 7.1 Subject to this Scheme becoming Effective, Strike must:
- (a) issue the New Strike Shares required to be issued by it under this Scheme on terms such that each such New Strike Share will:
 - (i) rank equally in all respects with all other Strike Shares on issue at the first Business Day after the Implementation Date; and
 - (ii) be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Strike Shares on and from the first Business Day after the Implementation Date;
 - (b) use its reasonable endeavours to ensure that the New Strike Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX with effect from the first Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) settlement basis; and
 - (c) ensure that each New Strike Share is duly and validly issued in accordance with all applicable laws and Strike's constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

8. Listing of Talon Shares

8.1 Talon will apply to ASX to suspend trading on the ASX in Talon Shares with effect from the close of trading on the Effective Date.

8.2 On a date after the Implementation Date to be determined by Strike, Talon will apply:

- (a) for termination of the official quotation of Talon Shares on the ASX; and
- (b) to have itself removed from the official list of the ASX.

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9.5 Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Talon and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Strike, and Talon undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Strike on behalf of and as agent and attorney for each Scheme Shareholder; and
- (b) on the Implementation Date, appoints Talon and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Talon accepts each such appointment.

9.6 Talon, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under clause 9.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

9.7 Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until Talon registers Strike as the holder of all Scheme Shares in the Talon Register, each Scheme Shareholder:

- (a) is deemed to have appointed Strike as attorney and agent, and directs Strike in each such capacity, to appoint any director, officer, secretary or agent of Strike as sole proxy and, where applicable or appropriate, corporate representative of that Scheme Shareholder to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder and sign any shareholders' resolution or other document;
- (b) undertakes not to attend any shareholders' meeting or exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder or sign any shareholders' resolutions or other documents, whether in person, by proxy or corporate representative; (other than pursuant to clause 9.7(a));
- (c) must take all other actions as registered holder of those Scheme Shares as Strike reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers conferred under clause 9.7(a), Strike and any director, officer, secretary or agent of Strike may act in the best interests of Strike as the intended registered holder of the Scheme Shares.

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9.8 Each of the Scheme Shareholders consents to Talon doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of Scheme Shareholders, Talon or otherwise.

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9.9 If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Talon binding or deemed binding between the Scheme Shareholder and Talon relating to Talon or Talon Shares, including instructions, notifications or elections relating to:

- (a) whether dividends are to be paid by cheque or into a specific account;
- (b) payments of dividends on Talon Shares; and
- (c) notices or other communications from Talon (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Strike in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Strike and to be a binding instruction, notification or election to, and accepted by, Strike in respect of the New Strike Shares issued to the Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Strike at its registry.

10 **Director**

Duty

10.1 Strike must pay any Duty payable under Australian law in connection with this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under the Deed Poll, and must indemnify each Scheme Shareholder against all losses, damages, costs, expenses, charges, penalties and other liabilities (including legal and other professional fees) directly or indirectly incurred or suffered by the Scheme Shareholder arising out of or in connection with any failure by Strike to make such payment.

Director

10.2 Talon must, at its own expense, do all things and execute all documents necessary to give full effect to the Scheme and the transactions contemplated by it and the Scheme Shareholders consent to Talon doing all such things and executing all such documents and doing all other things necessary or incidental to the implementation of the Scheme.

Director

10.3 If a notice, transfer, transmission, application, direction or other communication referred to in the Scheme is sent by post to Talon, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time at which it is actually received at Talon's registered office or at the office of the Talon Registry.

10.4 The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

Director

10.5 Each Scheme Shareholder agrees that neither Talon nor Strike nor any director, officer or secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

11 **Director**

11.1 This Scheme is governed by the law applying in Western Australia.

11.2 The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Scheme and each of Talon and each Scheme Shareholder irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

Annexure C – Deed Poll

This deed poll is made on

1 November 2023

Parties

Strike

Name	Strike Energy Limited
ACN	078 012 745
Address	Level 1, 40 Kings Park Road West Perth WA 6005
Email	stuart.nicholls@strikeenergy.com.au and lucy.gauvin@strikeenergy.com.au
Attention	Stuart Nicholls and Lucy Gauvin

In favour of

Each holder of fully paid ordinary shares in the capital of Talon Energy Limited ACN 153 229 086 (**Talon**) on issue as at the Record Date (**Scheme Shareholders**).

Background

- A Talon and Strike have entered into the Scheme Implementation Deed.
- A Talon has agreed in the Scheme Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, Strike will acquire all of the Scheme Shares from Scheme Shareholders for the payment of the Scheme Consideration.
- B Strike is entering into this deed poll in accordance with the terms of the Scheme Implementation Deed for the purpose of covenanting in favour of Scheme Shareholders to perform certain of its obligations under the Scheme Implementation Deed and the Scheme.

Agreed Terms

1 Definitions and Interpretation

Definitions

- 1.1 In this deed poll:

Scheme means the scheme of arrangement between Talon and Scheme Shareholders in the form set out in Schedule 1, subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act 2001* (Cth) and approved by Strike and Talon in writing.

Scheme Implementation Deed means the implementation deed dated 13 August 2023 between Strike and Talon as amended and restated on 10 October 2023, and otherwise as amended from time to time.

Talon Group has the meaning given in the Scheme Implementation Deed.

- 1.2 Words defined in the Scheme which are not separately defined in this deed poll have the same meaning when used in this deed poll.

Interpretation

- 1.3 Section 1.3 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

2 Nature of this Deed Poll

Enforceability

- 2.1 Strike acknowledges that this deed poll may be relied upon and enforced by any Scheme Shareholder subject to and in accordance with its terms, even though the Scheme Shareholders are not party to it.

Appointment of Attorney

- 2.2 Each Scheme Shareholder irrevocably appoints Talon and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Strike on behalf of that Scheme Shareholder.

Continuing obligations

- 2.3 This deed poll is irrevocable and, subject to clause 3.1 remains in full force and effect until either:
- (a) Strike has fully performed its obligations under it; or
 - (b) it is terminated under clause 3.2.

3 Condition Precedent and Termination

Condition precedent

- 3.1 The obligations of Strike under this deed poll do not become binding on Strike unless and until the Scheme becomes Effective.

Termination

- 3.2 The obligations of Strike under this deed poll to Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective; or
- (b) the Scheme does not become Effective on or before the End Date,

unless Strike and Talon otherwise agree in writing.

Effect of termination

- 3.3 If this deed poll is terminated under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:
- (a) Strike is released from its obligations to further perform this deed poll except those obligations under clause 8.6; and
 - (b) each Scheme Shareholder retains the rights, powers or remedies they have against Strike in respect of any breach of this deed poll which occurred before it was terminated.

4 Scheme Consideration

Undertaking to provide Scheme Consideration

4.1 Subject to clause 3, Strike undertakes in favour of each Scheme Shareholder to:

- (a) provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder;
- (b) undertake to perform all other actions and obligations attributed to it under the Scheme;

subject to and in accordance with the terms and provisions of the Scheme, as if those obligations were owed directly to Scheme Shareholders.

New Strike Shares to rank equally

4.2 Strike covenants in favour of each Scheme Shareholder that the New Strike Shares which are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all existing Strike Shares at the issue date; and
- (b) be issued fully paid and free from any Encumbrance.

5 Compliance with Scheme obligations

Subject to clause 3, Strike covenants in favour of each Scheme Shareholder, that it will:

- (a) observe and perform all obligations contemplated of Strike under the Scheme, including the relevant obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme, as if those obligations were owed directly to Scheme Shareholders; and
- (b) perform its obligations under the Scheme Implementation Deed in relation to the Mongolian Disposal, as if those obligations were owed directly to Scheme Shareholders.

6 Representations and Warranties

Strike represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation duly incorporated and validly existing under the laws of its place of incorporation;
- (b) it has the power to execute and deliver and to perform its obligations under this deed poll, and has taken all necessary corporate action to authorise such execution and delivery and the performance of such obligations;
- (c) its obligations under this deed poll are legal, valid and binding obligations enforceable in accordance with their terms;
- (d) the execution and delivery by it of this deed poll do not and will not conflict with or constitute a default under any provision of:
 - (i) any agreement or instrument to which it is a party;
 - (ii) its constitution; or
 - (iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound; and

-
- (e) it is not subject to an Insolvency Event.

7 Notices

Manner of giving notice

- 7.1 Any notice or other communication to be given under this deed poll must be in writing and must be delivered or sent by post or email addresses referred to in the 'Details' section.
- 7.2 Any notice sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).
- 7.3 A notice must not be given by electronic means.

When notice given

- 7.4 Any notice is deemed to have been given:
- (a) if delivered, on the date of delivery; or
- (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another);

but if the notice would otherwise be taken to be received after 5.00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

8 General

Amendments

- 8.1 A provision of this deed poll may not be amended unless the amendment is agreed to by Strike and:
- (a) if before the First Court Date, the amendment is agreed to by Talon; or
- (b) if on or after the First Court Date, the amendment is agreed to by Talon and the Court indicates that the amendment would not of itself preclude approval of the Scheme;

in which event Strike will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.

Assignment

- 8.2 The rights and obligations of Strike and each Scheme Shareholder under this deed poll are personal and cannot be assigned, charged or otherwise dealt with at law or in equity.
- 8.3 Any purported dealing in contravention of clause 8.2 is invalid.

Cumulative rights

- 8.4 The rights, powers and remedies of Strike and Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, power or remedies provided by law independently of this deed poll.

Further assurance

- 8.5 Strike must, at its own expense, do all things reasonably required of it to give full force and effect to this deed poll.

Duties and similar charges

- 8.6 Strike must pay any stamp, transaction and registration duties and similar charges and any related interest, fees, fines or penalties payable under Australian law in connection with this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll, and must indemnify each Scheme Shareholder against all losses damages, costs, expenses, charges, penalties and other liabilities (including legal and other professional fees) directly or indirectly incurred or suffered by the Scheme Shareholder arising out of or in connection with any failure by Strike to make such payment.

Waiver

- 8.7 Strike may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- 8.8 No Scheme Shareholder may rely on the words or conduct of Strike as a waiver of any right unless the waiver is in writing and signed by Strike.

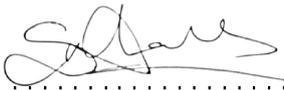
9 Governing Law and Jurisdiction

This deed poll is governed by the law applying in Western Australia. The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this deed poll and Strike irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

Signature page

Executed as a deed.

Executed by **Strike Energy Limited ACN 078 012 745** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:



.....
Signature of director

Stuart Nicholls

.....
Name of director (print)



.....
Signature of director/company secretary

Justin Ferravant

.....
Name of director/company secretary (print)

Annexure D – Notice of Scheme Meeting

Notice of Scheme Meeting of Talon Shareholders

Notice is hereby given that, by order of the Federal Court of Australia (**Court**) made on 3 November 2023 pursuant to section 411(1) of the Corporations Act, a meeting of Talon Shareholders will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005 on 7 December 2023 commencing at 12.00pm (Perth time) (**Scheme Meeting**).

Purpose of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without alterations or conditions as approved by the Court to which Talon and Strike agree in writing) to a scheme of arrangement proposed to be made between Talon and the Talon Scheme Shareholders.

A copy of the Scheme and a copy of the explanatory statement required by section 412 of the Corporations Act in relation to the Scheme are contained in this Scheme Booklet, of which this notice forms part.

Terms and abbreviations used in this notice and in this Scheme Booklet are defined in this Scheme Booklet.

Resolution – Approval of Scheme

To consider and, if thought fit, to pass the following resolution (the **Scheme Resolution**):

“That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed to be entered into between Talon and Talon Scheme Shareholders, as contained and more particularly described in the Scheme Booklet, of which the notice convening this meeting forms part, is approved (with or without alterations or conditions as approved by the Court to which Talon and Strike agree in writing) and, subject to approval of the Scheme by the Court, the Talon Board is authorised to implement the Scheme with any such alterations or conditions.”

Chair of the Scheme Meeting

The Court has directed that Toby Hicks act as chairman of the Scheme Meeting, or failing him, Pia Drummond, and has directed the chairman to report the result of the Scheme Meeting to the Court.

Dated 3 November 2023

By order of the Court and the Talon Board



Colby Hauser
Managing Director and CEO
Talon Energy Limited

Explanatory Notes for the Scheme Meeting

Requisite Majorities

To pass the resolution approving the Scheme, votes in favour of the Scheme must be cast by:

- unless the Court orders otherwise, a majority in number (more than 50%) of Talon Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney, or in the case of corporate Talon Shareholders, by corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution by Talon Shareholders at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll rather than by show of hands.

Strike is excluded from voting on the Scheme by reason of the fact that it is the proponent of the Scheme. As at the date of this Scheme Booklet, neither Strike nor any of its Associates has a Relevant Interest in any Talon Shares or any other marketable securities of Talon.

How to Vote

Talon Shareholders can vote by:

- attending and voting in person at the Scheme Meeting;
- appointing an attorney to attend the Scheme Meeting and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting and vote on its behalf; or
- appointing a proxy to attend and vote at the Scheme Meeting on their behalf in their place, using the Proxy Form enclosed with the Scheme Booklet.

Voting in person

To vote in person, you must attend the Scheme Meeting on the date and at the place set out in the Notice of Scheme Meeting.

Voting by Attorney or Corporate Representative

If a Talon Shareholder wishes to appoint an attorney, that Talon Shareholder will need to provide Talon with an original or certified copy of the power of attorney under which they authorise the attorney to attend and vote at the Scheme Meeting at least 48 hours prior to the commencement of the Scheme Meeting.

A certified copy of the power of attorney must be received by Computershare by no later than 12.00pm (Perth time) on 5 December 2023.

A certified copy of the power of attorney must be attached to the Proxy Form and delivered to Computershare in accordance with the instructions set out on the Proxy Form.

A Talon Shareholder which is a corporation may appoint an individual to act as its representative. The appointment must comply with the requirements of section 250D of the Corporations Act. A corporate Talon Shareholder should obtain an "Appointment of Corporate Representative" form from Computershare and complete that form in accordance with its instructions.

Corporate representative appointment forms should be provided to Computershare by no later than 12.00pm (Perth time) on 5 December 2023, or alternatively brought to the Scheme Meeting.

Jointly Held Talon Shares

If the Talon Shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held Talon Shares, only the vote of the shareholder whose name appears first on the Talon Share Register will be counted.

Proxy Instructions

- A Talon Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Scheme Meeting.
- The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where two proxies are appointed, unless the appointment specifies the proportion or number of the Talon Shareholder's votes, each proxy may exercise half of the votes. Fractions of votes will be disregarded.
- A proxy may, but need not be, a Talon Shareholder.
- If a proxy is instructed to abstain from voting on any item of business, that person is directed not to vote on the Talon Shareholder's behalf on a poll and the Talon Shares the subject of the proxy appointment will not be counted in computing the required majority.
- If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting, as that person thinks fit.
- Talon Shareholders who return their Proxy Forms with a direction on how to vote but without nominating the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the Scheme Meeting, the secretary or any director which do not contain a direction will, in the absence of a change in circumstances, be used to vote in favour of the Scheme.
- A vote given in accordance with the terms of a proxy is valid despite the revocation of the proxy, unless notice in writing of the revocation has been received by Talon or Computershare before commencement of the Scheme Meeting.
- Appointing a proxy will not preclude you from attending the Scheme Meeting in person and voting at the Scheme Meeting instead of your proxy.
- Completed Proxy Forms may be mailed, lodged or faxed to Computershare as set out below:

By Mail: Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 3001
AUSTRALIA

Online: www.investorvote.com.au

By Mobile: Scan the QR Code on your Proxy Form and follow the prompts

Custodian: For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

Fax: 1800 783 447 (within Australia)
+61 (03) 9473 2555 (outside Australia)

- To be valid for the Scheme Meeting, completed Proxy Forms (and any power of attorney under which they are signed) must be received by no later than **12.00pm (Perth time) on 5 December 2023**.
- The Proxy Form must be signed by the Talon Shareholder or the Talon Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointor's attorney, a certified copy of the power of attorney, or the power itself, must be received by Computershare at the above addresses or by facsimile transmission by **12.00pm (Perth time) on 5 December 2023**. If facsimile transmission is used, the power of attorney must be certified.

Talon Shareholders who are entitled to Vote

Pursuant to section 411 of the Corporations Act and all other enabling powers, the Court has determined that the time for determining a person's entitlement to vote at the Scheme Meeting is **4.00pm (Perth time) on 5 December 2023**. Only those Talon Shareholders entered on the Talon Share Register as at that time will be entitled to attend and vote at the Scheme Meeting. Registrable transfers or transmission applications received after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

Court Approval

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without alterations or conditions) will not be implemented unless it is approved by an order of the Court. If the resolution put to the Scheme Meeting is passed by the majorities required, Talon intends to apply to the Court for the necessary orders to give effect to the Scheme.

Corporate Directory

Talon Energy Limited

Directors

Greg Columbus
Colby Hauser
Matt Worner
David Casey

Joint Company Secretaries

Joan Dabon
Shannon Coates

Registered & Principal Office

1202 Hay Street
WEST PERTH WA 6005

Solicitors

Steinepreis Paganin
Level 4
16 Milligan Street
PERTH WA 6000

Financial Advisers

RBC Capital Markets
Level 59
25 Martin Place
SYDNEY NSW 2000

Sternship Advisers
Level 2
44A Kings Park Road
WEST PERTH WA 6005

Auditor

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Share Registry

Computershare Investor Services Pty Ltd
Level 17, 221 St Georges Terrace
PERTH WA 6000

Strike Energy Limited

Directors

John Poynton
Stuart Nicholls
Neville Power
Stephen Bizzell
Mary Hackett
Andrew Seaton
Jillian Hoffman

Company Secretary

Justin Ferravant

Registered & Principal Office

Level 1
40 Kings Park Road
WEST PERTH WA 6005

Solicitors

DLA Piper Australia
Level 21
240 St Georges Terrace
PERTH WA 6000

Auditor

Deloitte Touche Tohmatsu
Level 7-9
Brookfield Place, Tower 2
123 St Georges Terrace
PERTH WA 6000





Talon Energy Ltd
ABN 88 153 229 086

Need assistance?

 **Phone:**
1300 748 960 (within Australia)
+61 1300 748 960 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **12:00pm (Perth time) on Tuesday, 5 December 2023.**

Scheme Meeting Proxy Form

Capitalised terms used but not defined in this Proxy Form have the same meaning as given to them in Talon Energy Ltd's Scheme Booklet which can be accessed on the company announcement platform at www.asx.com.au (unless the context requires otherwise).

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 183490

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Talon Energy Ltd hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Talon Energy Ltd to be held at The Celtic Club, 48 Ord Street, West Perth, WA 6005 on Thursday, 7 December 2023 at 12:00pm (Perth time) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution Approval of Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the Scheme Resolution. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the Scheme Resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3	/ /
<input type="text"/>	<input type="text"/>	<input type="text"/>	
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

Mobile Number Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

