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**TALON ENERGY LTD**  
**ACN 153 229 086**  
**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 3:00PM (WST)

**DATE:** Thursday 26 May 2022

**PLACE:** The Celtic Club, 48 Ord Street, West Perth 6005

*The business of the Meeting affects your shareholding and your vote is important.*

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00 pm (WST) on Tuesday 24 May 2022.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the Auditor's report.

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 31 December 2021.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

A voting prohibition statement applies to this Resolution. Please see below.

#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DOUGLAS JENDRY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 57.1 of the Constitution, Listing Rule 14.5 and for all other purposes, Douglas Jendry, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

#### 4. RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR - COLBY HAUSER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Class P Performance Rights, 50,000,000 Class Q Performance Rights, 50,000,000 Class R Performance Rights, and 50,000,000 Class S Performance Rights to Colby Hauser (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

#### 5. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – DAVID CASEY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 40,000,000 Options to David Casey (or their nominee) on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement and voting prohibition statement applies to this Resolution. Please see below.

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**6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF OPTIONS – TMK ENERGY LIMITED**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 100,000,000 Options to TMK Energy Limited on the terms and conditions set out in the Explanatory Statement.”*

A voting exclusion statement applies to this Resolution. Please see below.

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**7. RESOLUTION 6 – APPROVAL OF 7.1A MANDATE**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

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**Dated: 20 April 2022**

**By order of the Board**

**David Lim**  
**Company Secretary**

## Voting Prohibition Statements

<b>Resolution 1 – Adoption of Remuneration Report</b>	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:</p> <ul style="list-style-type: none"> <li>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</li> <li>(b) a Closely Related Party of such a member.</li> </ul> <p>However, a person (the <b>voter</b>) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:</p> <ul style="list-style-type: none"> <li>(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or</li> <li>(b) the voter is the Chair and the appointment of the Chair as proxy: <ul style="list-style-type: none"> <li>(i) does not specify the way the proxy is to vote on this Resolution; and</li> </ul> </li> </ul> <p>expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.</p>
<b>Resolution 3 – Issue of Performance Rights to Director – Colby Hauser</b>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> </ul> <p>the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>
<b>Resolution 4 – Issue of Incentive Options to Director – David Casey</b>	<p>A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is either: <ul style="list-style-type: none"> <li>(i) a member of the Key Management Personnel; or</li> <li>(ii) a Closely Related Party of such a member; and</li> </ul> </li> <li>(b) the appointment does not specify the way the proxy is to vote on this Resolution.</li> </ul> <p>However, the above prohibition does not apply if:</p> <ul style="list-style-type: none"> <li>(a) the proxy is the Chair; and</li> </ul> <p>the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.</p>

## Voting Exclusion Statements

<b>Resolution 3 – Issue of Incentive Performance Rights to Director – Colby Hauser</b>	<p>Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including Colby Hauser under resolution 3) or an associate of that person or those persons.</p>
<b>Resolution 4 – Issue of Options to Related Party – David Casey</b>	<p>Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including David Casey under resolution 4) or an associate of that person or those persons.</p>
<b>Resolution 5 – Ratification of prior issue of Options – TMK Energy Limited</b>	<p>A person who participated in the issue or is a counterparty to the agreement being approved (namely TMK Energy Limited) or an associate of that person or those persons.</p>
<b>Resolution 6 – Approval of 7.1A Mandate</b>	<p>A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).</p>

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6319 1900.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.talonenergy.com.au](http://www.talonenergy.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.



## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DOUGLAS JENDRY

### 3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Doug Jendry, who has served as a Director since 14 October 2020 and was last re-elected on 28 May 2021, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Douglas Jendry has had a distinguished career in the resources sector having worked as a geologist and, over the last 26 years, in various consulting, advisor and director roles with ASX and AIM listed companies. He has broad experience in all aspects of the oil and gas industry and has had significant dealings over the years with brokers, investment bankers and various government authorities alike.

Significantly, Mr Jendry has strong experience in the Perth Basin, commencing in the early 80's when he was involved in the exploration and development of the Mt Horner oil field in the Northern Perth Basin with private company Pacific Basin Exploration. Mr Jendry strongly believes in the potential of the Walyering field, in which Talon recently acquired a 45% interest alongside operator Strike Energy Limited.

### 3.3 Independence

If re-elected the Board does not consider Mr Douglas Jendry to be an independent Director.

### 3.4 Board recommendation

The Board has reviewed Douglas Jendry's performance since his appointment to the Board and considers that Douglas Jendry's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Douglas Jendry and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTOR – COLBY HAUSER

### 4.1 General

As announced on 8 March 2022, the Company has entered into an executive services agreement with Mr Colby Hauser pursuant to which the Company agreed to engage Mr Hauser as Managing Director and CEO (**Executive Services Agreement**). A summary of the Executive Services Agreement is set out in Schedule 1.

Under the Executive Services Agreement, the Company has agreed, subject to obtaining Shareholder approval, to grant Mr Hauser (or his nominee) a total of 175,000,000 performance rights to acquire Shares (**Performance Rights**) pursuant to the Company's Share Rights Plan (**Incentive Plan**), which are subject to various vesting conditions as set out below at 4.2.

Class of Performance Rights	Number of Performance Rights
Class P	25,000,000
Class Q	50,000,000
Class R	50,000,000
Class S	50,000,000

The Incentive Plan was adopted on 29 May 2020 for the purpose of providing an incentive for employees and Directors of the Company and its subsidiaries by enabling them to participate in the future growth of the Company and, upon becoming Shareholders, to participate in the Company's profits and development. A summary of the Incentive Plan is set out in Schedule 3.

Resolution 3 seeks Shareholder approval for the issue of 175,000,000 Performance Rights to Mr Hauser under the Company's Incentive Plan.

## 4.2 Performance Rights

The Performance Rights will vest and be convertible into Shares, subject to the satisfaction of the following conditions and with the corresponding expiry dates:

Class	Vesting Conditions	Expiry Date
P	Continued employment for a period of 12 months commencing on 8 March 2022 ( <b>Commencement Date</b> )	30 June 2027
Q	<p>Talon shares achieving a 20-day VWAP exceeding 175% of the 20-day VWAP of Talon shares at the Commencement Date, after the shareholder meeting approving the grant of the Performance Rights and prior to 30 June 2024 (<b>Class Q Vesting Condition</b>); and</p> <p>Continued employment 2 years from the Commencement Date (<b>Class Q Employment Condition</b>); or</p> <p>Subject to satisfaction of the Class Q Vesting Condition, but notwithstanding the non-satisfaction of the Class Q Employment Condition or the terms of the Share Rights Plan, all the Class Q Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control Event</p>	30 June 2028
R	The achievement of Final Investment Decision for the Walyering Gas Project prior to	30 June 2028

Class	Vesting Conditions	Expiry Date
	<p>30 June 2024 (<b>Class R Vesting Condition</b>); and</p> <p>Continued employment 18 months from Commencement Date (<b>Class R Employment Condition</b>); or</p> <p>Subject to satisfaction of the Class R Vesting Condition, but notwithstanding the non-satisfaction of the Class R Employment Condition or the terms of the Share Rights Plan, all the Class R Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control Event.</p>	
S	<p>The achievement of Commercial Production from the Walyering Gas Project prior to 31 December 2024 (<b>Class S Vesting Condition</b>);</p> <p>Continued employment 2 years from Commencement Date (<b>Class S Employment Condition</b>); or</p> <p>Subject to satisfaction of the Class S Vesting Condition, but notwithstanding the non-satisfaction of the Class S Employment Condition or the terms of the Share Rights Plan, all the Class S Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control Event.</p>	30 June 2028

The Performance Rights will otherwise be issued on the terms and conditions set out in Schedule 2.

Once the applicable Vesting Conditions have been satisfied, the number of Performance Rights specified in the above table will vest in accordance with the Incentive Plan rules.

The above Performance Rights will each convert into a Share for no consideration on exercise by the holder prior to the Expiry Date of the relevant Performance Shares once vested.

If a Vesting Condition of a Performance Right is not achieved by the applicable Milestone Date, then the Performance Right will lapse. If a vested Performance Right is not exercised on or before the Expiry Date, then the Performance Right will lapse.

#### 4.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Performance Rights to Colby Hauser (or his nominee) constitutes giving a financial benefit as Colby Hauser is a related party of the Company by virtue of being a Director.

The Directors (other than Colby Hauser who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Performance Rights because the agreement to issue the Performance Rights, reached as part of the remuneration package for Colby Hauser, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

#### **4.4 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Performance Rights to Colby Hauser falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 3 seeks the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Listing Rule 10.14 and all other purposes.

#### **4.5 Technical information required by Listing Rule 14.1A**

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Performance Rights to Colby Hauser under the Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Colby Hauser under the Incentive Plan, and the Company will be required to renegotiate alternate remuneration terms with Mr Hauser

#### **4.6 Technical information required by Listing Rule 10.15**

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to Resolution 3:

- (a) the Performance Rights will be issued to Colby Hauser (or his nominee), who falls within the category set out in Listing Rule 10.14.1, by virtue of Colby Hauser being a Director;

- (b) the maximum number of Performance Rights to be issued to Colby Hauser (or their nominee) is 175,000,000, comprising:
  - (i) 25,000,000 Class P Performance Rights;
  - (ii) 50,000,000 Class Q Performance Rights;
  - (iii) 50,000,000 Class R Performance Rights; and
  - (iv) 50,000,000 Class S Performance Rights.
- (c) the current total remuneration package for Colby Hauser is \$330,000 p.a., comprising of directors' salary of \$300,000 and superannuation of \$30,000. If the Performance Rights are issued, the total remuneration package of Colby Hauser will increase by \$1,525,000 to \$1,855,000, being the value of the Performance Rights (based on the security valuation methodologies set out in Schedule 4);
- (d) Mr Colby Hauser has not previously been issued securities under the Incentive Plan;
- (e) A summary of the material terms and conditions of the Performance Rights is set out in Schedule 2;
- (f) the Performance Rights are unquoted performance rights. The Company has chosen to grant the Performance Rights to Colby Hauser for the following reasons:
  - (i) the Performance Rights are unlisted, therefore the grant of the Performance Rights has no immediate dilutionary impact on Shareholders;
  - (ii) the issue of Performance Rights to Colby Hauser will align the interests of Colby Hauser with those of Shareholders;
  - (iii) the issue of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Colby Hauser; and
  - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed;
- (g) the Company values the Performance Rights at \$1,525,000 (being an average of \$0.009 per Performance Right) based on the security valuation methodologies set out in Schedule 4;
- (h) the Performance Rights will be issued to Colby Hauser (or his nominee) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (i) the issue price of the Performance Rights will be nil, as such no funds will be raised from the issue of the Performance Rights;
- (j) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 3;

- (k) no loan is being made to Colby Hauser in connection with the acquisition of the Performance Rights;
- (l) details of any Performance Rights issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (m) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolution 3 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

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## **5. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – DAVID CASEY**

### **5.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue 40,000,000 Options (**Options**) to David Casey (or his nominee) on the terms and conditions set out below.

Resolution 4 seeks Shareholder approval for the issue of the Options to David Casey (or his nominee).

### **5.2 Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is set out in Section 4.3 above.

The issue of Options to David Casey (or his nominee) constitutes giving a financial benefit and David Casey is a related party of the Company by virtue of being a Director.

The Directors (other than David Casey who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Options because the agreement to issue the Options, reached as part of the remuneration package for David Casey, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **5.3 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Options to David Casey falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolution 4 seeks the required Shareholder approval for the issue of the Options under and for the purposes of Listing Rule 10.14, and all other purposes.

#### 5.4 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Options to David Casey under the Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options (because approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Options and David Casey.

#### 5.5 Technical Information required by Listing Rule 10.15

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to Resolution 4:

- (a) the Options will be issued to David Casey (or their nominee), who falls within the category set out in Listing Rule 10.14.1 by virtue of David Casey being a Director;
- (b) the maximum number of Options to be issued is 40,000,000;
- (c) the current total remuneration package for David Casey is \$48,000 per annum, comprising director fees of \$44,000 and superannuation of \$4,000. Mr Casey also holds the 160,000,000 unvested performance rights as shown below.

Class	Number	Total Value
Class F Performance Rights	80,000,000	\$59,966
Class G Performance Rights	80,000,000	\$57,745
<b>Total</b>	<b>160,000,000</b>	<b>\$117,711</b>

The Performance Rights above were not issued under the Incentive Plan.

If the Options are issued, the total remuneration package of David Casey will increase by \$223,359 to \$381,071, being the value of the Options (based on the Black Scholes methodology as set out in Schedule 6)

- (d) Mr Casey has not previously been issued securities under the Incentive Plan.
- (e) A summary of the material terms and conditions of the Options are set out in Schedule 5;
- (f) the Options will be issued to David Casey (or his nominee) no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Options will be issued on one date;
- (g) the issue price of the Options will be nil. The Company will not receive any other consideration in respect of the issue of the Options (other than in respect of funds received on exercise of the Options);
- (h) no loan is being made to David Casey in connection with the acquisition of the Options;
- (i) On transition to a non-executive director role on 1 January 2022, Mr Casey agreed to forfeit 167,678,954 performance rights with a value of \$807,981, previously granted as part of his remuneration. The purpose of the issue of the

Options is to provide a performance linked incentive component in the remuneration package for David Casey to motivate and reward his performance as a Director and to provide cost effective remuneration to Mr Casey.

- (j) details of any Options issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14; and
- (k) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Options under the Incentive Plan after Resolution 5 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

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## **6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF OPTIONS – TMK ENERGY LIMITED**

### **6.1 General**

On 12 July 2021 the Company announced that it had agreed to grant 100,000,000 Options to Telmen Resource JSC (**Telmen Resource**) in consideration for an extension of time under a Project Acquisition Agreement (**Extension Options**).

In February 2022, TMK Energy Limited (**TMK**) acquired Telmen Resources as part of a corporate transaction (**Telmen Acquisition**), and subsequent to the Telmen Acquisition the parties agreed that the grant of the Extension Options would be assigned from Telmen Resource to TMK.

It is anticipated that prior to the AGM the Extension Options will be issued to TMK, however if for some reason this doesn't occur Resolution 5 will be withdrawn.

For further details relating to the issue of the Extension Options, please refer to the announcement released on the Company's ASX platform on 12 July 2021 titled 'Mongolia - Gurvantes XXXV PSA Approval Update.'

### **6.2 Listing Rule 7.1**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue, or agree to issue, without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 28 May 2021.

The issue of the Extension Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the agreement to issue the Extension Options.

### **6.3 Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.



The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Extension Options.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Extension Options.

#### **6.4 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Extension Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date that the Company agreed to the issue of the Extension Options.

If Resolution 5 is not passed, the Extension Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date that the Company agreed to the issue of the Extension Options.

#### **6.5 Technical information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) the Extension Options were issued to TMK Energy Limited;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company;
- (c) 100,000,000 Extension Options were issued, and the Extension Options were issued on the terms and conditions set out in Schedule 7;
- (d) the Extension Options were agreed to be issued on 12 July 2021;
- (e) the Extension Options were issued at a nil issue price, in consideration for an extension of time under a Project Acquisition Agreement. The Company has not and will not receive any other consideration for the issue of the Extension Options (other than in respect of funds received on exercise of the Extension Options);
- (f) the purpose of the issue of the Extension Options was in consideration for Telmen Resource LLC (previously Telmen Resource JSC), a wholly owned subsidiary of TMK Energy Limited, agreeing to an extension of time for condition precedents under the Farm-In Agreement for the Gurvantes XXXV Coal Seam Gas Project in Mongolia.
- (g) Material terms of the agreement under which the Extension Options were agreed to be issued can be found at Schedule 8.

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## **7. RESOLUTION 6 – APPROVAL OF 7.1A MANDATE**

### **7.1 General**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$57,595,074 (based on the number of Shares on issue and the closing price of Shares on the ASX on 5 April 2022).

Resolution 6 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 6 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 6 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

### **7.2 Technical information required by Listing Rule 7.1A**

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 6:

#### **(a) Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

#### **(b) Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 7.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the acquisition of new assets and investments (including expenses associated with such acquisitions), continued expenditure on the Company's current assets, including its portfolio of Perth Basin and Mongolian assets, ongoing project administration and general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 5 April 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.004	\$0.008	\$0.012
			50% decrease	Issue Price	50% increase
			Funds Raised		
<b>Current</b>	7,023,789,525 Shares	702,378,953 Shares	\$2,809,516	\$5,619,032	\$8,428,547
<b>50% increase</b>	10,535,684,288 Shares	1,053,568,429 Shares	\$4,214,274	\$8,428,547	\$12,642,821
<b>100% increase</b>	14,047,579,050 Shares	1,404,757,905 Shares	\$5,619,032	\$11,238,063	\$16,857,095

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 7,023,789,525 Shares on issue.

2. The issue price set out above is the closing market price of the Shares on the ASX on 5 April 2022 (being \$0.008).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(e) Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 28 May 2021 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, being on and from 26 May 2022 – 26 May 2021, the Company has not issued any Equity Securities pursuant to the Previous Approval.

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## GLOSSARY

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**\$** means Australian dollars.

**7.1A Mandate** has the meaning given in Section 7.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**Associated Body Corporate** means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (g) a spouse or child of the member;
- (h) a child of the member's spouse;
- (i) a dependent of the member or the member's spouse;
- (j) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (k) a company the member controls; or
- (l) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Talon Energy Ltd (ACN 153 229 086).

**Commercial Production** means, in relation to the proposed grant of Performance Rights to Mr Colby Hauser in Resolution 3, production of natural gas from the Walyering Field (excluding production for testing purposes) and delivery of the same to the relevant delivery point under a program of regular production and sale.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Final Investment Decision** means, in relation to the proposed grant of Performance Rights to Mr Colby Hauser in Resolution 3, a decision by the owners of the Walyering Gas Project located on EP447 in the Perth Basin, to proceed with the development of the Project to facilitate the production of hydrocarbons.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Right** means a right to acquire a Share, subject to satisfaction of any vesting conditions.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2021.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Rights Plan** means the Share Rights Plan as summarised in Schedule 3.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in Listing Rule 7.1A.2.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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**SCHEDULE 1 – SUMMARY OF EMPLOYMENT AGREEMENT WITH COLBY HAUSER**

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<b>Position</b>	Managing Director and Chief Executive Officer
<b>Commencement Date</b>	8 March 2022
<b>Salary package</b>	<p>\$300,000 per annum base salary plus statutory superannuation.</p> <p>Entitled to an additional performance-based bonus as determined from time to time at the discretion of the Board.</p> <p>Plus, an incentive package of Performance Rights which is subject to Shareholder approval and achievement of performance hurdles.</p>
<b>Term of Employment</b>	No fixed term of employment.
<b>Equity issues</b>	Mr Hauser currently holds 500,000 Shares through his trust, Aurora Investment Trust.
<b>Termination</b>	The Company may terminate the employment without cause with six months' written notice to the other party, or Mr Hauser may resign from the employment with three months' written notice to the other party.

The Executive Services Agreement is otherwise considered to be on standard terms for an agreement of this nature.



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## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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The terms and conditions of the Performance Rights the subject of Resolution 3 are as follows:

(a) **Milestones**

The Performance Rights will vest and be convertible into Shares on a one for one basis on achievement of the following milestones (each, a **Milestone**):

(i) **Class P Performance Rights:**

- (A) Continued employment 12 months from 8 March 2022 (**Commencement Date**); or
- (B) A Change of Control Event within 12 months of Commencement Date.  
or

Vested Performance Rights will expire 30 June 2027 (**Class P Expiry Date**).

(ii) **Class Q Performance Rights:**

- (A) Talon shares achieving a 20-day VWAP that exceeds 175% of the 20-day VWAP of Talon shares at the Commencement Date, after the shareholder meeting approving the grant of the Performance Rights and prior to 30 June 2024 (Class Q Vesting Condition); and
- (B) Continued employment 2 years from Commencement Date (**Class Q Employment Condition**); or
- (C) Subject to satisfaction of the Class Q Vesting Condition, but notwithstanding the non-satisfaction of the Class Q Employment Condition or the terms of the Share Rights Plan, all the Class Q Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control Event.

Vested Performance Rights will expire 30 June 2028 (**Class Q Expiry Date**).

(iii) **Class R Performance Rights:**

- (A) The achievement of Final Investment Decision for the Walpying Gas Project prior to 30 June 2024 (**Class R Vesting Condition**); and
- (B) Continued employment 18 months from Commencement Date (**Class R Employment Condition**); or
- (C) Subject to satisfaction of the Class R Vesting Condition, but notwithstanding the non-satisfaction of the Class R Employment Condition or the terms of the Share Rights Plan, all the Class R Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control Event.

Vested Performance Rights will expire 30 June 2028 (**Class R Expiry Date**).

(iv) **Class S Performance Rights:**

- (A) The achievement of Commercial Production from the Walpying Gas Project prior to 31 December 2024 (**Class S Vesting Condition**); and
- (B) Continued employment 2 years from Commencement Date (**Class S Employment Condition**); or

- (C) Subject to satisfaction of the Class S Vesting Condition, but notwithstanding the non-satisfaction of the Class S Employment Condition or the terms of the Share Rights Plan, all the Class S Performance Rights held by the Executive immediately vest on the occurrence of a Change of Control Event.

Vested Performance Rights will expire 30 June 2028 (**Class S Expiry Date**).

(b) **Notification to holder**

The Company shall notify the holder in writing when each Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (m), upon vesting, each Performance Right will, at the election of the holder, convert into one (1) Share (other than as set out below).

(d) **Lapse of a Performance Right**

If a Milestone is not achieved by the applicable date specified in paragraph (a), the relevant Performance Rights will automatically lapse.

Any Performance Right not converted by the relevant class expiry date noted at paragraph (a) shall automatically lapse on the stated expiry date for that class of Performance Rights, and the holder shall have no entitlement to Shares pursuant to those Performance Rights.

(e) **Share ranking**

All Shares issued upon the exercise of the Performance Rights will upon issue rank pari passu in all respects with other Shares.

(f) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(g) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(h) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(l) **Change in Control**

Subject to paragraph (m), upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
  - (B) having been declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the applicable Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (i) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(q) **Subdivision 83AC-C and risk of forfeiture**

- (a) Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to the Performance Rights.
- (b) The Company and the holder acknowledge and agree that the Class P,Q,R and S Performance Rights are subject to risk of forfeiture and that the rights are part of a Sec 83 A tax deferral scheme.

(r) **Discretion**

Consistent with the terms of the Incentive Plan, the Board may, in its absolute discretion, determine by resolution of the Board that a particular Milestone has been satisfied or satisfied to such an extent that the Performance Right to which the applicable Milestone relates will be deemed to have vested.

(s) **ASX requirements**

The terms and conditions of the Performance Rights are subject to any amendments required as required by ASX or the ASX Listing Rules.

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## SCHEDULE 3 – TERMS AND CONDITIONS OF INCENTIVE PLAN

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The material terms of the Share Rights Plan (**Incentive Plan**) are summarised below:

- (a) **Purpose of the Plan:** The purpose of the Plan is to provide an incentive for employees and Directors of the Company and its subsidiaries (**Eligible Participants**) by enabling them to participate in the future growth of the Company and, upon becoming Shareholders, to participate in the Company's profits and development. Under the Plan, Eligible Participants may be granted rights to acquire shares in the capital of the Company (**Rights**) upon the satisfaction of specified performance criteria and specified periods of tenure. The provision of this incentive is expected to result in future benefits to the Shareholders and employees of the Company.
- (b) When an Eligible Participant satisfies specified criteria imposed by the Board, the Board may grant the Eligible Participant Rights following a written offer to the Eligible Participant. Among other things, the written offer of Rights to an Eligible Participant will specify the number of Rights being offered (or the method by which the number will be calculated) and the vesting conditions (if any) that must be met by the Eligible Participant before the Rights will vest.

Under the Plan, the types of Rights that may be granted are performance rights (**Performance Rights**). Terms entitle the Eligible Participant to ordinary shares in the Company upon Performance Rights vesting. Performance Rights vest upon satisfaction of certain performance criteria being met.
- (c) **Number of Rights offered:** The number of Rights that may be offered to an Eligible Participant pursuant to an offer is entirely within the discretion of the Directors. Each Right will, upon vesting, entitle the Eligible Participant to one fully paid ordinary share in the capital of the Company.
- (d) **Vesting Conditions:** The Rights will not vest unless the vesting conditions imposed by the Board (if any) have been satisfied.
- (e) **Exercise price:** Unless the Board determines otherwise, an Eligible Participant will not be required to make any payment in return for a grant of Rights.
- (f) **Lapse of Rights:** Rights that have not vested will lapse in accordance with the terms of the Rights, or on the first to occur of certain specified events, including:
  - (i) the nominated expiry date of the Rights;
  - (ii) a failure to meet the vesting conditions;
  - (iii) the Right lapsing in accordance with the rules of the Plan; and
  - (iv) any other circumstances specified by the Board in the offer.
- (g) **Shares allotted upon exercise of Rights:** The Company will issue or transfer shares to the Eligible Participant after the vesting of Rights and upon exercise of the Rights by the holder. The shares allotted under the Plan will be of the same class and will rank equally with shares in the Company at the date of issue. The Company will seek listing of the new shares on ASX within a reasonable time after the shares are issued.
- (h) **Transfer of Rights:** A Right is only transferable with the consent of the Board or by force of law upon death to the Eligible Participant's legal personal representative or upon bankruptcy to the Eligible Participant's trustee in bankruptcy and in each case the transfer complies with the Corporations Act. Where a holder of Rights transfers Rights in breach of this restrictions, the Right will automatically lapse.

- (i) **Takeover or scheme of arrangement:** Subject to an offer providing otherwise, in the event of a Takeover Bid under which a bidder has acquired a relevant interest in at least 50.1% of the Company's shares and the bid is declared unconditional, or a court approves a proposed compromise or arrangement for the purpose of a scheme for the reconstruction of the Company or its amalgamation with another company, the Board may, in its absolute discretion, determine that all or a specified number of unvested Rights vest. Any Right which the Board determines does not vest will lapse, unless the Board determines otherwise.
- (j) **Bonus issues and capital reorganisation:** In order to prevent a reduction of the number of shares to which the Rights relate in the event of bonus issues or a capital reorganisation, there are provisions in the Plan which provide for a method of adjustment of the number of Rights to prevent such a reduction.
- (k) **Participation in new issues:** Other than as summarised in the paragraph above and further detailed in the Plan, there are no participating rights or entitlements inherent in the Rights and the holders will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Rights. In addition, holders of Rights will not be entitled to vote or receive dividends as a result of their holding of Rights.
- (l) **Administration of the Plan:** The Plan is administered by the Directors of the Company, who have the power to:
  - (i) determine appropriate procedures for administration of the Plan consistent with its terms;
  - (ii) resolve conclusively all questions of fact or interpretation in connection with the Plan;
  - (iii) delegate the exercise of any of its powers or discretions arising under the Plan to any one or more persons for such period and on such conditions as the Board may determine; and
  - (iv) suspend, amend or terminate the Plan (subject to restrictions on amendments to the Plan which reduce the rights of a participant of the Plan in respect of any Rights or Shares already granted).
- (m) **Number of Shares to be issued upon exercise of Rights:** The Company must have reasonable grounds to believe that the number of Shares to be issued on exercise of the Rights when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three years under:
  - (i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme

does not exceed 5% of the total number of issued Shares at the time the invitation to acquire Rights is made (but disregarding any securities issued as the result of an offer that can be disregarded in accordance with ASIC Class Order 14/1000).
- (n) **Cessation of employment:** Unless the Board determines otherwise, an unvested Right will lapse if the holder ceases to be an Eligible Participant for the purposes of the Plan by reason of resignation, termination for poor performance or termination for cause. Unless the Board determines otherwise, if the holder of Rights granted under the Plan ceases to be an employee for any other reason, including but not limited to retirement, total and permanent disablement, death, redundancy or termination by agreement, then any Rights which have not lapsed will continue to be held by the holder as if it was still an Eligible Participant, except that any continuous service condition will be deemed to have been waived

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## SCHEDULE 4 – VALUATION OF PERFORMANCE RIGHTS

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The Class Q Performance Rights to be issued to Colby Hauser pursuant to Resolution 3 have been independently valued, with all other Performance Rights to be issued to Colby Hauser pursuant to Resolution 3 have been valued by internally using a Black & Scholes Model.

The Class Q Performance Rights have been valued using a combination of Hoadley's Barrier1 Model and Hoadley's Parisian Model, the remainder of the Performance Rights were valued using the Black & Scholes model. Assumptions for both models are set out below, with the Performance Rights ascribed the following values:

Item	Class P <sup>2</sup>	Class Q <sup>3</sup>	Class R <sup>2</sup>	Class S <sup>2</sup>
Value of the underlying Shares	\$0.09	\$0.09	\$0.09	\$0.09
Valuation date	15/3/2022	15/3/2022	15/3/2022	15/3/2022
Commencement of performance/vesting period	15/3/2022	15/3/2022	15/3/2022	15/3/2022
Performance measurement/vesting date	8/3/2023	30/6/2024	8/9/2023	8/3/2024
Expiry date	30/6/2027	30/6/2028	30/6/2028	30/6/2028
Term of the Performance Right	~5 Years	~6 Years	~6 Years	~6 Years
Volatility (discount)	128%	128%	128%	128%
Risk-free interest rate	1.43%	1.43%	1.43%	1.43%
Probability of achieving vesting conditions	100%		100%	100%
<b>Total Value of Performance Rights</b>	<b>\$225,000</b>	<b>\$400,000</b>	<b>\$450,000</b>	<b>\$450,000</b>

**Note:**

1. The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.
2. Class P, R and S Performance Rights have been valued using a Black Scholes Option Pricing Model.
3. Class Q Performance Rights have been valued using a combined Hoadley's Barrier1 Model and Hoadley's Parisian Model.

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## SCHEDULE 5 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS TO DAVID CASEY

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(a) **Definitions**

**Company** means Talon Energy Ltd (ACN 153 229 086).

**Immediately Available Funds** means cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the Company.

**Issue Date** means the date on which the Options are issued to the Optionholder by the Company.

**Offer** means an offer in writing to a party made by the Board to apply for, or participate in a grant of Options.

**Option** means the contractual right, but not obligation, for the Optionholder to acquire a Share in accordance with the terms and conditions set out in this Schedule and the Offer, granted to the Optionholder by the Company.

**Optionholder** means a person who holds an Option issued by the Company the subject of an Offer.

**Share** means one fully paid ordinary share in Company.

(b) **Entitlement**

Each Option entitles the Optionholder to subscribe for one Share upon exercise of the Option.

(c) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.010 (**Exercise Price**).

(d) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) 2 years from the Issue Date (**Expiry Date**). An Option not exercised on or before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and either:

- (i) payment of the Exercise Price in Immediately Available Funds in Australian currency for each Option being exercised; or
- (ii) Utilising the Cashless Exercise Facility described in paragraph (g).



(g) **Cashless Exercise Facility**

- (i) if the Optionholder wishes to exercise some or all of the Options he may elect by notice in such form and manner as the Board may prescribe to pay the Exercise Price by using a cashless exercise facility (**Cashless Exercise Facility**).
- (ii) The Cashless Exercise Facility entitles the Optionholder to set-off the Exercise Price against the number of Shares which the Optionholder is entitled to receive on the exercise of the Optionholder's Options. By using the Cashless Exercise Facility, the Participant will receive the Shares to the value of the surplus after the Exercise Price has been set off.
- (iii) If the Optionholder elects to use the Cashless Exercise Facility, the Optionholder will (instead of paying the Exercise Price) only be issued that number of Shares (rounded down to the nearest whole number) calculated in accordance with the following formula:

$$S = NO \times [(MV-EP)/MV]$$

where:

**S** is the number of Shares to be issued on the exercise of the Options;

**NO** equals the number of Options being exercised;

**MV** is the market value of Shares (calculated using the volume weighted average price at which Shares were traded on the ASX over the 5 trading days immediately prior to the date of exercise); and

**EP** equals the Exercise Price.

- (iv) If the difference between the Exercise Price otherwise payable for the Options and the then market value of the Shares at the time of exercise (calculated in accordance with clause (f)(iii)) is zero or negative, then the Optionholder will not be entitled to use the Cashless Exercise Facility.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise, and if the Optionholder has not elected to use the Cashless Exercise Facility described at paragraph (g), the date of receipt of the payment of the Exercise Price for each Option being exercised in Immediately Available Funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within five (5) Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company or if paragraph (f)(ii) applies the number of Shares calculated in accordance with paragraph (g);
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice in a reasonable amount of time, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **No right to distributions**

An Option carries no rights to participate in distributions of capital or income by the Company, and for the avoidance of doubt Optionholders have no right to receive dividends or participate in the winding up of the Company.

(n) **Voting Rights**

The Option does not confer a right to vote at a meeting of members of the Company.

(o) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised, other than as set out in clause (k).

(p) **Transferability**

The Options are not transferable.

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**SCHEDULE 6 – VALUATION OF DAVID CASEY OPTIONS**

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The Options to be issued to David Casey (or his nominee) pursuant to Resolution 4 have been valued by internal management.

Using the Black & Scholes model and based on the assumptions set out below, the Performance Rights were ascribed the following value:

Item	Assumption
Value of the underlying Shares	\$0.009
Exercise Price	\$0.010
Valuation date	15/3/2022
Expiry date	15/3/2024
Term of the Options	24 months
Volatility (discount)	128%
Risk-free interest rate	1.43%
<b>Total Value of Options</b>	<b>\$223,359</b>

**Note:** The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

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## SCHEDULE 7 – TERMS AND CONDITIONS OF OPTIONS TO TMK ENERGY LIMITED

---

(a) **Definitions**

**Immediately Available Funds** means cash, bank cheque or telegraphic or other electronic means of transfer of cleared funds into a bank account nominated in advance by the Company.

**Company** means Talon Energy Ltd, (ACN 153 229 086) of 1202 Hay Street West Perth, WA, Australia 6005.

**Grant Date** means the date on which the Options are issued to the Optionholder by the Company.

**Option** means a financial security which provides the Optionholder with the right but not the obligation to subscribe for a Share by payment of the Exercise Price in accordance with the Terms and Conditions herein.

**Optionholder** means TMK Energy Limited (ACN 127 735 442) of 102 Forrest Street, Cottesloe, WA, Australia 6011.

**Share** means a Fully Paid Ordinary Share in the Company.

**Stage 1 Work Program** means the grant of a Production Sharing Agreement and Exploration License to the Optionholder (or a related body corporate of the Optionholder) in respect of the Gurvantes XXXV Coal Seam Gas Project located in Mongolia.

(b) **Vesting Condition**

Each Option shall be capable of being exercised on completion of the Stage 1 Work Program.

(c) **Entitlement**

On vesting each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(d) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.010 (**Exercise Price**).

(e) **Expiry Date**

Each Option will expire at 5:00 pm (AWST) 3 years from Grant Date (**Expiry Date**). An Option not exercised on or before the Expiry Date will automatically lapse on the Expiry Date.

(f) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on an Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise, and the date of receipt of the payment of the Exercise Price for each Option being exercised in Immediately Available Funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within five (5) Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which Immediately Available Funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice in a reasonable amount of time, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Voting Rights**

The Option does not confer a right to vote at a meeting of members of the Company.

(n) **No right to distributions**

An Option carries no rights to participate in distributions of capital or income by the Company, and for the avoidance of doubt Optionholders have no right to receive dividends or participate in the winding up of the Company.

(o) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised, other than as set out in clause (k).

(p) **Transferability**

The Options are not transferable.

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**SCHEDULE 8 – GURVANTES XXXV TERM SHEET – SUMMARY OF MATERIAL TERMS**

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- (i) Talon to be assigned a 33% participating interest in the Gurvantes XXXV Production Sharing Agreement (**PSA**) (**Earned Interest**)
- (ii) Consideration payable to Telmen by Talon is as follows:
  - (A) Initial cash consideration:
    - (I) US\$100,000 on execution of the term sheet (non-fundable);
    - (II) US\$250,000 on execution of the Gurvantes XXXV PSA
  - (B) Earn in consideration:
    - (I) Talon to pay 100% of the costs of an agreed budget for an initial work program over Gurvantes XXXV (including the drilling of at least 4 core holes) up to an amount of US\$1,500,000 (**Initial Work Program**);
    - (II) At the conclusion of the Initial Work Program, Talon shall have 90 days upon which to elect to:
      - i. Terminate the farm-in agreement with no further obligation; or
      - ii. Receive assignment of the Earned Interest and pay 100% of the costs of a secondary work program up to an amount of US\$3,150,000 (any amounts payable thereafter shall be split between Telmen and Talon in accordance with their respective participating interests (i.e. Talon will pay 33%).
  - (C) Deferred Consideration:
    - (I) Talon shall, upon independent certification of 2C Contingent Resource in respect of Gurvantes XXXV, make additional payment to Telmen as follows:

2C Contingent Resource	Additional payment amount
0.5 Tcf	Nil
1.5 Tcf	US\$1 million

Provided that:

- (i) where the independently certified 2C Contingent Resources are between the amounts specified in the table, the amount payable shall be pro-rated accordingly; and
- (ii) where the independently certified 2C Contingent Resources are less than 0.5Tcf, the amount payable shall be nil and where the 2C Contingent Resources are greater than 1.5Tcf, the total amount payable shall be US\$1 million.

Telmen may elect to take the Additional Payment in either cash or Talon shares. Where Telmen elects to receive the Additional Payment by way of Talon shares, the price per share shall be equal to the 20-day volume weighted average price per share upon the date of and applying the United States Dollar/Australian Dollar exchange rate as published by the Reserve Bank of Australia at the date of issue of the shares to Telmen.

**Conditions Precedent:** The farm-in for a 33% interest in Gurvantes XXXV is subject to the following conditions:

- i. Formal issuance of the PSA by the Mongolian government;
- ii. Talon being satisfied with its due diligence in respect of Gurvantes XXXV and the tax treatment and structuring of its investment;
- iii. The execution of legally binding farmout and joint operating agreements by Talon and Telmen containing appropriate terms and conditions for a transaction of this nature;
- iv. The execution by Talon and Telmen of all transfer documentation required to transfer the 33% interest in the PSA to Talon;
- v. Receipt of required government approvals (if any);
- vi. Receipt of any required Talon shareholder approvals; and
- vii. Final approval of the Board of Directors of Talon.

**Preferential Right:** Telmen shall procure that for a period of 3 years from the later of the execution of formal farm-in agreements or the award of the PSA, neither Telmen nor any of its affiliates will sell or transfer any interest in the Asset to any third party unless Telmen or its affiliate has first made a written offer to Talon to acquire the relevant interest on the same terms and conditions as agreed with any such third party. Upon receipt of such an offer from Telmen, Talon shall have 60 days within which to accept the offer.

**Options:** Talon to issue TMK Energy Ltd 100,000,000 Options with the following terms:

- i. Exercisable at A\$0.01 per share
- ii. Expire 3 years from date of issue; and
- iii. Not vest until completion of the Stage 1 Work Program, being the grant of the PSA and Exploration licences over the Gurvantes XXXV project.





Talon Energy Limited  
ABN 88 153 229 086



TPD

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **3:00pm (AWST) on Tuesday, 24 May 2022.**

# Proxy Form

## 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](http://www.investorcentre.com/au) and select "Printable Forms".

## Lodge your Proxy Form:

XX

### Online:

Lodge your vote online at [www.investorvote.com.au](http://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:**

**SRN/HIN:**

**PIN:**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://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.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**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.



I 9999999999

I ND

## 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 Limited 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 Annual General Meeting of Talon Energy Limited to be held at The Celtic Club, 48 Ord Street, West Perth, WA 6005 on Thursday, 26 May 2022 at 3:00pm (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3 and 4 by marking the appropriate box in step 2.

### 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 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Douglas Jendry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Performance Rights to Director - Colby Hauser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Director – David Casey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of prior Issue of Options - TMK Energy Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any 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

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

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

TPD

2 8 6 7 7 0 A



Computershare

