

ASX ANNOUNCEMENT

1 AUGUST 2023

Discussions with Strike Energy

- **Talon received a revised non-binding indicative proposal from Strike which has now been withdrawn**

On 26 July 2023, Talon Energy Limited (ASX: TPD, Talon) received a revised confidential, non-binding indicative proposal from Strike Energy Limited (ASX: STX, "**Strike**") pursuant to which Strike would acquire all of the shares in Talon by way of a scheme of arrangement and Talon would demerge its Mongolian assets to its existing shareholders (the "**Revised Proposal**"). Under the improved terms of the Revised Proposal, Talon shareholders would receive:

- 0.4828 Strike shares for every Talon share held; and
- an ownership interest in Talon's Mongolian assets pro rata to their shareholdings in Talon

In addition, Strike had offered to provide a convertible working capital facility of up to \$6 million to provide additional liquidity to fund its medium term potential capital expenditures.

The Revised Proposal had an implied price of \$0.21 per Talon share which represents a premium of:

- 20% to the last close at 24 July 2023, (being the last day of share trading prior to initial media speculation regarding a potential transaction with Strike);
- 21% to the 30 day VWAP up to 24 July 2023;
- 27% to the 60 day VWAP up to 24 July 2023.

Talon shareholders would also receive value for Talon's Mongolian assets net of related transaction costs. The amount of that value would be uncertain.

Talon and Strike undertook to reach an agreement on the terms of a scheme implementation deed and working capital facility prior to the resumption of trading on Tuesday 1 August 2023. Each party was also allowed to conduct a period of due diligence on the other party. Despite extensive negotiations the parties were unable to reach an agreement on final terms within that timeframe. While Talon was prepared to continue to negotiate with Strike beyond the resumption of trading on Tuesday 1 August 2023, the Revised Proposal was withdrawn.



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Talon is being advised by RBC Capital Markets as financial advisor and Allens as legal advisor.

This Announcement was authorised for release by the Board of Talon Energy Ltd.

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