

# Strike to acquire Talon

- Strike to escalate the pace of development in its Perth Basin business through the earnings and cashflow accretive acquisition of Talon.
- Strike and Talon have entered into a binding Scheme Implementation Deed under which Strike will acquire all the issued shares in Talon by way of a Scheme of Arrangement. On implementation of the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held.
- In parallel with the Scheme, Talon will look to demerge Talon's Mongolian asset to the benefit of Talon shareholders to potentially deliver additional value<sup>1</sup>.
- The Scheme is unanimously endorsed by the Board of Directors of Talon.
- The implied offer price of A\$0.212<sup>2</sup> for Talon's Perth Basin business alone is a ~21% premium to Talon's closing share price as at 11 August 2023<sup>3</sup>, excluding any additional value that may be realised for Talon shareholders via the potential demerger of Talon's Mongolian assets.
- On a pro forma basis, Strike shareholders will own approximately 89% and Talon shareholders will own approximately 11% of all issued Strike shares upon implementation of the Scheme.
- Strike has agreed to provide Talon with a A\$6 million interim convertible funding facility to fund Talon's capital requirements through the scheme process.
- The acquisition will generate material corporate and operational synergies with the capacity to generate an initial annualised revenue of in excess of \$82 million from the Walyering gas field alone<sup>4</sup>.

Strike Energy Limited (ASX: STX, **Strike**) is pleased to advise it has entered into a binding scheme implementation deed with Talon Energy Limited (ASX: TPD, **Talon**) (**Scheme Implementation Deed**) under which Strike will, subject to the satisfaction of various conditions, acquire all the issued shares in the capital of Talon by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (Corporations Act) (**Scheme**).

Pursuant to the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held. In addition, Talon will look to demerge its Mongolian asset with the potential for its shareholders to retain an interest in the assets along with A\$850,000 cash (less any costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) via a potential spin-out of those assets into a separate vehicle to be completed prior to implementation of the Scheme (**Mongolian Spin-Out**).

The acquisition is earnings and cashflow accretive for Strike and will provide a platform in which Strike can escalate the pace of development of its highly attractive Perth Basin gas assets.

Talon's Board of Directors unanimously recommend the proposed transaction (in the absence of a superior proposal and subject to the independent expert concluding, and continuing to

<sup>1</sup> There is no guarantee that the Mongolian Spin-Out will be implemented or that Talon Shareholders will ultimately receive any value in respect of the Mongolian assets.

<sup>2</sup> Based on Strike's closing price of A\$0.44 on 11 Aug 2023

<sup>3</sup> Talon's closing share price on 11 Aug 2023 was A\$0.175

<sup>4</sup> Refer footnote 5 for details as to revenue assumptions.

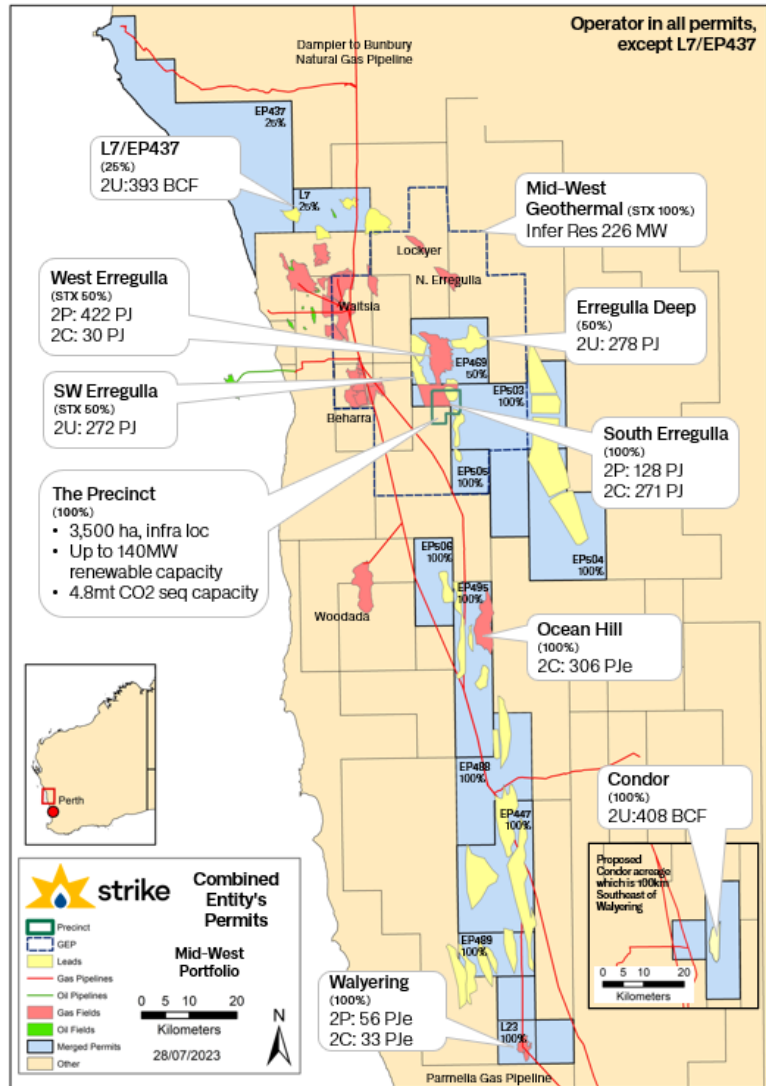
conclude, that the proposed transaction is in the best interests of Talon shareholders), which is strategically compelling and logical for Talon shareholders.

Under the proposed Scheme, and on a pro forma basis, Talon shareholders will own ~11% and Strike shareholders will own ~89% of the combined Company.

### Transaction Rationale

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

- the combined company will have the capacity to generate an initial annualised cashflow from the Walyering gas field alone in excess of A\$82 million<sup>5</sup>
- Strike will be able to remove significant costs via corporate and operational synergies through collapsing the joint venture with Talon;
- Strike’s balance sheet will be further improved, with an increased ability to access debt markets and self-fund development projects along with the combined exploration portfolio;
- Strike will be able to apply its Perth Basin operating and development expertise in order to exploit the combined group’s assets; and
- the combined entity will have an aggregate 1,022 PJ of independently certified Perth Basin conventional gas 2P Reserves and 2C Resources (see chart below)<sup>6</sup>.



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

For Talon shareholders the all-scrip acquisition represents an immediate and attractive premium with an implied transaction price for the Perth Basin business of A\$0.212 per Talon share, which is a ~21% premium to Talon’s closing share price as at 11 August 2023<sup>7</sup>. In addition, there is the potential that Talon shareholders will retain an interest in the Mongolian assets via the Mongolian Spin-Out.<sup>8</sup>

<sup>5</sup> A\$82 million per annum projection assumes production and sales from the Walyering Field at 33 TJ/day and 250bbl/day with as available gas sold to Santos at the ‘as available’ price under the Gas Supply Agreement with Santos, and condensate at A\$104/bbl (US\$70/bbl FX 0.67).

<sup>6</sup> Refer to Important Notices at the end of this release for Reserve and Resource information.

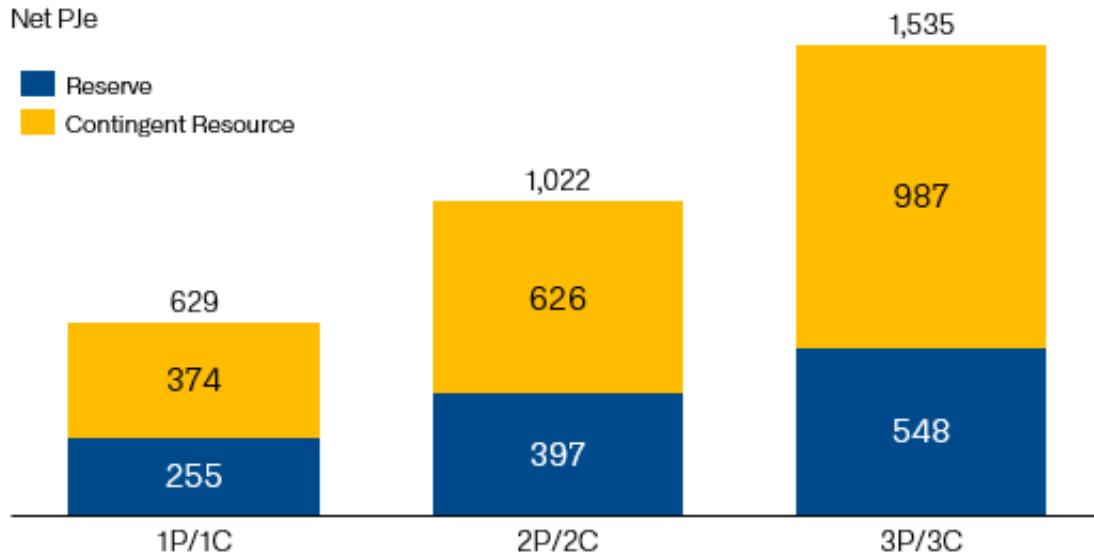
<sup>7</sup> Refer to footnotes 2 and 3 on page 1 of this release for basis for implied offer price calculation and premium calculations.

<sup>8</sup> There is no guarantee that the Mongolian Spin-Out will be implemented or that Talon Shareholders will ultimately receive any value in respect of the Mongolian assets.

### Statements from Strike MD & CEO, Stuart Nicholls:

“This is an earnings accretive transaction for Strike that will simplify Strike’s operations and provide a platform to remove the costs in operating and managing its existing joint venture with Talon. The combined group will have the capacity to generate initial annualised cashflows in excess of A\$82 million from the Walyering gas field alone. The additional free cashflow generation will support an acceleration of Strike’s Government endorsed Perth Basin development strategy”.

### The Combined Entity's Independently Certified Perth Basin Reserves & Resources



Refer to the Important Notices at the end of this release for Reserve and Resource information.

### Transaction Details

Under the terms of the Scheme Implementation Deed, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held.

Upon implementation of the Scheme, and on a pro forma basis, Strike shareholders will own approximately 89% and Talon shareholders will own approximately 11% of all issued Strike shares.

The Scheme Implementation Deed is subject to customary conditions for a transaction of this nature, including:

1. Talon shareholders approving the Scheme by the requisite majorities under the Corporations Act;
2. Approval by the Court in accordance with section 411(4)(b) of the Corporations Act;
3. An Independent Expert concluding that the scheme is in the best interests of Talon shareholders and not changing, withdrawing or qualifying that conclusion; and
4. No material adverse change or regulated events for either Strike or Talon.

The Scheme Implementation Deed contains customary exclusivity provisions, including reciprocal break fees, no shop, no talk and no due diligence obligations. A copy of the Scheme Implementation Deed is annexed to this announcement with the transaction targeting completion in December 2023.

The parties have agreed a budget in connection with any financial accommodation to be provided by Strike to Talon during the period from execution of the Scheme Implementation Deed until the implementation of the Scheme (**Agreed Budget**). In the event Talon requires any

additional funding outside of the Agreed Budget for certain limited purposes, Strike may either elect (in its sole discretion) to provide such additional funding to Talon, or require Talon to use any existing cash reserves that are unallocated in the Agreed Budget to satisfy its additional funding obligations. Failing such election, Talon will be at liberty to raise the required funding via debt or equity and Strike will, in that circumstance, be entitled to terminate the Scheme Implementation Deed.

### **Mongolian Spin-Out**

Talon will explore opportunities for Talon shareholders to retain an interest in Talon's Mongolian assets. It is proposed that on completion of the Mongolian Spin-out, the Mongolian assets and A\$850,000 cash (net of costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) will be demerged to Talon shareholders. The Mongolian Spin-out is expected to be implemented by way of an in-specie distribution of shares in SpinCo to Talon shareholders. The Mongolian Spin-Out is expected to be subject to shareholder approval at a general meeting of Talon shareholders and any other necessary approvals.

The Scheme is not conditional on completion of the Mongolian Spin-Out, which will occur (or not occur, as the case may be) independently of the Scheme becoming effective, and the status of the Mongolian Spin-Out will not influence the timing of the Scheme transaction. Accordingly, there is no guarantee that the Mongolian Spin-Out will be implemented or that Talon Shareholders will ultimately receive any value in respect of the Mongolian assets.

Further details in relation to the potential Mongolian Spin-Out will be provided by Talon to its shareholders in due course.

### **Talon Funding Facility**

As part of the transaction, Strike and Talon have entered into a binding facility agreement pursuant to which Strike has agreed to provide a A\$6 million convertible financing facility to assist Talon fund its short-term working capital needs through the Scheme process. The key terms of this facility include:

- A maximum of A\$6,000,000 provided in advances in accordance with an agreed budget.
- Establishment fee: 2% (capitalised).
- Commitment fee: 3.5% on undrawn funds (capitalised).
- Interest rate: BBSW plus 11% (capitalised);
- Maturity date: The earlier to occur of 30 days after the date on which Talon becomes a wholly owned subsidiary of Strike; 30 days after a person other than Strike or its subsidiaries becomes entitled to hold 50% or more of the Talon shares or otherwise acquires control of Talon; 60 days after termination of the Scheme Implementation Deed; 270 days following the date of the first advance.
- Conversion: Strike may by written notice on or before the relevant maturity date elect to convert the outstanding principal and capitalised amounts into fully paid ordinary Talon shares at the 5-day VWAP to 26 July 2023.
- Prepayment: The facility is to be prepaid out of net petroleum proceeds received by Talon from the sale of Walyering gas and condensate.

### **Indicative Timetable and Next Steps**

Talon shareholders will be asked to approve the Scheme at the scheme meeting which is expected to be held in early December 2023 (**Scheme Meeting**). A scheme booklet containing information relating to the Scheme, the reasons for the Talon Directors' recommendation, the Independent Expert's Report and details of the Scheme Meeting will be dispatched to Talon



shareholders in advance of the Scheme Meeting. An indicative timetable for completion of the Proposed Acquisition is set out below:

- First Court hearing: end of October 2023
- Scheme meeting: early December 2023
- Second Court date: mid December 2023
- Effective date: mid December 2023
- Record date: 7.00pm (Perth time) on two business days after the Effective Date
- Implementation date: end December 2023

These dates are indicative and subject to change.

Strike and Talon will host a joint conference call at 8:30am WST on Monday the 14<sup>th</sup> of August. Please register your interest at the following link to receive an invitation:

<https://events.teams.microsoft.com/event/9f2e3e55-8bfd-41c9-b52e-b8bd89d607d7@dda1f216-94f7-4d93-856f-c105a1cbe657>

Strike has appointed DLA Piper as its advisor and Talon has appointed Sternship Advisers, Royal Bank of Canada and Allens as its advisors.

This announcement is authorised for release by the Board of Strike Energy Limited.

### **Company Contact**

#### **Emma Alexander**

Investor Relations & Corporate Manager  
Strike Energy Limited  
[emma.alexander@strikeenergy.com.au](mailto:emma.alexander@strikeenergy.com.au)

### **Media Contacts**

#### **Paul Ryan**

Citadel-MAGNUS  
0409 296 511  
[pryan@citadelmagnus.com](mailto:pryan@citadelmagnus.com)

### **Important Notices**

#### **Information regarding Strike's Reserve, Resource & Storage Estimates**

*Unless otherwise stated, references in this announcement to:*

- *the West Erregulla reserve and resource estimate is set out in the ASX announcement dated 27th July 2022 entitled "West Erregulla Reserves Upgraded by 41%" and in ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike Energy interest is 50%;*
- *the South Erregulla reserve and resource estimate is set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery". Strike Energy interest is 100%;*
- *the Walyering reserve and resource estimate is set out in ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike Energy interest is 55%;*
- *the Oceanhill 2C Contingent Resource is set out in ASX announcement dated 10 October 2022 entitled "Independent Certification of Ocean Hill Gas Resource". Strike Energy interest is 100%;*
- *the Mid-West Geothermal Project inferred resource is set out in ASX announcement dated 5th May 2022 entitled "Mid West Geothermal Power Project Inferred Resource Statement"; and*



- the South Erregulla Contingent Storage Resource Estimate is set out in ASX announcement dated 15th June 2023 entitled "South Erregulla Update".

The above announcements are available to view on Strike Energy's website at [www.strikeenergy.com.au](http://www.strikeenergy.com.au).

Strike confirms it is not aware of any new information or data that materially affects the information included in the above referenced announcements relating to its Reserves and Resources and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply.

#### Information regarding Talon's Reserves and Resources:

Unless otherwise stated, references in this announcement to:

- the Condor Prospective Resource Estimate is set out in ASX announcement dated 17 March 2021 entitled "Maiden Best (P50) Resource of 408 Bcf at Condor". Talon interest will be 100% upon completion of its acquisition of the Condor assets.
- The L7 & EP437 Prospective Resource Estimate is set out in ASX announcement dated 27 March 2023 entitled "Preliminary prospective resource estimate complete on L7 Perth Basin permit". Talon interest is 25%.

The above announcements are available to view on Talon Energy's website at [www.talonenergy.com.au](http://www.talonenergy.com.au).

The information regarding Talon's petroleum estimates in this announcement has been sourced using publicly available information and has not been independently verified by Strike. Strike has undertaken only limited due diligence in relation to Talon and its projects and may not be aware of all the material information, assumptions, facts and circumstances. Accordingly, Strike does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. While Strike has conducted due diligence on the proposed transaction, Talon and its projects, Strike is unable to verify the accuracy or completeness of the information provided, and there is no assurance that this due diligence was conclusive and that all material issues and risks in relation to the proposed transaction, Talon and its projects have been identified. Receipt of new, additional or updated information, assumptions or modifying factors may change Talon's petroleum estimates and other forward-looking statements concerning Talon and its projects in this announcement. To the extent that this information is incomplete, incorrect, inaccurate or misleading, there is a risk that the profitability and future results of the operations of Strike following the transaction may differ (including in a materially adverse way) from Strike's expectations as reflected in this document, or that additional liabilities may emerge.

#### Future Statements

Statements contained in this announcement, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Strike and the combined group, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'budget', 'outlook', 'schedule', 'estimate', 'target', 'guidance', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward looking statements including all statements in this document regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike and the combined group. Actual results, performance, actions and developments of Strike and the combined group may differ materially from those expressed or implied by the forward-looking statements in this announcement. Such forward-looking statements speak only as of the date of this announcement. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in Strike West Pty Ltd's (wholly owned subsidiary of Strike) bidder's statement dated 23 December 2022 in relation to its off-market takeover offer to acquire all of the shares in Warrego Energy Limited that Strike does not already own. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike and Talon and their respective affiliates, directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any



*updates or revisions to the information in this announcement to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this announcement, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this announcement will under any circumstances create an implication that there has been no change in the affairs of Strike or Talon since the date of this announcement.*



Annexure – Scheme Implementation Deed



EXECUTION VERSION

Project Lancelin

# Scheme Implementation Deed

Strike Energy Limited  
Talon Energy Limited

Dated 13 August 2023



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## Parties

### Strike

Name Strike Energy Limited  
ACN 078 012 745  
Address Level 1, 40 Kings Park Road West Perth WA 6005  
Email stuart.nicholls@strikeenergy.com.au and lucy.gauvin@strikeenergy.com.au  
Attention Stuart Nicholls and Lucy Gauvin

### Talon

Name Talon Energy Limited  
ACN 153 229 086  
Address 1202 Hay Street West Perth WA 6005  
Email colby.hauser@talonenergy.com.au and greg@discol.net  
Attention Colby Hauser and Greg Columbus

## Background

- A The parties have proposed that Strike will acquire all of the ordinary shares in Talon by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Talon and the Scheme Shareholders.
- B The parties have agreed to propose and, if approved, implement the scheme of arrangement of the terms of this deed.

## Agreed terms

### 1 Interpretation

#### Definitions

- 1.1 In this deed the following definitions apply:

**Adverse Decision** means an order of Court where the Court does not make any order sought by Talon under clause 5.8(m).

**Anti-Corruption Laws** means all applicable anti-bribery and anti-corruption laws and regulations, including the *U.S. Foreign Corrupt Practices Act of 1977*, the *U.K. Bribery Act 2010*, the *Australian Criminal Code Act 1995 (Cth)*, *Criminal Code of Mongolia (2002)*, *Anti-Corruption Law of Mongolia (2006)*, laws implementing the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or the rules and regulations promulgated thereunder, or any other applicable law, rule, or regulation of similar effect in other jurisdictions.

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

**ASIC Review Booklet** means the draft of the Scheme Booklet which is provided to ASIC:

- (a) for approval pursuant to section 411(2) of the Corporations Act; and
- (b) for ASIC's review pursuant to ASIC Regulatory Guide 60.

**Associate** has the meaning given in section 12(2) of the Corporations Act.

**ASX Listing Rules** means the official listing rules of ASX as modified by any waiver instrument executed by ASX that applies to Talon.

**ASX** means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

**ATO** means the Australian Tax Office.

**Authorisation** means any permit, licence, consent, approval, registration, accreditation, certification or other authorisation given or issued by any Government Agency.

**BidCo** means a wholly owned subsidiary of Strike nominated in accordance with clause 2.4.

**Break Fee** means \$1,422,228 plus GST, if applicable.

**Break Fee Arrangements** means the amount of the Break Fee or the circumstances in which it is to be paid in accordance with clause 12.

**Budget** means the final budget prepared in connection with any financial accommodation to be provided by Strike to the Talon Group on or after the date of this deed.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are generally open in Perth, Australia for normal business.

**Cash Out Shareholder** means a Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Scheme Shares on the date of the Scheme Booklet, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel of New Strike Shares (assessed by reference to the last traded price of Strike Shares on ASX on the trading day prior to the date of the Scheme Booklet).

**Certificate** means the certificate of conditions precedent in the form attached in Appendix 5.

**Claim** means any claim, demand, legal proceedings or cause of action including any claim, demand, legal proceedings or cause of action:

- (a) based in contract (including breach of any warranty);
- (b) based in tort (including misrepresentation or negligence);
- (c) under common law or equity; or
- (d) under statute.

**Commissioner** means the Federal Commissioner of Taxation of Australia.

**Combined Business** means:

- (a) all of the businesses, operations and activities undertaken by, or on behalf of, the Combined Group anywhere in the world at any time prior to the Implementation Date; and

- (b) any other businesses, operations and activities that may be undertaken by, or on behalf of, the Combined Group anywhere in the world from time to time following the Implementation Date, excluding the Talon Mongolia Business.

**Combined Group** means Strike and its Subsidiaries, following the Implementation Date (including, for the avoidance of doubt, the Talon Group and excluding, for the avoidance of doubt, the Talon Mongolia Group).

**Competing Proposal** means, other than the Demerger, any proposed offer, proposal, transaction, or arrangement whether by way of takeover bid, scheme of arrangement, reverse takeover, capital reduction, sale or licence of assets, sale of securities, strategic alliance, joint venture, partnership, dual listed companies structure, economic or synthetic merger or combination or other transaction or arrangement which, if completed, would result in a Third Party:

- (a) directly or indirectly acquiring or being entitled to acquire a Relevant Interest or any other direct or indirect interest in more than 20% of the Talon Shares or more than 20% of the shares in any other member of the Talon Group whose assets represent 20% or more of the total consolidated assets of the Talon Group;
- (b) directly or indirectly acquiring or being entitled to acquire the whole of the business or assets of the Talon Group or any part of the business or assets of the Talon Group that represents 20% or more of the total consolidated assets of the Talon Group;
- (c) directly or indirectly acquiring the Talon Group's interest in the Key Licences; or
- (d) acquiring Control of Talon or merging or amalgamating with Talon or any other member of the Talon Group that represents 20% or more of the total consolidated assets of the Talon Group,

or which would otherwise require Talon to abandon, or otherwise fail to proceed with, the Scheme.

**Condition** means each condition set out in the first column of the table in clause 3.1.

**Condor Option Agreement** means the binding acquisition agreement, dated 17 March 2021, between Talon (Aust) Pty Ltd, Talon and Macallum Group Limited.

**Confidential Information** means confidential information that is made available by or on behalf of a party to the other party (whether directly or indirectly, and whether before, on or after the date of this deed) and relates to that party (or any Related Entity of it) or any part of the business, assets or affairs of the party (or any Related Entity of it), including:

- (a) commercial, financial, legal and technical information and know-how (including forecasts and projections); or
- (b) information which is derived or produced wholly or partly from any information that is Confidential Information by virtue of this definition by or on behalf of the party or any person (including a Representative) to whom it has made such information available including an analysis, note, calculation, report, conclusion or summary.

**Constitution** means the constitution of Talon, as amended.

**Control** has the meaning given in section 50AA of the Corporations Act disregarding section 50AA(4) of the Corporations Act.

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

**Corporations Regulations** means *Corporations Regulations 2001* (Cth).

**Counterproposal** means Strike's offer to amend the terms of the Scheme or make an alternative proposal to Talon or Shareholders with a view to providing an equivalent or a superior outcome for Shareholders than that offered under the relevant Competing Proposal.

**Court** means the Federal Court of Australia, Western Australian Division.

**D&O Run Off Policy** means the directors' and officers' run-off insurance policy in respect of any members of the Talon Board and relevant former directors and officers of any member of the Talon Group that applies for no less than a 7 year period following the Implementation Date.

**Deductible Amounts** means the aggregate of the following (without duplication):

- (a) any incurred but unpaid Demerger Costs as at the Demerger Implementation Date;
- (b) any financial accommodation made available by a member of the Talon Group (excluding a member of the Talon Mongolia Group) to any member of the Talon Mongolia Group or otherwise for the benefit of the Talon Mongolia Business on or after 28 July 2023; and
- (c) any amount paid or payable to a financial adviser engaged by a member of the Talon Group in respect of the Transaction in excess of the Financial Adviser Fee Cap.

**Deed Poll** means the deed poll to be entered into by Strike in favour of the Scheme Shareholders in the form attached at Appendix 2 or in such other form as the parties agree in writing.

**Demerger** means a pro rata distribution in-specie of the shares in the ultimate holding company of the Talon Mongolia Group with a view to conferring directly on Shareholders 100% of the value and obligations of the Demerger Assets, but excludes the Transaction.

**Demerger Assets** means:

- (a) the Talon Mongolia Group and all of their assets including the Mongolian Project; and
- (b) the Demerger Cash Amount (if greater than nil).

**Demerger Booklet** means the notice of meeting, explanatory memorandum and, only if required, the related prospectus to be prepared by Talon and issued to Shareholders in respect of the resolution of Shareholders approving the Demerger for the purposes of section 256C of the Corporations Act and for all other purposes, in accordance with all applicable laws.

**Demerger Cash Amount** means \$850,000 less the aggregate of the Deductible Amounts.

**Demerger Costs** means all costs incurred by the Talon Group in connection with preparations for and the giving effect to the Demerger, being costs that would not have been incurred but for the Demerger (and the actions necessarily or reasonably taken in preparation for or in connection with the Demerger) including advisor costs (tax, legal and financial) and Tax and Duty, taking into account the utilisation of Talon's tax attributes including Tax losses as required by Tax law, in respect of the Demerger.

**Demerger Documents** means the transaction documents required to give effect to the Demerger.

**Demerger Implementation Date** means the date on which the Demerger is implemented in accordance with the Demerger Documents.

**Disclosed** means fairly disclosed by the relevant party in such manner that an independent party in the same position as the other party would reasonably be expected to realise and understand the nature, context, substance, importance and materiality of that information.

**Distribution** includes any dividend, capital return, shareholder loan repayment, payment or other distribution of any kind.

**Dongara Farm-In Agreement** means the binding farm in agreement dated 28 February 2023, between Triangle Energy Onshore Pty Ltd, Key Petroleum (Australia) Pty Ltd, Talon (L7) Pty Ltd and Talon (EP437) Pty Ltd, pursuant to which Talon will farm into a 25% participating interest in L7 and EP437.

**Dongara Joint Operating Agreements** means:

- (a) the joint operating agreement dated 31 March 2023, between Talon (L7) Pty Ltd, Key Petroleum (Australia) Pty Ltd, NZOG Acacia Pty Ltd relating to L7; and
- (b) the joint operating agreement dated 31 March 2023, between Key Petroleum (Australia) Pty Ltd, Key Midwest Pty Ltd, Triangle Energy (EP457) Pty Ltd, Talon (EP437) Pty Ltd and NZOG Compass Pty Ltd relating to EP437.

**Dongara Payment Event** means an obligation of Talon to make a payment of an amount in addition to those set out in the Budget pursuant to a validly arising obligation pursuant to an express term of the Dongara Joint Operating Agreements or the Dongara Farm-In Agreement.

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and any penalty, fine, interest or additional charge payable in relation to any such duty or charge, but excludes any Tax.

**Effective** means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Effective Date** means the date the Scheme becomes Effective.

**Encumbrance** means any security interest (within the meaning of section 51A of the Corporations Act) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind, and any agreement to create any of the foregoing.

**End Date** means the date that is 6 months after the date of this deed, or such later date as the parties agree in writing.

**Equivalent Insurer** means an insurer that has a rating that is the same as, or better than, the rating of the insurer(s) for the Talon Directors' and officers' insurance policy in place as at the date of this deed.

**Excluded Shares** means any Talon Shares held by any person on behalf of or for the benefit of any member of the Strike Group.

**Exclusivity Period** means the period starting on the date of this deed and ending on the first to occur of:

- (a) termination of this deed;



- (b) the Implementation Date; and
- (c) the End Date.

**Financial Adviser Fee Cap** means the amount agreed between the parties in writing on or about the date of this deed.

**First Court Date** means the first day on which the application is made to the Court for an order under section 411(1) of the Corporations Act approving the convening of the Scheme Meeting is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Funding Event** means a Dongara Payment Event or a Gas Flow Event.

**Gas Flow Event** means the material delay to, or material underperformance of, gas production from the Waylering gas project relative to an estimated gross production rate of 20Tj/day on average from 1 October 2023, such that Talon is unable to fund:

- (a) its commitments until the Implementation Date in accordance with the Budget; and
- (b) any liabilities directly resulting from the shortfall in supply of gas under firm gas supply agreements,

from its existing cash balance and available debt financing without raising additional equity or debt funding.

**Government Agency** means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere and includes any self-regulatory organisation established under statute or any stock exchange.

**Government Official** means:

- (a) any employee or person acting for or on behalf of a government official, Government Agency, or other enterprise performing a governmental function;
- (b) any political party, candidate for public office, officer, employee, or person acting for or on behalf of a political party or candidate for public office;
- (c) any member of a military or a royal or ruling family, and
- (d) any employee or person acting for or on behalf of a public international organisation (eg the United Nations).

**GST** has the meaning given in the GST Law.

**GST Exclusive Scheme Consideration** means the amounts payable or consideration to be provided under or in connection with this deed that are exclusive of GST in accordance with clause 18.2.

**GST Law** has the meaning given in the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the Scheme Resolution is passed at the Scheme Meeting by a majority in number of Shareholders present and voting, either in person or by proxy.

**Implementation Date** means the date which is five Business Days after the Record Date, or such other date as the parties agree in writing.

**Independent Expert** means the person appointed by Talon as independent expert to prepare the Independent Expert's Report.

**Independent Expert's Report** means the independent expert's report prepared by the Independent Expert in relation to the Scheme as amended or updated from time to time and including any supplementary or replacement report.

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose address as shown in the Register (as at the Record Date) is in a place which Strike reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Shareholder with New Strike Shares when the Scheme becomes Effective (provided that a Scheme Shareholder whose address shown in the Register is within Australia and its external territories, Germany, United Kingdom and New Zealand will not be an Ineligible Foreign Shareholder).

**Insolvency Event** means in respect of any person:

- (a) the person becoming unable to or states that it is unable to pay its debts as they fall due or stops or threatens to stop paying its debts as they fall due;
- (b) any indebtedness of the person becoming subject to a moratorium;
- (c) a liquidator, provisional liquidator or administrator has been appointed to the person, a controller (as defined in section 9 of the Corporations Act) has been appointed to any property of the person, or an event which gives any other person a right to seek such an appointment;
- (d) an order has been made, a resolution has been passed or proposed in a notice of meeting or in an announcement to any recognised securities exchange, or an application to a court has been made for the winding up or dissolution of the person or for the entry into of any arrangement, compromise or composition with, or assignment for the benefit of, creditors of the person or any class of them (other than frivolous or vexatious orders or applications);
- (e) a security interest (within the meaning of section 51A of the Corporations Act) becomes enforceable or is enforced over, or a writ of execution, garnishee order, mareva injunction or similar order has been issued over or affecting, all or a substantial part of the assets of the person; or
- (f) the person has otherwise become, or is otherwise taken to be, insolvent in any jurisdiction or an event occurs in any jurisdiction in relation to the person which is analogous to, or which has a substantially similar effect to, any of the events referred to in paragraphs (a) to (e) above.

**Key Executives** means:

- (a) in respect of Talon, Colby Hauser and Chris Kohne; and
- (b) in respect of Strike, Stuart Nicholls and Justin Ferravant.

**Key Licences** means L23 and EP447.

**Loss** means all losses, damages, costs, expenses, charges and other liabilities whether present or future, fixed or unascertained, actual or contingent.

**Matching Period** means the five Business Day period commencing on the date Talon gives notice to Strike under clause 11.9(b) in respect of a Competing Proposal.

**Material Contract** means:

- (a) the Dongara Farm-In Agreement;
- (b) the Dongara Joint Operating Agreements;
- (c) the Condor Option Agreement; and
- (d) any agreement, contract, or other arrangement or instrument to which any member of the Talon Group is a party or bound by or to which any of the assets of any member of the Talon Group is subject, and which imposes obligations or liabilities on any member of the Talon Group of at least \$100,000 per annum or \$500,000 over the life of the agreement, contract, or other arrangement or instrument.

**Mongolian Project** means Talon's 33% interest in the Gurvantes XXXV Coal Seam Gas Project.

**New Strike Share** means a fully paid ordinary share in the capital of Strike to be issued under the Scheme.

**Nil Variation Notice** means a notice issued by the Commissioner under section 14-235 of Schedule 1 to the TAA varying the amount (if any) that Strike is liable to pay the Commissioner under section 14-200 of Schedule 1 to the TAA in respect of the acquisition of the Scheme Shares, to zero.

**Nominee** means the nominee appointed to sell the New Strike Shares that are to be issued under clause 4.9 of this deed.

**Record Date** means 7.00pm on the date which is two Business Days after the Effective Date or such other time and date agreed to in writing between Strike and Talon.

**Reference Rate** means in relation to interest payable on any payment due under this deed, the average bid rate displayed on the Reuters Screen BBSY for a 3 month term at or about 10.30 am on the first date on which interest accrues on that payment.

**Register** means the register of Talon Shares maintained by Computershare Investor Services Limited on behalf of Talon.

**Regulatory Guides** means the regulatory guides published by ASIC from time to time.

**Related Entity** means:

- (a) in respect of Strike, an entity that:
  - (i) Controls Strike;
  - (ii) is under the Control of Strike; or
  - (iii) is under the Control of another entity that also Controls Strike; and
- (b) in respect of Talon, an entity that is under the Control of Talon.

**Relevant Interest** has the meaning given in the Corporations Act as modified by any class order or other instrument executed by ASIC that applies to Talon.

**Representative** means in relation to a person, any director, officer or employee or agent of, and any accountant, auditor, financier, financial adviser, legal adviser, technical adviser or other expert adviser or consultant to, that person.

**Required Consultation Period** is:

- (a) if:
  - (i) the Condition in item 3.1(b) of the table in clause 3.1 is not satisfied only because of a failure to satisfy the Headcount Test;
  - (ii) Talon applies to the Court for the Order under clause 5.8(m); and
  - (iii) the Condition in item 3.1(a) of the table in clause 3.1 is not satisfied, five Business Days after the Second Court Date; and
- (b) in all other circumstances, the shorter of:
  - (i) the period starting at the time a notice is delivered under clause 3.8(c) and ending five Business Days later; and
  - (ii) the period starting at the time a notice is delivered under clause 3.8(c) and ending at 8.00am on the Second Court Date.

**Reverse Break Fee** means \$1,422,228 plus GST, if applicable.

**Reverse Break Fee Arrangements** means the amount of the Reverse Break Fee or the circumstances in which it is to be paid in accordance with clause 13.

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act under which all of the Scheme Shares held by Scheme Shareholders will be transferred to Strike and the Scheme Shareholders will be entitled to receive the Scheme Consideration, in the form attached at Appendix 1 or in such other form as the parties approve in writing and the Court approves under section 411(6) of the Corporations Act.

**Scheme Booklet** means the explanatory memorandum to be approved by the Court and sent to Shareholders in advance of the Scheme Meeting and which must include:

- (a) the Scheme;
- (b) explanatory statements under section 412(1) of the Corporations Act;
- (c) the Independent Expert's Report;
- (d) the Deed Poll; and
- (e) the notice of Scheme Meeting and proxy form for the Scheme Meeting.

**Scheme Consideration** means, in respect of each Scheme Share, 0.4828 New Strike Shares.

**Scheme Meeting** means the meeting of Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Resolution** means the resolution to be put to Shareholders at the Scheme Meeting to approve the Scheme.

**Scheme Shareholder** means a person who is registered in the Register as the holder of one or more Scheme Shares as at the Record Date.

**Scheme Shareholder Declaration** means a declaration in accordance with the requirements of section 14-225 of Schedule 1 of the TAA that covers, at least, the date of this deed and the Implementation Date.

**Scheme Shares** means all of the Talon Shares on issue at the Record Date other than Excluded Shares.

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Shareholder** means a person who is registered in the Register as the holder of one or more Talon Shares from time to time.

**Strike Board** means the board of directors of Strike.

**Strike Disclosure Materials** means:

- (a) all documentation and information made available to Talon and its Representatives by or on behalf of the Strike Group or its Representatives no later than two Business Days before the date of this deed; and
- (b) any written responses by or on behalf of the Strike Group or its Representatives (and any information and documents provided together with those responses) to any questions raised by the Talon Group or its Representatives, including any attachments to such responses, before the date of this deed.

in each case, which is specifically agreed in writing between Talon and Strike to form part of the Strike Disclosure Materials.

**Strike Group** means Strike and its Related Entities.

**Strike Indemnified Persons** means each member of the Strike Group and each of their respective Representatives.

**Strike Information** means the information regarding Strike (including in respect of the New Strike Shares and the merged group) provided by Strike to Talon in writing for inclusion in the Scheme Booklet, including information regarding Strike required to be included in the Scheme Booklet under the Corporations Act, Corporations Regulations or ASIC Regulatory Guide 60. Strike Information does not include information about the Talon Information or the Independent Expert's Report.

**Strike Material Adverse Change** has the meaning given in Part 1 of Schedule 2.

**Strike Prescribed Occurrences** means any of the occurrences in Part 2 of Schedule 2.

**Strike Regulated Event** means any of the events listed in Part 3 of Schedule 2, other than an event:

- (a) Disclosed in the Strike Disclosure Materials;
- (b) agreed to by Talon in writing;

- (c) resulting from the exercise by any party of its express rights, or the discharge by any party of its express obligations, under this deed;
- (d) resulting, directly or indirectly, from the actions (or omissions to act) of Talon or a member of the Talon Group, other than in circumstances where Strike is in material breach of this deed unless such material breach resulted, directly or indirectly, from the actions (or omissions to act) of Talon or a member of the Talon Group;
- (e) as reasonably required by an applicable law or by any Government Agency; or
- (f) as Disclosed in an announcement by Strike to ASX, or a publicly available document lodged with ASIC, in the two years prior to the date of this deed.

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

**Strike Undertakings** means the undertakings set out in Part 2 of Schedule 4.

**Strike Warranties** means the statements set out in Part 1 of Schedule 4.

**Superior Proposal** means a written bona fide Competing Proposal received after the date of this deed that:

- (a) does not result from a breach by Talon of any of its obligations under clause 11 or from any act by a Talon Group entity which, if done by Talon, would constitute a breach of clause 11 by Talon; and
- (b) the Talon Board determines, acting in good faith and after having taken advice from its external financial and legal advisers:
  - (i) is reasonably capable of being valued and implemented, taking into account all aspects of the Competing Proposal, including its conditions precedent; and
  - (ii) would, if completed substantially in accordance with its terms, be more favourable to Shareholders (as a whole) than the Scheme, taking into account all the terms and conditions of the Competing Proposal and the Scheme.

**Surviving Clauses** means clause 1 (*Interpretation*), clause 12 (*Break Fee*), clause 13 (*Reverse Break Fee*), clause 15 (*Announcements*), clause 16 (*Confidentiality*), clause 18 (*Goods and Services Tax*), clause 19 (*Notices*), clause 20 (*General*) (other than clause 20.12 (*Further Assurance*)) and clause 21 (*Governing Law and Jurisdiction*).

**TAA** means the *Taxation Administration Act 1953* (Cth).

**Talon Board** means the board of directors of Talon from time to time.

**Talon Data Room** means virtual data room established by Talon for the purposes of providing information to Strike available at <https://talonpetroleum.sharepoint.com/sites/TalonEnergySpecialDataroom/Shared%20Documents/Forms/AllItems.aspx?id=%2Fsites%2FTalonEnergySpecialDataroom%2FShared%20Documents%2FDataroom&p=true&ga=1>.

**Talon Disclosure Materials** means:

- (a) all documentation and information made available to Strike and its Representatives by or on behalf of the Talon Group or its Representatives in the Talon Data Room as at 5.00pm on 28 July 2023;

- (b) any documentation and information made available to Strike and its Representatives by or on behalf of the Talon Group or its Representatives that has been agreed in writing (including by email) between Strike and Talon to form part of the Talon Disclosure Materials; and
- (c) the written responses published in the Talon Data Room by or on behalf of the Talon Group or its Representatives (and any information and documents provided together with those responses) to the questions raised by the Strike Group or its Representatives, including any attachments to such responses, before the date of this deed,

but excludes any draft or final Budget.

**Talon Director** means each director of Talon from time to time, other than a director who was appointed by Shareholders at a general meeting of Talon where the Talon Board did not recommend the appointment of such director.

**Talon Group** means Talon and its Related Entities but, following the Mongolian Demerger, will exclude each member of the Talon Mongolia Group.

**Talon Performance Right** means an equity incentive issued under the share rights plan approved at a general meeting of Shareholders on 29 May 2020 as detailed in Part 1 of Schedule 5.

**Talon Indemnified Persons** means each member of the Talon Group and each of their respective Representatives.

**Talon Information** means all information included in the Scheme Booklet other than the Strike Information and the Independent Expert's Report.

**Talon Material Adverse Change** has the meaning given in Part 1 of Schedule 1.

**Talon Mongolia Business** means:

- (a) the ownership and operation of the Demerger Assets, and directly associated activities; and
- (b) any other businesses, operations and activities that may be undertaken by, or on behalf of, the Talon Mongolia Group anywhere in the world from time to time following the Demerger Implementation Date.

**Talon Mongolia Group** means each of Talon (SG) Holding Pty Ltd ACN 663 942 989, Talon Energy Pte Ltd UEN 202 122 994K and Talon Energy Mongolia LLC and any further Subsidiary of Talon that directly or indirectly Controls any of these entities.

**Talon Option** means an option to subscribe for Talon Shares, details of which are set out in Part 1 of Schedule 5.

**Talon Prescribed Occurrence** means each of the occurrences listed in Part 2 of Schedule 1.

**Talon Regulated Event** has the meaning given in Part 3 of Schedule 1, other than an event:

- (a) Disclosed in the Talon Disclosure Materials;
- (b) agreed to by Strike in writing;
- (c) set out in the Budget;

- (d) required for the purposes of implementing the Demerger in accordance with the Demerger Documents or this deed;
- (e) resulting from the exercise by any party of its express rights, or the discharge by any party of its express obligations, under this deed;
- (f) resulting, directly or indirectly, from the actions (or omissions to act) of Strike or a member of the Strike Group, other than in circumstances where Talon is in material breach of this deed unless such material breach resulted, directly or indirectly, from the actions (or omissions to act) of Strike or a member of the Strike Group;
- (g) in connection with the appointment of, and payment of fees to, any legal, tax, accounting or technical advisers in connection with the Scheme, the Demerger or a Competing Proposal to the extent that the Talon Directors (acting in good faith) determine that it is reasonably necessary to appoint such advisers or incur such fees to assist the Talon Directors in fulfilling their fiduciary duties or statutory obligations and provided that any such fees are properly and reasonably incurred, are consistent with the relevant advisers standard market terms and do not include the payment of success based fees;
- (h) as reasonably required by an applicable law or by any Government Agency; or
- (i) as Disclosed in an announcement by Talon to ASX, or a publicly available document lodged with ASIC, in the two years prior to the date of this deed.

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

**Talon Undertakings** means the undertakings set out in Part 2 of Schedule 3.

**Talon Warranties** means the statements set out in Part 1 of Schedule 3.

**Tax** means a tax, levy, charge, impost, fee, or withholding any nature, including, without limitation, any goods and services tax, value added tax or consumption tax, payroll tax, fringe benefits tax, superannuation guarantee charge, pay as you go withholding which is assessed, levied, imposed or collected by a Government Agency, except where the context requires otherwise. This includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts, but excludes Duty.

**Third Party** means a person other than a member of the Strike Group or the Talon Group.

**Timetable** means the timetable set out in Schedule 6, or such other timetable as the parties agree in writing.

**Transaction** means the acquisition by a member of the Strike Group of all the Talon Shares through implementation of the Scheme in accordance with the terms of this deed, but excludes the Demerger.

#### **Awareness of Strike and Talon**

- 1.2 In this deed, unless otherwise specified, a reference to the knowledge, belief or awareness of Talon or a member of the Talon Group is limited to the actual knowledge, belief or awareness of the Key Executives of Talon in each case as at the date of this deed having made reasonable enquiries of each other and of their direct reports. The knowledge, belief or awareness of any other person will not be imputed to Talon nor any other member of the Talon Group (except to the extent referred to in this clause 1.2).



- 1.3 None of Key Executives of Talon will bear any personal liability in respect of any Talon Warranty or otherwise under this deed, except where such person has engaged in wilful misconduct, wilful concealment or fraud.
- 1.4 In this deed, unless otherwise specified, a reference to the knowledge, belief or awareness of Strike or a member of the Strike Group is limited to the actual knowledge, belief or awareness of the Key Executives of Strike in each case as at the date of this deed having made reasonable enquiries of each other and of their direct reports. The knowledge, belief or awareness of any other person will not be imputed to Strike nor any other member of the Strike Group (except to the extent referred to in this clause 1.4).
- 1.5 None of the Key Executives of Strike will bear any personal liability in respect of any Strike Warranty or otherwise under this deed, except where such person has engaged in wilful misconduct, wilful concealment or fraud.

#### **Reasonable endeavours**

- 1.6 Except as otherwise expressly provided in this deed, any provision of this deed which requires a party to use reasonable endeavours or all reasonable endeavours, or to take all steps reasonably necessary, to procure that something is performed or occurs, does not impose any obligation to:
- (a) commence any legal action or proceeding against any person;
  - (b) procure absolutely that that thing is done or happens;
  - (c) incur a material expense, except where that provision expressly specifies otherwise; or
  - (d) accept any undertakings or conditions required by any Third Party if those undertakings or conditions, in the reasonable opinion of the party required to give such undertakings or satisfy such conditions, are materially adverse to its commercial interests or fundamentally or materially alter the basis on which it originally agreed to the transaction the subject of this deed.

#### **Things required to be done other than on a Business Day**

- 1.7 Unless otherwise indicated, if the day on which any act, matter or thing is to be is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

#### **Non-wholly owned subsidiaries**

- 1.8 Where this deed imposes an obligation on a party to procure that a Related Entity do or not do anything, that obligation is subject to any applicable shareholders agreement, constituent document or similar obligations to third parties where the relevant Related Entity is not a wholly owned subsidiary of the party.

#### **Other rules of interpretation**

- 1.9 In this deed:
- (a) any reference, express or implied, to any legislation in any jurisdiction includes:
    - (i) that legislation as amended, extended or applied by or under any other legislation made before or after signature of this deed;
    - (ii) any legislation which that legislation re-enacts with or without modification; and

- (iii) any subordinate legislation made before or after signature of this deed under that legislation, including (where applicable) that legislation as amended, extended or applied as described in clause 1.9(a)(i), or under any legislation which it re-enacts as described in clause 1.9(a)(ii);
- (b) references to persons or entities include natural persons, bodies corporate, partnerships, trusts and unincorporated associations of persons;
- (c) references to an individual or a natural person include his estate and personal representatives;
- (d) a reference to a clause, schedule or appendix is a reference to a clause, schedule or appendix of or to this deed (and the schedules and appendices form part of this deed);
- (e) subject to clause 20.2, references to a party to this deed include the successors or assigns (immediate or otherwise) of that party;
- (f) a reference to any instrument or document includes any variation or replacement of it;
- (g) unless otherwise indicated, a reference to any time is, a reference to that time in Perth, Australia;
- (h) a reference to \$, A\$ or dollars is to Australian currency;
- (i) singular words include the plural and vice versa;
- (j) a word of any gender includes the corresponding words of any other gender;
- (k) if a word or phrase is defined, other grammatical forms of that word have a corresponding meaning;
- (l) general words must not be given a restrictive meaning just because they are followed by particular examples intended to be embraced by the general words;
- (m) a reference to a petroleum licence means any licence, lease, title, concession, production sharing contract, risk service contract or similar authority or right to conduct petroleum exploration, appraisal, development, production, processing or transportation activities in any jurisdiction;
- (n) nothing is to be construed adversely to a party just because that party put forward this deed or the relevant part of this deed; and
- (o) the headings do not affect interpretation.

## **2 Scheme of Arrangement**

### **Agreement to propose Scheme**

- 2.1 Talon must propose the Scheme on and subject to the terms and conditions of this deed.
- 2.2 Strike agrees to assist Talon to propose the Scheme on and subject to the terms and conditions of this deed.
- 2.3 Strike and Talon agree to implement the Scheme on and subject to the terms and conditions of this deed.

### Nomination of alternative acquirer

- 2.4 No later than ten Business Days after the date of this deed, Strike may nominate BidCo to acquire the Scheme Shares under the Scheme by giving written notice which sets out the details of BidCo to Talon.
- 2.5 If Strike nominates BidCo to perform its obligations, on and from the date of that nomination:
- (a) references in this deed to Strike acquiring the Scheme Shares are to be read as references to BidCo doing so;
  - (b) the parties must procure that the Scheme Shares are transferred to BidCo rather than Strike;
  - (c) Strike and BidCo will both enter into the Deed Poll;
  - (d) Strike must procure that BidCo complies with all of the relevant obligations of Strike under this deed and the Deed Poll; and
  - (e) any such nomination will not relieve Strike of its obligations under this deed, including the obligation to pay or procure the payment of the Scheme Consideration in accordance with the terms of the Scheme provided that Strike will not be in breach of this deed for failing to perform an obligation of BidCo if that obligation is fully discharged by BidCo.

### No amendment to Scheme without Strike's consent

- 2.6 Talon must not consent to any modification of, or amendment to, the Scheme, or the making or imposition by the Court or any Government Agency of any condition to the Scheme, without Strike's prior written consent.

## 3 Conditions Precedent

### Conditions

- 3.1 The Scheme will not become Effective and the obligations of Strike under clauses 2.2 and 2.3 do not become binding unless and until each of the Conditions set out in the first column of the following table has been satisfied or waived in the manner set out in this clause:

Condition	Responsibility	Waiver
(a) <b>Court approval:</b> the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by Strike in accordance with clause 2.6);	Strike and Talon	None
(b) <b>Shareholder approval:</b> Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act (either unconditionally and without modification or with modifications or conditions consented to by Strike in accordance with clause 2.6);	Talon	None

Condition	Responsibility	Waiver
(c) <b>Independent Expert:</b> the Independent Expert issues a report which concludes that the Scheme is in the best interests of Shareholders before the Scheme Booklet is registered with ASIC and the Independent Expert does not change its conclusion in any written update to its Independent Expert's Report prior to 8.00am on the Second Court Date;	Strike and Talon	None
(d) <b>no Government Agency intervening action:</b> no Government Agency has issued an order, temporary restraining order, preliminary or permanent injunction, decree, or ruling or has taken any action, or imposes any legal restraint or prohibition, to prevent implementation of the Scheme which remains in force at 8.00am on the Second Court Date;	Strike and Talon	Strike and Talon
(e) <b>no Talon Material Adverse Change:</b> no Talon Material Adverse Change occurs between the date of this deed and 8.00am on the Second Court Date;	Talon	Strike
(f) <b>no Strike Material Adverse Change:</b> no Strike Material Adverse Change occurs between the date of this deed and 8.00am on the Second Court Date;	Strike	Talon
(g) <b>no Talon Prescribed Occurrence:</b> no Talon Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date;	Talon	Strike
(h) <b>no Strike Prescribed Occurrence:</b> no Strike Prescribed Occurrence occurs between the date of this deed and 8.00am on the Second Court Date;	Strike	Talon
(i) <b>no Talon Regulated Event:</b> no Talon Regulated Event occurs between the date of this deed and 8.00am on the Second Court Date;	Talon	Strike
(j) <b>no Strike Regulated Event:</b> no Strike Regulated Event occurs between the date of this deed and 8.00am on the Second Court Date;	Strike	Talon
(k) <b>no breach of Talon Undertakings:</b> no material breach of the Talon Undertakings occurs between the date of this deed and 8.00am on the Second Court Date;	Talon	Strike
(l) <b>no breach of Strike Undertakings:</b> no material breach of the Strike Undertakings occurs between the date of this deed and 8.00am on the Second Court Date;	Strike	Talon
(m) <b>Talon Warranties:</b> the Talon Warranties are true and correct in all material respects on the date of this deed and each date up to including the Second Court Date; and	Talon	Strike
(n) <b>Strike Warranties:</b> the Strike Warranties are true and correct in all material respects on the date of this deed and each date up to including the Second Court Date.	Strike	Talon

### **Satisfaction of Conditions**

- 3.2 In respect of each Condition (other than those Conditions in clause 3.1(a), 3.1(b) and 3.1(c):
- (a) each party specified in the second column of the table in clause 3.1 opposite that Condition must use all reasonable endeavours to procure that the Condition is satisfied at all times before 8.00am on the Second Court Date;
  - (b) the other party must promptly provide all information and other assistance reasonably required by the party referred to in clause 3.1 for the purposes of procuring the satisfaction of the Condition; and
  - (c) each party must not take any action that will or is reasonably likely to hinder or prevent the satisfaction of the Condition.

### **Information in relation to status of Conditions**

- 3.3 Each party specified in the second column of the table in clause 3.1 opposite a Condition must:
- (a) promptly provide to the other party on request reasonable information about the steps it has taken towards satisfaction of the Condition;
  - (b) promptly after becoming aware that the Condition is satisfied, give notice to the other party that the Condition is satisfied including reasonable evidence of how it was satisfied; and
  - (c) promptly after becoming aware of any matter or circumstance that may result in the Condition not being satisfied give notice to the other party of that matter or circumstance.

### **Waiver of Conditions**

- 3.4 Where the third column of the table in clause 3.1 opposite a Condition states 'none', that Condition may not be waived. Each other Condition is only for the benefit of, and may only be waived by:
- (a) if one party is specified in the third column of the table in clause 3.1 opposite that Condition, that party; or
  - (b) if both parties are specified in the third column of the table in clause 3.1 opposite that Condition, the parties jointly.
- 3.5 A party entitled to waive, or to join in the waiver of, a Condition may do so in its absolute discretion.

### **Method of waiver**

- 3.6 Where a Condition may be waived by one party, that party may only waive the Condition by giving notice in writing to the other party. Where a Condition may only be waived by both parties jointly, the parties may only waive the Condition by agreeing in writing to do so.

### **Effect of waiver**

- 3.7 If a party waives or joins in the waiver of a Condition in accordance with this clause 3 that waiver does not:

- (a) preclude that party from bringing a Claim against the other party for any breach of this deed; or
- (b) constitute a waiver of any other Condition.

**Termination on failure of a Condition**

3.8 If:

- (a) the Scheme has not become Effective by the End Date; or
- (b) any event occurs which would, or does in fact, prevent a Condition being satisfied and that Condition is not waived by Talon or Strike or both (as applicable) in accordance with clauses 3.4 to 3.6,

then:

- (c) either party may serve a written notice on the other party to commence a period of consultation, and the parties must consult in good faith with a view to determining whether:
  - (i) the Scheme or a transaction which results in the Strike Group having beneficial ownership of all the Shares may proceed by way of alternative means or methods;
  - (ii) to extend the End Date or the relevant time or date for satisfaction of the Condition; or
  - (iii) to change the date of the application to be made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties and, if required, approved by the Court.

3.9 If Strike and Talon are unable to reach agreement under clause 3.8(c) within the Required Consultation Period then, unless:

- (a) the relevant Condition has been waived in accordance with clause 3.4 to 3.6; or
- (b) the party entitled to waive the relevant Condition in accordance with clause 3.4 to 3.6 confirms in writing to the other party that it will not rely on the event or occurrence that would or does prevent the relevant Condition from being satisfied,

either party may terminate this deed in accordance with clause 14.3.

**Termination**

3.10 Notwithstanding anything in this clause 3 or any rights of termination implied by law, this deed may only be terminated in accordance with clause 14.

**4 Scheme and Scheme Consideration**

**Scheme**

4.1 Talon must propose a scheme of arrangement under which:

- (a) all Talon Shares held by Scheme Shareholders at the Record Date will be transferred to Strike; and

- (b) in exchange, each Scheme Shareholder will receive the Scheme Consideration for each Scheme Share held by that Scheme Shareholder.

### **Scheme Consideration**

- 4.2 Subject to and in accordance with this deed and the Scheme, each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by the Scheme Shareholder.

### **Provision of Scheme Consideration**

- 4.3 Subject to this deed and the Scheme, Strike undertakes to Talon (in its own right and separately as trustee or nominee of each Scheme Shareholder) that, in consideration of the transfer to Strike of each Scheme Share held by a Scheme Shareholder, Strike will:

- (a) on the Implementation Date, accept that transfer; and
- (b) on the Implementation Date, in respect of the Scheme Consideration:
  - (i) provide or procure the issue of the New Strike Shares included in the Scheme Consideration in accordance with the Scheme to each Scheme Shareholder; and
  - (ii) do everything reasonably necessary to ensure that Strike Shares (including the New Strike Shares) are approved for official quotation on ASX and that trading in the New Strike Shares commences by the first Business Day after the Implementation Date,

in accordance with the Scheme and the Deed Poll.

### **Fractional entitlements**

- 4.4 Where the calculation of the aggregate Scheme Consideration to be provided to a Scheme Shareholder (other than an Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable)) would result in the Scheme Shareholder becoming entitled to a part of a New Strike Share, the entitlement will be rounded as follows:

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

- 4.5 The fractional entitlements of Ineligible Foreign Shareholders and Cash Out Shareholders will be dealt with in accordance with clause 4.7.

### **Share splitting**

- 4.6 If Strike is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares that results in rounding in accordance with clause 4.4) have, before the Record Date, been party to share splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Strike may give notice to those Scheme Shareholders:

- (a) setting out their names and registered addresses as shown in the Register;
- (b) stating that opinion; and

- (c) attributing the Scheme Shares held by all of them to one of them as specifically identified in the notice,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the Scheme and Deed Poll, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the Scheme and Deed Poll, be taken to hold no Scheme Shares. Strike, in complying with the other provisions of the Scheme and Deed Poll relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders names in the notice under the terms of the Scheme and Deed Poll.

### **Ineligible Foreign Shareholders and Cash Out Shareholders**

- 4.7 Strike will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Strike Shares to any Ineligible Foreign Shareholder, and instead, unless Strike and Talon otherwise agree, Strike must procure that the New Strike Shares that each Ineligible Foreign Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Strike Share arising from the calculation and disregarding the operation of clause 4.4) are dealt with in accordance with clauses 4.9 to 4.12.
- 4.8 Strike will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Strike Shares to any Cash Out Shareholder, and instead, unless Strike and Talon otherwise agree, Strike must procure that the New Strike Shares that each Cash Out Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Strike Share arising from the calculation and disregarding the operation of clause 4.4) are dealt with in accordance with clauses 4.9 to 4.12.

### **Sale Facility**

- 4.9 Strike must appoint a Nominee acceptable to Talon (acting reasonably) at least two weeks prior to the Scheme Meeting (and if required by ASIC, such Nominee is to be approved by ASIC), and on the Implementation Date issue to that Nominee, the New Strike Shares to which an Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable) would otherwise be entitled under the Scheme and Deed Poll (which in each case shall include any fraction of a New Strike Share arising from the calculation and disregarding the operation of clause 4.4).
- 4.10 Where New Strike Shares are issued to a Nominee pursuant to clause 4.9, Strike will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Nominee:
  - (a) sells on ASX or another prescribed financial market all of the New Strike Shares issued to the Nominee in accordance with clause 4.9 in such manner, at such price and on such other terms as the Nominee determines in good faith; and
  - (b) remits to Talon the net proceeds of sale (after deducting any applicable brokerage, Duty and other selling costs, Tax and charges).
- 4.11 Where New Strike Shares are issued to a Nominee pursuant to clause 4.9, promptly after the last remittance in accordance with clause 4.10(b), Talon will pay to each Ineligible Foreign Shareholder and each Cash Out Shareholder the proportion of the net proceeds of sale received by Strike and transferred to Talon pursuant to clause 4.10(b) to which that Ineligible Foreign Shareholder or Cash Out Shareholder is entitled, in full satisfaction of their right to the Scheme Consideration.



- 4.12 For the purposes of clauses 4.9 to 4.11, each Ineligible Foreign Shareholder and each Cash Out Shareholder appoints Talon as its agent to receive on its behalf any financial services guide or other notices (including any updates to those documents) that the Nominee is required to provide to each Ineligible Foreign Shareholder and each Cash Out Shareholder under the Corporations Act.

#### **Allotment and issue of New Strike Shares**

- 4.13 Strike covenants in favour of Talon (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that:
- (a) Strike will:
- (i) apply to ASX for the official quotation of the New Strike Shares that comprise the Scheme Consideration on the ASX;
  - (ii) allot and issue to the Scheme Shareholders the New Strike Shares that comprise the Scheme Consideration in accordance with the Scheme and Deed Poll on terms such that, upon their issue, each New Strike Share will rank equally in all respects with each existing Strike Share; and
  - (iii) will use reasonable endeavours to ensure that trading in the New Strike Shares commences on normal settlement basis no later than the first trading (as defined in the ASX Listing Rules) following the Implementation Date; and
- (b) the New Strike Shares issued as Scheme Consideration will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Strike Shares on and after the Implementation Date.

#### **Talon Performance Rights**

- 4.14 Talon must take such action as is necessary to ensure that subject to the Scheme becoming Effective, prior to the Record Date, all Talon Performance Rights will vest in accordance with their terms and be exercised (if applicable), and the resulting Talon Shares are issued, which action will include:
- (a) the Talon Board accelerating the vesting of, or waiving any vesting conditions or vesting periods applying to, any or all Talon Performance Rights (subject to the proper exercise of the Talon Board's discretion);
  - (b) the Talon Board taking all reasonable steps and actions as are necessary to ensure the Talon Performance Rights are exercised immediately:
    - (i) for the vested Talon Performance Rights that have not been exercised prior to the Effective Date, upon the Effective Date; and
    - (ii) for all other Talon Performance Rights, upon those Talon Performance Rights vesting;
  - (c) Talon making all necessary applications to the ASX for waivers under the ASX Listing Rules (if required) in a form approved by Strike acting reasonably; and
  - (d) Talon issuing or procuring the issue or transfer of such number of Talon Shares as required by the terms of the Talon Performance Rights before the Record Date so that the holders of the Talon Performance Rights can participate as Scheme Shareholders in the Scheme and receive the Scheme Consideration.

## 5 Transaction Steps

### General obligations

- 5.1 Each party must do everything reasonably necessary, including by procuring that its Representatives work in good faith and in a timely and co-operative manner with the other party and its Representatives, to implement the Scheme in accordance with this deed and all applicable laws and regulations applicable to the Scheme.

### Timetable

- 5.2 Each party must use all reasonable endeavours to ensure that the Scheme is implemented in accordance with the Timetable.
- 5.3 Failure by a party to meet any timeframe or deadline set out in the Timetable will not constitute a breach of clause 5.2 to the extent that such failure is due to circumstances and matters outside of the party's control, including any action or omission by a Government Agency.
- 5.4 A failure by Talon to use reasonable endeavours to meet any timeframe or deadline set out in the Timetable due solely to any action or omission by a member of the Talon Group or any of Talon's Representatives with regards to the implementation of the Demerger will constitute a breach of clause 5.2.
- 5.5 Talon must keep Strike informed of its progress against the Timetable and consult with Strike on a regular basis about its progress and each party must notify the other immediately if it believes or it becomes apparent to it that any of the dates in the Timetable are not achievable.
- 5.6 If any date in the Timetable is not able to be achieved due to events outside the control of the parties, the parties must consult in good faith with a view to amending the Timetable to the extent required to permit the Scheme to be implemented as soon as practicable and in any event before the End Date.
- 5.7 The parties acknowledge and agree that the Second Court Date shall occur no earlier than the date that is four months after the date of this deed, unless the parties otherwise agree.

### Talon's obligations

- 5.8 Without limiting clause 2, Talon must:
- (a) **announce recommendation:** following execution of this deed, announce, in a form agreed by Strike (on the basis of statements made to Talon by each member of the Talon Board) that:
- (i) the Talon Board intends to unanimously recommend to Shareholders that the Scheme be approved; and
  - (ii) each member of the Talon Board who holds or controls Scheme Shares intends to vote (or cause to be voted) such Scheme Shares in favour of the Scheme,
- subject to:
- (iii) the Independent Expert concluding, and continuing to conclude, that the Scheme is in the best interests of Shareholders; and
  - (iv) there being no Superior Proposal.

- (b) **prepare Shareholder engagement policy:** as soon as practicable after the date of this deed, prepare a Shareholder engagement policy and consult with Strike as to the content of the Shareholder engagement policy prior to engaging with Shareholders in connection with the Scheme;
- (c) **prepare the Scheme Booklet:** as soon as practicable after the date of this deed, prepare the Scheme Booklet so that it:
  - (i) contains all information required by the Corporations Act, the Regulatory Guides, the ASX Listing Rules and any other applicable laws or regulations;
  - (ii) contains the responsibility statements referred to in clause 5.12;
  - (iii) contains a statement by the Talon Board reflecting the recommendation and intention referred to in clause 7; and
  - (iv) is not misleading or deceptive in any material respect (whether by omission or otherwise);
- (d) **appoint the Independent Expert:** appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report as soon as reasonably practicable in accordance with the Timetable;
- (e) **consult with Strike regarding the Scheme Booklet:** consult with Strike regarding the content and presentation of:
  - (i) the Scheme Booklet including:
    - (A) giving Strike successive drafts of the Scheme Booklet in a timely manner and a reasonable opportunity to review those drafts;
    - (B) considering in good faith the reasonable comments of Strike and its Representatives when preparing revised drafts of the Scheme Booklet;
    - (C) keeping Strike promptly informed of any matters raised by ASIC, ASX or the Court in relation to the Scheme Booklet and use reasonable endeavours, in co-operation with Strike, to resolve any such matters; and
    - (D) obtaining Strike's consent to the inclusion of the Strike Information (including in respect of the form and context in which the Strike Information appears in the Scheme Booklet (such consent must not be unreasonably withheld, delayed or conditioned)); and
  - (ii) documents required for the purposes of the Court hearings held for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act in relation to the Scheme (including originating processes, affidavits, submissions and draft minutes of Court orders), and consider in good faith, for the purpose of amending drafts of those documents, any comments on, or suggested amendments to, those documents from Strike prior to filing those documents with the Court;
- (f) **verification:** undertake reasonable verification processes (including approval of the Talon Board) in relation to the Talon Information included in the Scheme Booklet so as to ensure that such information is not misleading or deceptive in any material

respect (whether by omission or otherwise) and, once those processes have been completed, provide written confirmation to Strike of the completion of such processes;

- (g) **lodge ASIC Review Booklet and section 411(17)(b) statement:** as soon as practicable after the approval of the Talon Board referred to in clause 5.8(f) and receipt of the confirmation from Strike referred to in clause 5.9(e):
- (i) give ASIC the ASIC Review Booklet as required by section 411(2) of the Corporations Act;
  - (ii) apply to ASIC for the production of a letter that it does not intend to appear before the Court at the hearing held on the First Court Date; and
  - (iii) if clause 8305 of Schedule 8 of the Corporations Regulations applies, apply to ASIC for its consent in writing to the Independent Expert's Report being included in the Scheme Booklet;
- (h) **Talon Board approval:** as soon as practicable after the end of ASIC's review of the ASIC Review Booklet, procure that a meeting of the Talon Board is convened to approve the Scheme Booklet for lodgement with the Court and for dispatch to Shareholders;
- (i) **Court direction:** apply to the Court for orders under section 411(1) of the Corporations Act directing Talon to convene the Scheme Meeting, and obtain the prior consent of Strike as to the content of all relevant originating processes, affidavits, submissions and draft minutes of Court orders;
- (j) **Scheme Meeting:** if the Court makes an order under section 411(1) of the Corporations Act convening the Scheme Meeting:
- (i) request ASIC to register the Scheme Booklet (in the form to be sent to Shareholders) in accordance with section 412(6) of the Corporations Act;
  - (ii) dispatch the Scheme Booklet to Shareholders and hold the Scheme Meeting in accordance with that order;
- (k) **update Scheme Booklet:** if at any time before the Second Court Date Talon becomes aware:
- (i) of new information which, were it known at the time the Scheme Booklet was prepared, should have been included in the Scheme Booklet; or
  - (ii) that any part of the Scheme Booklet is misleading or deceptive in a material respect (whether by omission or otherwise),

and Talon considers that supplementary disclosure is required, provide supplementary disclosure to Shareholders in an appropriate and timely manner in accordance with applicable law. Talon must consult with Strike as to the form and content of any supplementary disclosure before it is made to Shareholders, and, to the extent reasonably practicable, must provide Strike with a reasonable opportunity to review and comment on such disclosure before it is made and must consider in good faith any comments provided by or on behalf of Strike. To the extent that any supplementary disclosure relates to (or constitutes) Strike Information, it may only be made with Strike's prior written consent (not to be unreasonably withheld or delayed).

- (l) **Register:**
- (i) comply with any reasonable request of Strike to give directions to Scheme Shareholders in accordance with Part 6C.2 of the Corporations Act and give Strike the information obtained as a result of giving such directions;
  - (ii) procure that its share registry report to Talon and Strike on the status of proxy forms received by the share registry for the Scheme Meeting:
    - (A) on the day that is 15 Business Days before the Scheme Meeting;
    - (B) on each Business Day following the day that is 15 Business Days before the Scheme Meeting, up to the deadline for receipt of proxy forms; and
    - (C) immediately following the deadline for receipt of proxy forms;
  - (iii) procure that its share registry provides to Strike, in the form reasonably requested by Strike, details of the Register and all other information about the Shareholders which Strike reasonably requires in order to facilitate the provision by Strike of the Scheme Consideration in accordance with this deed, the Scheme and the Deed Poll; or
- (m) **apply for Court approval and 411(17) statement:** if the Scheme Resolution is passed by the requisite majorities of Shareholders (as may be modified by the Court in accordance with section 411(4)(a)(ii)(A) of the Corporations Act), promptly:
- (i) apply to the Court for an order approving the Scheme; and
  - (ii) apply to ASIC for a statement pursuant to section 411(17)(b) of the Corporations Act that ASIC has no objection to the Scheme;
- (n) **certificate:** provide:
- (i) to Strike by 12.00pm on the Business Day before the Second Court Date a draft Certificate confirming (in respect of matters within its knowledge) whether or not the Conditions (other than the Condition in clause 3.1(a)) have been satisfied or waived in accordance with this deed; and
  - (ii) the final signed version of that Certificate to the Court at the hearing on the Second Court Date;
- (o) **implementation steps:**
- (i) if the Court approves the Scheme in accordance with sections 411(4)(b) and 411(6) of the Corporations Act, as soon as practicable after such time lodge with ASIC an office copy of the Court order approving the Scheme in accordance with section 411(10) of the Corporations Act;
  - (ii) use its reasonable endeavours to procure ASX to suspend trading in the Talon Shares from the close of trading on the Effective Date;
  - (iii) take all reasonable steps to maintain Talon's listing on the ASX, notwithstanding any suspension of the quotation of the Talon Shares, up to an including one Business Day after the Implementation Date, including making all appropriate applications to ASX and ASIC and take all steps reasonably requested by Strike to obtain the approval of ASX to the de-listing of Talon following implementation of the Scheme;

- (iv) close the Register as at the Record Date to determine the identity of the Scheme Shareholders and their entitlements to the Scheme Consideration; and
- (v) on the Implementation Date:
  - (A) execute proper instruments of transfer of and effect transfer of the Scheme Shares to Strike in accordance with the Scheme;
  - (B) register all transfers of Scheme Shares held by Scheme Shareholders to Strike; and
  - (C) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court;
- (p) **other:** do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme; and

### **Strike's obligations**

5.9 Without limiting clause 2, Strike must:

- (a) **Strike Information:** prepare and give to Talon for inclusion in the Scheme Booklet all information about:
  - (i) the Strike Group (including in respect of the New Strike Shares and the merged group);
  - (ii) Strike's intentions in relation to the assets, business and employees of Talon if the Scheme is approved and implemented,

required to be included in Scheme Booklet by the Corporations Act, the Regulatory Guides, the ASX Listing Rules and any other applicable laws or regulations. Strike must ensure that any such information is not misleading or deceptive in any material respect (whether by omission or otherwise). Strike must give Talon drafts of the information in a timely manner, giving Talon a reasonable opportunity to review those drafts and considering in good faith the reasonable comments of Talon and its Representatives when preparing revised drafts of that information;
- (b) **review Scheme Booklet:** as soon as practicable after receipt of any draft of the Scheme Booklet or any Court documents from Talon review and provide comments on that draft;
- (c) **assist Independent Expert:** promptly provide all assistance and information reasonably requested by the Independent Expert in relation to the Strike Group and its assets, liabilities, business and operations to enable it to prepare the Independent Expert's Report and any technical expert's report and any updates to those reports;
- (d) **verification:** undertake reasonable verification processes (including approval of the Strike Board) in relation to the Strike Information so as to ensure that such information is not misleading or deceptive in any material respect (whether by omission or otherwise) and, once those processes have been completed, provide written confirmation to Talon of the completion of such processes;
- (e) **approve and confirm Strike Information:** subject to clause 5.11 confirm to Talon in writing the accuracy of the Strike Information in the form and context in which it appears in the Scheme Booklet and before the First Court Date deliver to Talon

consent from Strike to the inclusion of the Strike Information in the Scheme Booklet in the form and context it appears;

- (f) **new information:** advise Talon if at any time before the Second Court Date, Strike becomes aware either:
- (i) of new information which, were it known at the time the Scheme Booklet was prepared, should have been included in the Strike Information; or
  - (ii) that any part of the Strike Information is misleading or deceptive in a material respect (whether by omission or otherwise),
- together with such additional information as Talon reasonably requires to determine whether supplementary disclosure to Shareholders is required;
- (g) **Deed Poll:** no later than the Business Day before the First Court Date deliver to Talon an executed copy of the Deed Poll and if requested by the Court, undertake to the Court to do all such things within its power as are reasonably necessary to ensure that it fulfils its obligations under this deed and the Deed Poll;
- (h) **Quotation:** Before 8.00am on the Second Court Date, procure that the New Strike Shares have been approved for quotation on ASX;
- (i) **Certificate:** provide:
- (i) to Talon by 12.00pm on the Business Day before the Second Court Date a draft Certificate confirming (in respect of matters within its knowledge) whether or not the Conditions (other than the Condition in clause 3.1(a)) have been satisfied or waived in accordance with this deed; and
  - (ii) the final signed version of that Certificate to the Court at the hearing on the Second Court Date;
- (j) **accept transfer and Scheme Consideration:** if the Scheme becomes Effective accept a transfer of the Scheme Shares and issue the New Strike Shares comprising the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme; and
- (k) **other:** if the Scheme becomes effective, do all other things necessary to give effect to the Scheme and the orders of the Court approving the Scheme.

#### **Content of Scheme Booklet**

- 5.10 If, after a reasonable period of consultation and compliance by Talon with its obligations under clause 5.1, the parties, acting reasonably and in good faith, are unable to agree on the form or content of the Scheme Booklet, then:
- (a) if the disagreement relates to the form or content of the Strike Information (or any information solely derived from, or prepared solely in reliance on, the Strike Information), Talon will, acting in good faith, make such amendments to that information in the Scheme Booklet as Strike may reasonably require; and
  - (b) if the disagreement relates to the form or content of the Talon Information, Talon will, acting in good faith, decide the final form of that information in the Scheme Booklet.
- 5.11 If Strike requires any change to be made to the form or content of Strike Information as a condition of doing any of the things referred to in clause 5.9(e) then:

- (a) if Strike disagrees with the change the parties must consult in good faith about the change and the reasons for it with a view to agreeing an alternative change that satisfies both parties; and
  - (b) if the parties are unable to reach agreement, Talon must make such changes to the Strike Information as Strike reasonably requires.
- 5.12 The Scheme Booklet must contain responsibility statements, in a form to be agreed between the parties, to the effect that:
- (a) Talon has provided, and is responsible for, the Talon Information in the Scheme Booklet, and that none of Strike and its officers and employees assumes any responsibility for the accuracy or completeness of the Talon Information;
  - (b) Strike has provided, and is responsible for, the Strike Information, and that none of Talon and its officers and employees assumes any responsibility for the accuracy or completeness of the Strike Information; and
  - (c) the Independent Expert has provided and is responsible for the Independent Expert's Report, and that none of Strike, Talon and their respective officers and employees assumes any responsibility for the accuracy or completeness of the Independent Expert's Report.

#### **Conduct of Court proceedings**

- 5.13 In relation to each Court hearing held in relation to the Scheme, including any appeal:
- (a) Talon must engage counsel to represent it at the hearing and must, if required, consent to the separate representation of Strike by counsel; and
  - (b) Strike must engage counsel to represent it at the hearing.
- 5.14 Nothing in this deed will be taken to give a party any right or power to give undertakings to the Court for or on behalf of the other party without that party's consent.
- 5.15 Each party must give all reasonable undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Scheme.
- 5.16 In the event of an Adverse Decision:
- (a) the parties must consult in good faith as to whether to appeal the Adverse Decision; and
  - (b) if within 10 Business Days after the Adverse Decision the parties agree to appeal the Adverse Decision or either party obtains an opinion from independent Senior Counsel, practising in Perth in the field of corporate law to the effect that there are reasonable prospects of successfully appealing the Adverse Decision:
    - (i) Talon must appeal the Court's decision;
    - (ii) the cost of any such appeal is to be borne equally between the parties;
    - (iii) if the End Date would otherwise occur before the appeal is finally determined, the End Date is deferred to the date that is five Business Days after the appeal from the Adverse Decision is finally determined; and
    - (iv) if the appeal is successful and the relevant order is made, the End Date is further deferred to the date which is D days after the original End Date



(disregarding the effect of clause 5.16(b)(iii)) where D is equal to the number of days between the date of the Adverse Decision and the date on which the appeal from the Court's decision is finally determined, or to such other date as the parties agree in writing.

### **Non-satisfaction of Headcount Test**

- 5.17 If the Scheme Resolution is not passed by reason only of the non-satisfaction of the Headcount Test, and it appears to either party, acting reasonably, that there are grounds on which an application could be made to the Court under section 411(4)(a)(ii)(A) of the Corporations Act to an order to disregard the Headcount Test, that party may give notice to the other within three Business Days after the Scheme Meeting setting out those grounds and if such notice is given:
- (a) Talon must promptly after the notice is given apply to Court for the order and make such submissions to the Court and file such evidence as counsel engaged by Talon to represent it in Court proceedings related to the Scheme, in consultation with Strike, considers is reasonably required to seek to persuade the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act by making an order to disregard the Headcount Test; and
  - (b) the cost of the application for the order is to be borne equally between the parties.

## **6 Demerger**

### **Demerger of Mongolian Project**

- 6.1 The parties acknowledge and agree that:
- (a) Talon intends to undertake (and Strike consents to Talon undertaking) a capital reduction and distribution pursuant to Part 2J.1 of the Corporations Act, which will include the reduction of the issued share capital of Talon, without cancelling any shares, by an amount equal to the market value of all of the shares in the capital of the ultimate holding company of the Talon Mongolia Group agreed between the parties;
  - (b) the Scheme is not conditional on completion of the Demerger, which will occur (or not occur, as the case may be) independently of the Scheme becoming Effective;
  - (c) the status of the Demerger must not impact the timing for implementation of the Scheme; and
  - (d) prior to 8:00am on the Second Court Date, Talon must undertake all steps required to give effect to, or otherwise be in a position to give effect to, the Demerger on or before the Implementation Date.
- 6.2 Strike will cooperate in good faith and use all reasonable endeavours to assist Talon to give effect to the Demerger.

### **Demerger Documents**

- 6.3 Talon shall prepare the Demerger Documents to ensure consistency with the following principles:
- (a) the terms of the Demerger must provide for a 'clean exit':

- (i) from all liabilities in connection with the Mongolian Project by the Talon Group and, to avoid doubt, the Strike Group;
  - (ii) from all liabilities in connection with the Combined Group by the Talon Mongolian Group other than any Demerger Costs;
- (b) following the Demerger Implementation Date:
- (i) the Talon Mongolia Group will have:
    - (A) the entire economic and commercial benefit of the Talon Mongolia Business;
    - (B) none of the economic and commercial benefit of the of the Combined Business;
    - (C) other than as provided in clause 6.3(d), no rights (including any right to make a Claim) against any member of the Talon Group other than rights to give effect to and enforce the performance of obligations with respect to the Demerger;
    - (D) no ongoing liability to the Combined Group; and
    - (E) the entire risks and liabilities (including any Duties and Tax associated with the Demerger) associated with the Mongolian Project as if the ultimate holding company of Talon Mongolia had owned and operated the Mongolian Project at all relevant times,and the Talon Mongolia Group will provide all necessary releases and indemnities required to give effect to the principles in this clause 6.3(b)(i);
  - (ii) the Talon Group will have:
    - (A) the entire economic and commercial benefit of the Combined Business;
    - (B) none of the economic and commercial benefit of the Mongolian Project;
    - (C) other than as provided in clause 6.3(c) no rights (including any right to make a Claim) against any member of the Talon Mongolia Group other than rights to give effect to and enforce the performance of obligations with respect to the Demerger;
    - (D) no ongoing liability to the Talon Mongolia Group; and
    - (E) the entire risks and liabilities (including any Duties and Tax associated with the Demerger) associated with the Combined Business,and the Talon Group will provide all necessary releases and indemnities required to give effect to the principles in this clause 6.3(b)(ii);
  - (iii) if any asset which exclusively relates to the Talon Mongolia Business is identified as being owned by the Combined Group then, subject to customary limitations and qualifications, the Combined Group will be obligated to transfer, assign or grant rights over that asset to the Talon Mongolia Group for nil or nominal consideration; or

- (iv) if any asset which exclusively relates to the Combined Business is identified as being owned by the Talon Mongolia Group then, subject to customary limitations and qualifications, the Talon Mongolia Group will be obligated to transfer, assign or grant rights over that asset to the Combined Group for nil or nominal consideration;
  - (c) the Talon Mongolia Group will indemnify the Talon Group (other than Talon Mongolia Group) against any loss, cost or liability whatsoever in connection with the Talon Mongolia Business and the Demerger (including any liabilities arising from the Duties and Tax associated with the Demerger); and for the avoidance of doubt, this indemnity does not include any loss, cost or liability whatsoever in connection with the utilisation, adjustment or reduction of Talon's tax attributes (including any Tax losses of Talon) as required by any Tax law in undertaking the Demerger prior to Implementation;
  - (d) the Talon Group will indemnify the Talon Mongolia Group against any loss, cost or liability whatsoever in connection with the Combined Business (but excluding any Demerger Costs); and
  - (e) to the extent the Demerger Cash Amount is less than the aggregate of the Deductible Amounts, the Talon Mongolia Group must pay to the Combined Group the amount by which the Demerger Cash Amount is less than the aggregate of the Deductible Amounts within 6 months of the Demerger Implementation Date.
- 6.4 Talon must (prior to execution) provide Strike with a copy of all draft Demerger Documents and must provide Strike and its advisers with not less than 10 Business Days to review in good faith and consent to any such Demerger Document (such consent not to be unreasonably withheld, conditioned or delayed, it being acknowledged that it would be unreasonable for Strike to withhold, condition or delay its consent in respect of a matter if it is not inconsistent with the principles in clause 6.3).
- 6.5 Talon must (prior to execution) provide Strike with a copy of all execution versions of any Demerger Documents and the draft Demerger Booklet and must:
- (a) provide Strike and its advisers with not less than 5 Business Days to review such documents; and
  - (b) without prejudice to the approval right in clause 6.4, consider in good faith any suggested amendments to such documents to the extent that such amendments are required in order to comply with clause 6.4.

#### **Obligations in favour of Talon Mongolia**

- 6.6 Talon must obtain Strike's prior written consent (such consent must not be unreasonably withheld or delayed) if, in connection with the Demerger, any member of the Talon Group:
- (a) provides any representation or warranty or incurs any obligation to the Talon Mongolia Group that continues post Demerger;
  - (b) provides an indemnity to the Talon Mongolia Group; or
  - (c) releases, or otherwise diminishes the liability of, the Talon Mongolia Group from the indemnity referred to in clause 6.3.

## **Demerger Booklet**

- 6.7 Talon agrees to do, and to procure each Talon Director do, such things as are reasonably necessary to prepare the Demerger Booklet and to facilitate its lodgement with ASIC and despatch to Shareholders as soon as possible following the date of this deed.
- 6.8 The Demerger Booklet:
- (a) must be prepared in a form that is consistent with this document which complies with the Corporations act and relevant ASIC regulatory guides; and
  - (b) contain a statement to the effect that Talon has provided, and is responsible for, the contents of the Demerger Booklet, and that none of Strike and its officers and employees assumes any responsibility for the accuracy or completeness of the information in the Demerger Booklet.

## **No adjustment to Scheme Consideration**

- 6.9 Nothing done by Talon in connection with the Demerger and in accordance with this deed will:
- (a) result in any adjustment to, or otherwise impact, the Scheme Consideration; nor
  - (b) constitute a Talon Prescribed Occurrence, Talon Regulated Event or Talon Material Adverse Change.

## **Talon Mongolia Group funding**

- 6.10 On and from the date of this deed, Talon must ensure that the Talon Mongolia Group is not given the benefit of any cash or cash funding from any member of the Talon Group other than:
- (a) expressly in accordance with the Budget;
  - (b) the payment of any Demerger Cash Amount on the Demerger Implementation Date; or
  - (c) the proceeds of a capital raise by Talon Mongolia Group pursuant to clause 6.11.
- 6.11 Notwithstanding any other provision of this deed, the Talon Mongolia Group is permitted to raise additional equity or debt (including, for the avoidance of doubt, any convertible securities) to fund the Demerger or ongoing working capital and general corporate financing requirements of the Talon Mongolia Group provided that:
- (a) the debt or equity financing is subject to implementation of the Demerger; and
  - (b) the terms of such debt or equity provide no recourse to the Combined Group following implementation of the Demerger.
- 6.12 Notwithstanding any other provision of this deed, prior to Demerger Implementation, a member of the Talon Mongolia Group is permitted to capitalise any financial indebtedness owed, as at the date of this deed, to another member of the Talon Group.

## **7 Board Recommendation**

### **Recommendation and voting intentions of Talon Directors**

- 7.1 Subject to clauses 7.2 to 7.3, Talon must ensure that:

- (a) each Talon Director recommends that Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert's Report concluding that the Scheme is in the best interests of Shareholders;
- (b) each Talon Director states that he or she intends to vote, or procure the voting of, all Talon Shares held or Controlled by him or her in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert's Report concluding that the Scheme is in the best interests of Shareholders; and
- (c) the Scheme Booklet and all public announcements by Talon in relation to the Scheme (other than announcements as to purely administrative matters) will include a statement to the effect of clauses 7.1(a) and 7.1(b) above.

### **Change to recommendation or voting intentions**

7.2 Talon must ensure that no Talon Director changes, qualifies or withdraws the recommendation referred to in clause 7.1(a) or the undertaking referred to in clause 7.1(b) or makes any statement inconsistent with that recommendation or that undertaking unless:

- (a) the Independent Expert's Report concludes that the Scheme is not in the best interests of Shareholders;
- (b) Talon has received a Superior Proposal, where Talon has complied with its exclusivity obligations under clause 11 and the Matching Period for that Superior Proposal has expired; or
- (c) a Government Agency of competent jurisdiction requires that he or she abstains from making a recommendation.

7.3 Without limiting clause 11, as soon as Talon becomes aware of any Talon Director who proposes to change, qualify or withdraw his recommendation for any reason other than in accordance with clause 7.2(b):

- (a) Talon must notify Strike as soon as reasonably practicable and in any event within 24 hours; and
- (b) the parties must consult in good faith for two Business Days after the date on which the notification in clause 7.3(a) is given to consider and determine whether the recommendation in place at the time can be maintained and, provided the Talon Director has not otherwise already changed, qualified or withdrawn their recommendation, Talon must use all reasonable endeavours to ensure that the Talon Director does not publicly change, qualify or withdraw the recommendation referred to in clause 7.1(a) or the undertaking referred to in clause 7.1(b) or make any statement inconsistent with that recommendation or that undertaking until the end of the consultation period, to the extent the Talon Director has not already done so.

### **Promoting the Scheme**

7.4 Except where clause 7.2(a) or 7.2(b) applies, during the Exclusivity Period, Talon must provide all reasonable co-operation to Strike in promoting the merits of the Scheme and the Scheme Consideration to Shareholders, including:

- (a) using reasonable endeavours to procure that the Talon Board and senior executives of the Talon Group as may be reasonably available, meet with key Shareholders if reasonably requested to do so by Strike; and
- (b) where requested by Strike, undertaking reasonable shareholder engagement and proxy solicitation actions and reasonable media engagement (such as media

interviews) consistent with agreed messaging to encourage Shareholders to vote on the Scheme in accordance with the recommendation of the Talon Board, subject to applicable law and ASIC policy.

## 8 Conduct of Business

### Access and information

8.1 From the date of this deed until and including the Implementation Date, Talon must:

- (a) **access:** procure that Strike and its Representatives are given reasonable access to information and management of any member of the Talon Group during normal business hours and on reasonable notice from Strike to Talon requesting such information or access, for the purposes of:
  - (i) enabling Strike and its Representatives to understand the full terms and conditions of the Material Contracts;
  - (ii) implementing the Scheme and enabling Strike to prepare for the transition of ownership of the Talon Group to Strike which, for the avoidance of doubt, does not include ongoing due diligence on the Talon Group;
  - (iii) keeping Strike informed of monthly operational and financial performance of the Talon Group;
  - (iv) keeping Strike informed of any material correspondence received from or provided to a Government Agency and any correspondence received from the counterparty to a Material Contract; and
  - (v) any other purpose agreed between the parties in writing,except to the extent that the provision of such information or access is prohibited by law;
- (b) **notification:** promptly notify Strike and its Representatives in writing of any events, facts, matters or circumstances which would or would be likely to constitute a Talon Material Adverse Change or Talon Prescribed Occurrence or a breach of a Talon Regulated Event of which Talon becomes aware, and such written notification must include a reasonable summary of the relevant matter to the extent the details are known to Talon; and
- (c) **Demerger:** not, and must procure that each Talon Group member does not, engage in any conduct that is inconsistent with the terms of the Demerger Documents.

8.2 Nothing in clause 8.1 will require Talon to provide, or procure the provision of, information:

- (a) concerning Talon Board's consideration of, or deliberations in relation to, the Transaction;
- (b) concerning any actual, proposed or potential Competing Proposal (including Talon Board's consideration of any actual, proposed or potential Competing Proposal) provided that nothing in this clause 8.2 limits the obligations of Talon in clause 11; or
- (c) which may, in the opinion of Talon acting reasonably, cause any member of the Talon Group to be in breach of any applicable law.

- 8.3 Nothing in clause 8.1 requires Talon to provide or procure the provision of information or access to if it would result in unreasonable disruptions to, or interference with, the Talon Group's business or affairs.
- 8.4 Nothing in clause 8.1 gives Strike any rights as to the decision making of the Talon Group or its business or affairs.
- 8.5 Nothing in clause 8.1 requires Talon to provide or procure the provision of information if and to the extent that disclosure of such information breaches an obligation of confidence owed by a member of the Talon Group to a Third Party as at the date of this deed, or will result in the loss of legal professional privilege in favour of Talon or any other member of the Talon Group.

### **Conduct of business**

- 8.6 From the date of this deed until and including the Implementation Date, each party must:
- (a) **ordinary course:** ensure that it and each of its Related Entities carries on its business in the ordinary course and in substantially the same manner as conducted at the date of this deed;
  - (b) **specific actions:** without limiting clause 8.6(a), use their reasonable endeavours to:
    - (i) preserve and maintain the value of its businesses and material assets in the manner maintained prior to the date of this deed including maintaining at least its current level of insurance over its business and assets;
    - (ii) keep available the services of its current officers and key employees;
    - (iii) preserve and maintain its relationships with all Government Agencies and all customers, suppliers, licensors, licensees, joint venturers and others with whom it has business dealings;
    - (iv) in respect of Talon only:
      - (A) procure that none of the Talon Warranties are breached;
      - (B) procure that none of the Talon Undertakings are breached; and
      - (C) take all steps reasonably within its power to ensure that no Talon Regulated Event occurs; and
    - (v) in respect of Strike only:
      - (A) procure that none of the Strike Warranties are breached;
      - (B) procure that none of the Strike Undertakings are breached; and
      - (C) take all steps reasonably within its power to ensure that no Strike Regulated Event occurs,

in each case provided that nothing in clause 8.6(a) or 8.6(b) restricts the ability of Talon to take any action which is set out in paragraphs (a) to (i) of the definition of Talon Regulated Event.

### **Board changes**

- 8.7 Subject to receipt of applicable regulatory approvals, provisions of consents to act from the proposed directors, and Talon and Strike having in place insurance and indemnity

arrangements reasonably acceptable to the proposed directors (acting reasonably), Talon and Strike must take all actions necessary to procure that on and from the Implementation Date:

- (a) the Talon Board is comprised only of Stuart Nicholls, Mary Hackett and Jill Hoffmann and that each Talon Director (other than Stuart Nicholls, Mary Hackett and Jill Hoffmann) resigns from their office as a Talon Director;
- (b) the board of each of Talon's wholly owned subsidiaries (other than any member of the Talon Mongolia Group) are comprised of such nominees as advised by Strike in writing before the Effective Date, and that each director of Talon's wholly owned subsidiaries who is not nominated in accordance with this clause 8.7 resigns from their office as a director of the relevant wholly owned subsidiaries; and
- (c) each member of the Talon Board and directors of the wholly owned subsidiaries (other than any member of the Talon Mongolia Group), resigning in accordance with clauses 8.7(a) and 8.7(b) provides written notice to the effect that they have no Claim outstanding for loss of office, remuneration or otherwise against any member of the Talon Group, other than pursuant to any deed of access and indemnity or policy of directors and officers insurance,

in each case provided that the composition of the board of each member of the Talon Group complies with the relevant member's constitution and, if applicable, the Corporations Act and the ASX Listing Rules.

#### **Counterparty consents**

8.8 Talon must use all reasonable endeavours to identify as soon as practicable after the date of this deed all change of control, unilateral termination rights or similar provisions in all Material Contracts and in all Authorisations issued to any member of the Talon Group. In respect of each such Material Contract or Authorisation:

- (a) Talon and Strike will agree a proposed course of action (which, among other things, will have due regard to applicable legal restrictions) and then Talon will initiate contact, including joint discussions if agreed as part of the proposed course of action, with the relevant counterparties and request that they provide any consents or confirmations required;
- (b) each party must promptly provide to the relevant counterparty or Government Agency all information reasonably required for the purposes of obtaining any consent or confirmation referred to in clause 8.8(a) and must, if required, make representatives available to meet with such counterparty or Government Agency;
- (c) Talon must cooperate with, and provide reasonable assistance to, Strike to obtain such consents or confirmations (but nothing in this clause requires Talon or Strike to incur material expense); and
- (d) despite anything in this deed, any failure by the Talon Group to obtain any required consents or confirmations, or the exercise of a termination right by a relevant counterparty, will not constitute a breach of this deed by Talon and, together with any consequences that arise, will be disregarded when assessing the operation of any other provision of this deed.

#### **Funding Event**

8.9 In connection with a Funding Event:



- (a) Talon must provide all information reasonably available to Talon regarding the Funding Event to Strike as soon as reasonably practicable and in any event no later than two Business Days after the Funding Event.
- (b) Talon may request consent from Strike to make payments necessary to satisfy its obligation to fund the Funding Event.
- (c) As soon as practicable and in any event no later than two Business Days after the date of the provision of the information under clause 8.9(a), representatives of Talon and Strike must meet to consider the Funding Event and any request for consent made by Talon pursuant to clause 8.9(b).
- (d) Within two Business Days of the meeting in clause 8.9(c) being held, Strike may elect (in its sole discretion) by notice in writing to Talon to:
  - (i) provide such additional funding to Talon
    - (A) on the same terms as the facility agreement between Talon and Strike, amongst others, dated on or about the date of this deed; or
    - (B) on terms otherwise mutually agreed between the parties; or
  - (ii) provide the consent requested under clause 8.9(b), provided that if Strike does not provide written notice under this clause 8.9(d) it will be deemed to have provided consent.
- (e) If Strike provides or is deemed to provide its consent under clause 8.9(d), Talon must, if directed by Strike to do so, apply any existing cash reserves that are unallocated in the Budget towards the payments necessary to satisfy its obligation to fund the Funding Event.
- (f) If Strike elects to provide additional funding on terms pursuant to clause 8.9(d)(i)(A), Talon must accept the additional funding from Strike to satisfy its obligations in respect to the Funding Event.
- (g) If Strike provides, or is deemed to provide, its consent under clause 8.9(d), Talon may, notwithstanding anything else in this deed, elect to procure debt or equity financing (including the issuance of additional securities or convertible securities) to the extent reasonably necessary to satisfy its obligation to fund the Funding Event.
- (h) If Talon exercises its rights under clause 8.9(g) and before entering into any agreement, arrangement or understanding in respect of any debt or equity financing:
  - (i) Talon must provide all information regarding the terms and conditions and estimated costs and expenses of any debt or equity financing under clause 8.9(g); and
  - (ii) either:
    - (A) Strike must terminate the Scheme Implementation Deed in accordance with clause 14 within 10 Business Days of the date on which Strike has received the information under clause 8.9(h)(i); or
    - (B) if Strike does not terminate the Scheme Implementation Deed in the time period set out in clause 8.9(h)(ii)(A), it will be deemed to have elected not to terminate this deed in relation to these facts, matters and circumstances and Strike is deemed to have waived its rights to do so.

- (i) If Strike does not terminate or is deemed to have elected not to terminate this deed under clause 8.9(h)(ii)(B), Talon may enter into and perform any agreement, arrangement or understanding in respect of the debt or equity financing on the terms disclosed to Strike under clause 8.9(h)(i). If there is any material or adverse variation to the terms and conditions disclosed to Strike under clause 8.9(h)(i), including following the operation of this clause 8.9(i), Talon must re-comply with clause 8.9(h) in respect to those revised terms and conditions.

## **9 Representations, Warranties and Undertakings**

### **Talon representations, warranties and undertakings**

9.1 Talon represents and warrants to Strike (in its own right and as trustee for Strike Indemnified Persons) that each of the Talon Warranties is true, accurate and not misleading:

- (a) on the date of this deed and at 8.00am on the Second Court Date; or
- (b) if the representation or warranty is expressly stated to be given at a different time, at the time the representation or warranty is expressed to be given.

9.2 Talon undertakes to Strike to comply with each of the Talon Undertakings.

### **Indemnity by Talon**

9.3 Talon indemnifies Strike against, and must pay to Strike on demand an amount equal to, all Losses directly or indirectly incurred or suffered by the Strike Indemnified Persons arising out of or in connection with:

- (a) any matter or circumstance that results in any of the Talon Warranties being untrue, inaccurate or misleading when given; or
- (b) any breach of the Talon Undertakings.

### **Qualifications to Talon's representations and warranties**

9.4 The representations, warranties and undertakings given by Talon in clauses 9.1 to 9.2 and the Talon Warranties are each subject to circumstances, occurrences, events, acts, actions, facts, matters or changes in condition that:

- (a) are within the actual knowledge of Strike as at the date of this deed (and for these purposes the knowledge that there is a risk of a matter happening does not constitute knowledge that a matter will in fact occur, except to the extent that it could reasonably be foreseeable or expected that the matter would occur, having regard to facts, matters, circumstances, occurrences or events including those set out in paragraphs (b) to (d) below),
- (b) have been Disclosed in the Talon Disclosure Materials;
- (c) have been set out in the Budget;
- (d) result, directly or indirectly, from the actions (or omissions to act) of Strike or a member of the Strike Group;
- (e) have been Disclosed in an announcement by Talon to ASX, or a publicly available document lodged by it with ASIC, in the two years prior to the date of this deed;

- (f) would have been known to Strike if it (or its Representatives) had conducted searches in respect of the Talon Group two Business Days before the date of this deed of any public record maintained by ASIC, the High Court, the Federal Court and the Supreme Court of Western Australia; and
- (g) are required or expressly permitted by this deed.

### **Strike representations, warranties and undertakings**

- 9.5 Strike represents and warrants to Talon (in its own right and as trustee for the Talon Indemnified Persons) that each of the Strike Warranties is true, accurate and not misleading:
- (a) on the date of this deed and at 8.00am on the Second Court Date; or
  - (b) if the representation or warranty is expressly stated to be given at a different time, at the time the representation or warranty is expressed to be given.
- 9.6 Strike undertakes to Talon to comply with each of the Strike Undertakings.

### **Indemnity by Strike**

- 9.7 Strike indemnifies Talon against, and must pay to Talon on demand an amount equal to, all Losses directly or indirectly incurred or suffered by the Talon Indemnified Persons arising out of or in connection with:
- (a) any matter or circumstance that results in any of the Strike Warranties being untrue, inaccurate or misleading when given; or
  - (b) any breach of the Strike Undertakings.

### **Qualifications to Strike's representations and warranties**

- 9.8 The representations, warranties and undertakings given by Strike in clauses 9.5 to 9.6 and the Strike Warranties are each subject to circumstances, occurrences, events, acts, actions, facts, matters or changes in condition that:
- (a) are within the actual knowledge of Talon as at the date of this deed (and for these purposes the knowledge that there is a risk of a matter happening does not constitute knowledge that a matter will in fact occur, except to the extent that it could reasonably be foreseeable or expected that the matter would occur, having regard to facts, matters, circumstances, occurrences or events including those set out in paragraphs (b) to (d) below),
  - (b) have been Disclosed in the Strike Disclosure Materials;
  - (c) resulting, directly or indirectly, from the actions (or omissions to act) of Talon or a member of the Talon Group;
  - (d) have been Disclosed in an announcement by Strike to ASX, or a publicly available document lodged by it with ASIC, in the two years prior to the date of this deed;
  - (e) would have been known to Talon if it (or its Representatives) had conducted searches in respect of the Strike Group two Business Days before the date of this deed of any public record maintained by ASIC, the High Court, the Federal Court and the Supreme Court of Western Australia; and
  - (f) are required or expressly permitted by this deed.

## **Status of representations, warranties, undertakings and indemnities**

- 9.9 Each representation and warranty, undertaking and indemnity made or given under this clause 9 is severable and survives termination of this deed and each undertaking and indemnity given in this clause 9 is a continuing obligation.

## **Acknowledgements**

- 9.10 Each party acknowledges that:
- (a) in entering into this deed:
    - (i) Talon has relied on the Strike Warranties;
    - (ii) Strike has relied on the Talon Warranties; and
  - (b) any action taken or not taken by a Related Entity of the party or any of its Representatives in accordance with clauses 8.6(b)(iv)(C) and 8.6(b)(v)(C) will not constitute a breach of any Talon Warranty or Strike Warranty (as applicable).

## **Notice**

- 9.11 Each party will promptly advise the other party in writing if it becomes aware of any fact, matter or circumstance that constitutes or may constitute a breach of any of the representations and warranties given by it under this clause 9, or which may result in undertakings given under this clause 9 not being complied with

## **Scheme becoming Effective**

- 9.12 After the Scheme becomes Effective, any breach of the representations and warranties or the undertakings made or given under this clause 9 may only give rise to a Claim for damages or under the indemnities in this clause 9 and does not entitle a party to terminate this deed.

# **10 Releases, Insurance and Indemnification**

## **Release of Talon Indemnified Persons**

- 10.1 Without limiting Strike's rights under clause 9, Strike (for itself and as agent of every member of the Strike Group) releases all rights against and agrees with Talon that it will not make a Claim against any Talon Indemnified Person as at the date of this deed and from time to time in connection with:

- (a) Talon's execution or delivery of this deed;
- (b) any breach of any Talon Undertaking and Talon Warranty in this deed;
- (c) the implementation of the Scheme; or
- (d) any disclosure made by any Talon Indemnified Person that contains any statement which is false or misleading whether in content or by omission,

except to the extent the relevant Talon Indemnified Person has not acted in good faith or has engaged in wilful misconduct.

- 10.2 The parties acknowledge and agree that:

- (a) the waiver and release under clause 10.1 is subject to, and will be read down in light of, any restriction under applicable law;
- (b) Talon has sought and obtained the waiver in clause 10.1 as agent for and on behalf of each Talon Indemnified Person and holds the benefit of clause 10.1 on trust for them;
- (c) the provisions of clause 10.1 may be enforced by Talon on behalf of any Talon Indemnified Person and those persons may plead clause 10.1 in response to any Claim made by any member of the Strike Group against them; and
- (d) nothing in clause 10.1 limits Talon's rights to terminate this deed under clause 14.

#### **Release of Strike Indemnified Persons**

10.3 Without limiting Talon's rights under clause 9, Talon releases its rights against, and agrees with Strike that it will not make a Claim against any Strike Indemnified Person as at the date of this deed and from time to time in connection with:

- (a) Strike's execution or delivery of this deed;
- (b) any breach of any Strike Undertaking and Strike Warranty in this deed;
- (c) the implementation of the Scheme; or
- (d) any disclosure made by any Strike Indemnified Person that contains any statement which is false or misleading whether in content or by omission,

except to the extent that the relevant Strike Indemnified Person has not acted in good faith or has engaged in wilful misconduct.

10.4 The parties acknowledge and agree that:

- (a) the waiver and release under clause 10.3 is subject to, and will be read down in light of, any restriction under applicable law;
- (b) Strike has sought and obtained the waiver and release under clause 10.3 as agent for and on behalf of each Strike Indemnified Person and holds the benefit of clause 10.3 on trust for them; and
- (c) the provisions of clause 10.3 may be enforced by Strike on behalf of any Strike Indemnified Person and those persons may plead clause 10.3 in response to any Claim made by any member of the Talon Group against them; and
- (d) nothing in clause 10.3 limits Strike's rights to terminate this deed under clause 14.

#### **Insurance**

10.5 Talon must undertake a tender process in accordance with clause 10.5(a) for the D&O Run Off Policy by:

- (a) engaging an independent consultant to run a tender process for the D&O Run Off Policy seeking at least 3 proposals from reputable insurance brokers to provide a D&O Run Off Policy from an Equivalent Insurer on the following basis:
  - (i) the same amount of coverage;
  - (ii) the same deductible or excess; and

- (iii) otherwise on terms that are no less favourable to the current directors or officers of the Talon Group than the Talon directors' and officers' insurance policy in place as at the Execution Date for the current financial year; and
  - (b) keeping Strike reasonably informed of all material developments in the tender process and providing a copy of the proposals received under the tender process.
- 10.6 Before 8.00 am on the Second Court Date, Talon must enter into the D&O Run Off Policy which is the lowest cost (inclusive of the costs of brokerage, Duty and any other transaction costs in relation thereto) of the 3 proposals received under the tender process in clause 10.5, and is from an Equivalent Insurer. If such policy does not satisfy the requirements of clause 10.5(a)(iii) or is not from an Equivalent Insurer, Talon must enter into the D&O Run Off Policy that is the next lowest cost that satisfies those requirements and is from an Equivalent Insurer.
- 10.7 Any consent or approval required from Strike under clause 10.5 is deemed to have been given by Strike if Strike does not respond within five Business Days following any request from Talon for such consent or approval.

#### **Deeds of indemnity, access and insurance**

- 10.8 Subject to the Scheme becoming Effective, Strike undertakes in favour of Talon and each other Talon Indemnified Person that it will procure that:
- (a) for a period of 7 years from the Implementation Date, the Constitution of Talon and each member of the Talon Group will continue to contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its previous directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of Talon Group;
  - (b) Talon and each member of the Talon Group complies with any deeds of indemnity, access and insurance entered into by them in favour of their respective directors and officers from time to time; and
  - (c) directors' and officers' run-off insurance cover for such directors and officers obtained in accordance with clause 10.5 is maintained (and Talon may, at its election, pay any reasonable amounts necessary to ensure such maintenance upfront and prior to the implementation of the Scheme).
- 10.9 The undertakings contained in clause 10.8 are subject to any restriction in the Corporations Act.
- 10.10 Talon receives and holds the benefit of clause 10.8 to the extent it relates to other Talon Indemnified Persons, for and on behalf of, and as trustee for, them.

## **11 Exclusivity**

### **Cessation of existing discussions**

- 11.1 Talon represents and warrants to Strike that, other than the discussions with Strike, as at the date of this deed, it is not currently in negotiations or discussions in respect of any Competing Proposal with any person and it has terminated all negotiations and discussions (other than with Strike and its Representatives) relating to any Competing Proposal.

**No shop restriction**

- 11.2 During the Exclusivity Period, Talon must not, and must procure that each of its Representatives does not, directly or indirectly:
- (a) solicit, invite or initiate any Competing Proposal; or
  - (b) assist, encourage, procure or induce any person to do any of the things referred to in clause 11.2(a) on its behalf.

**No talk restriction**

- 11.3 Subject to clause 11.4 and clause 11.15, during the Exclusivity Period, Talon must not, and must procure that each of its Representatives does not, directly or indirectly:
- (a) enter into or continue negotiations or discussions with any Third Party in relation to a Competing Proposal; or
  - (b) assist, encourage, procure or induce any person to do any of the things referred to in clause 11.3(a) on its behalf,

even if the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Talon or any of its Representatives or has been publicly announced.

**No talk exception**

- 11.4 The restriction in clause 11.3 does not apply to the extent that it restricts Talon or the Talon Board from taking or refusing to take any action with respect to a bona fide Competing Proposal if:
- (a) the Talon Board has determined that the Competing Proposal is, or is reasonably likely to constitute, a Superior Proposal or would be reasonably likely to constitute a Superior Proposal if it were to be proposed; and
  - (b) acting in good faith and after having taken written advice from its external legal and financial advisers, the Talon Board has determined that failing to respond to such Competing Proposal would be likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Talon Board.

**No due diligence restriction**

- 11.5 Subject to clauses 11.6 and 11.15 but without limiting clause 11.3, during the Exclusivity Period, Talon must not, and must procure that each of its Representatives does not, directly or indirectly:
- (a) make available to any Third Party, or cause or permit any Third Party to receive, any non-public information relating to the Talon Group for the purpose of assisting, and that may reasonably be expected to assist, such Third Party in formulating, developing or finalising a Competing Proposal; or
  - (b) assist, encourage, procure or induce any person to do any of the things referred to in clause 11.5(a) on its behalf.

**No due diligence exception**

- 11.6 The restriction in clause 11.5 does not apply in respect of a bona fide Competing Proposal if all of the following requirements are satisfied:

- (a) the Talon Board has determined that the Competing Proposal is, or is reasonably likely to constitute, a Superior Proposal or would be reasonably likely to constitute a Superior Proposal if it were to be proposed;
- (b) acting in good faith and after having obtained written advice from its external legal and financial advisers, the Talon Board has determined that failing to respond to such Competing Proposal would be likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Talon Board; and
- (c) the Third Party has first entered into a written agreement in favour of Talon restricting the use and disclosure by the Third Party and its affiliates and advisers of the information made available to the Third Party for the sole purposes of assessing, negotiating and implementing such Competing Proposal.

#### **Notice of unsolicited approach**

11.7 During the Exclusivity Period, Talon must promptly (and in any event within 24 hours) inform Strike if it or, to its knowledge, any of its Representatives:

- (a) receives any approach with respect to any Competing Proposal;
- (b) receives any request for information relating to any member of the Talon Group or any of their businesses or operations or any request for access to any non-public information of any member of the Talon Group in connection with a current or future Competing Proposal; or
- (c) provides any information relating to any member of the Talon Group or any of their businesses or operations to any person in connection with or for the purposes of a current or future Competing Proposal.

11.8 A notice given under clause 11.7 must be accompanied by all material details of the relevant event, including (as the case may be):

- (a) the identity of the person who made the relevant approach, inquiry or proposal to initiate discussions or negotiations referred to in clause 11.7(a), who made the relevant request for information referred to in clause 11.7(b), or to whom any information referred to in clause 11.7(c) was provided; and
- (b) the material terms and conditions (including price, conditions precedent, timetable and break or reimbursement fee (if any), or any other similar material terms) of any Competing Proposal.

#### **Matching rights**

11.9 Without limiting clauses 11.2 and 11.3, during the Exclusivity Period Talon must not enter into, or agree to enter into, any written or unwritten legally binding agreement, arrangement or understanding (other than a confidentiality agreement, provided such agreement does not contain any exclusivity or break fee arrangements) pursuant to which a Third Party, a member of the Talon Group or both proposes or propose to undertake or give effect to or implement the Competing Proposal and Talon must use all reasonable endeavours to ensure that no Talon Director makes any public statement recommending the Competing Proposal to Shareholders unless:

- (a) the Competing Proposal is in a form which is able to be accepted by Talon so as to give rise to a legally binding agreement, and the Talon Board has determined that the Competing Proposal is a Superior Proposal;



- (b) Talon has provided Strike with a notice setting out all material terms of the Competing Proposal including the identity of the proponent of the Competing Proposal, the amount and form of consideration to be offered, the source of any cash component of the consideration, the conditions to which it is subject, the proposed timetable and any break fee arrangements; and
- (c) the Matching Period has expired and either:
  - (i) Strike has not announced or provided to Talon a Counterproposal; or
  - (ii) Strike has announced or provided to Talon a Counterproposal and the Talon Board, acting in good faith, has determined that the terms and conditions of the Counterproposal taken as a whole are less favourable to Shareholders than those in the relevant Competing Proposal.

11.10 If during the Matching Period Strike makes a Counterproposal:

- (a) Talon must use all reasonable endeavours to procure that the Talon Board considers the Counterproposal in good faith; and
- (b) if Talon Board acting in good faith determines that the terms and conditions of the Counterproposal taken as a whole are no less favourable to Shareholders than those in the relevant Competing Proposal, then:
  - (i) the parties must use their reasonable endeavours to agree and enter into such documentation as is necessary to give effect to and implement the Counterproposal as soon as reasonably practicable; and
  - (ii) Talon must use all reasonable endeavours to procure that each Talon Director makes a public statement recommending the Counterproposal to Shareholders.

11.11 Any material change to a Competing Proposal including any material change to the terms referred to in clause 11.9(b) will be taken to constitute a new Competing Proposal in respect of which Talon must separately comply with its obligations under clauses 11.9 and 11.10.

#### **Standstill arrangements with other parties**

- 11.12 Talon represents and warrants to Strike that, except to the extent disclosed to Strike prior to the date of this deed, the execution of this deed by Talon will not effect any waiver or amendment of any standstill agreement or arrangement between Talon and any person other than a member of the Strike Group.
- 11.13 During the Exclusivity Period, except with the prior written consent of Strike, Talon must not amend or waive the terms of any standstill agreement or arrangement between Talon and any person other than a member of the Strike Group.

#### **Return of confidential information**

- 11.14 If Talon has at any time in the 12 months before the date of this deed provided any confidential information to a person other than a member of the Strike Group in connection with a Competing Proposal, Talon must, to the extent permitted to do so under a relevant confidentiality agreement, promptly request in writing the immediate return or destruction by that person of such confidential information, and must promptly exercise all rights available to it to ensure compliance with that request.

### **Ordinary course actions**

11.15 Nothing in this clause 11 prevents a party from:

- (a) providing information required to be provided by law, any court of competent jurisdiction, any Government Agency or the ASX Listing Rules; or
- (b) making presentations to, and responding to bona fide enquiries from, stockbrokers, portfolio investors and equity market analysts in relation to the Scheme or in accordance with its usual practices.

### **Amendments to exclusivity arrangements**

11.16 The parties must not request ASIC to review, or make or cause or permit to be made any application to the Court or the Takeovers Panel in respect of, the arrangements in this clause 11.

11.17 If any of the following occurs:

- (a) ASIC indicates to either party in writing that it requires any modification to this clause 11 as a condition of not opposing the Scheme;
- (b) the Court requires any modification to this clause 11 as a condition of making orders convening the Scheme Meeting; or
- (c) as a result of an application to the Takeovers Panel by a party other than Talon or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify this clause 11, it will make a declaration of unacceptable circumstances,

the parties must amend this clause 11 to the extent required to give effect to the requirements of ASIC or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 11.17(c) must give the required undertakings.

## **12 Break Fee**

### **Acknowledgement and agreement**

12.1 Each party:

- (a) believes that the implementation of the Transaction will provide significant benefits to its shareholders and the shareholders of the other party; and
- (b) acknowledges and agrees that if it enters into this deed and the Transaction is subsequently not implemented, Strike will have incurred significant costs, including significant opportunity costs.

12.2 Talon acknowledges and agrees that:

- (a) the Strike Group has incurred and will continue to incur significant costs and expenses in pursuing the Transaction including:
  - (i) legal, financial and other professional advisory costs;
  - (ii) costs of management and directors' time;

- (iii) funding costs;
  - (iv) out of pocket expenses; and
  - (v) opportunity costs of pursuing the Transaction or in not pursuing alternative transactions or business opportunities;
- (b) the costs and expenses actually incurred by the Strike Group are of such nature that they cannot accurately be ascertained;
  - (c) the Break Fee is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by the Strike Group in pursuing the Transaction;
  - (d) Strike has negotiated the inclusion of clause 12.3 in this deed and would not have entered into this deed without it; and
  - (e) the Talon Board has received external legal and financial advice in relation to this clause 12 and has concluded that it is reasonable and appropriate for Talon to agree to payment of the Break Fee in the circumstances described in clause 12.3 in order to secure Strike's entry into this deed.

#### **Circumstances where Break Fee payable**

12.3 Subject to clauses 12.4 to 12.7 Talon must pay the Break Fee to the Strike without withholding or set off if:

- (a) **failure or change to recommendation:** any Talon Director:
    - (i) withdraws, changes, qualifies, adversely revises or adversely qualifies their support of the Scheme or their recommendation that Shareholders vote in favour of the Scheme or fails to recommend that Shareholders vote in favour of the Scheme in the manner described in clause 6 (including for the avoidance of doubt, whether or not Talon has used its reasonable endeavours to procure the recommendation);
    - (ii) makes a statement:
      - (A) supporting, endorsing or recommending any Competing Proposal;
      - (B) to the effect that they no longer support the Scheme; or
      - (C) otherwise indicating that they no longer recommend the Transaction or recommend that Shareholders accept or vote in favour of a Competing Proposal of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period,
- unless:
- (iii) the Independent Expert concludes in the Independent Expert's Report (or in any update of, or revision, amendment or addendum to that report), that the Scheme is not in the best interests of Shareholders (other than where the conclusion is due solely or substantially to the existence of a Competing Proposal);
  - (iv) a Government Agency of competent jurisdiction requires that he or she abstains from making a recommendation; or

- (v) Talon is entitled to terminate this deed pursuant to clause 14.2(a).
- (b) **completion of Competing Proposal:** at any time before the Second Court Date a Competing Proposal is announced or made (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months after the date of that announcement, the person making the Competing Proposal or one or more Associates of that person:
  - (i) completes a Competing Proposal; or
  - (ii) acquires a Relevant Interest in more than 50% of the Scheme Shares under a transaction that is or has become wholly unconditional;
- (c) **Strike termination:** Strike terminates this deed under clause 14.1(a) and the Transaction does not Complete.

### **Break fee not payable**

12.4 Notwithstanding anything else in this deed, if the Scheme becomes Effective:

- (a) the Break Fee is not payable by Talon to Strike; and
- (b) if the Break Fee has been paid in whole or part by Talon to Strike, it must be refunded by Strike to Talon within five Business Days after receiving a written demand for payment from Talon.

### **Payment of Break Fee**

12.5 If the Break Fee becomes payable under this deed, Talon must pay it without withholding or set-off, unless required by law, within five Business Days after receipt of a written demand for payment from Strike, which may only be issued after the occurrence of the relevant event in that clause giving rise to the right to payment and must:

- (a) set out in reasonable detail the circumstances which give rise to payment of the Break Fee; and
- (b) nominate a bank account into which Talon is to pay the Break Fee.

12.6 The Break Fee is payable by Talon to Strike only once and, if actually paid to Strike, Strike cannot make any Claim against Talon for any further payment of the Break Fee.

12.7 Notwithstanding any other provision of this deed, but subject to clause 12.8:

- (a) the maximum aggregate liability of Talon to Strike under or in connection with this deed including in respect of any breach of this deed will be the amount of the Break Fee;
- (b) a payment by Talon of the Break Fee in accordance with this clause 12 represents the sole and absolute liability of Talon to Strike under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Talon to Strike in connection with this deed; and
- (c) the amount of the Break Fee payable to Strike under this clause 12 shall be reduced by the amount of any Loss or damage recovered by Strike in relation to a breach of any other clause of this deed.

12.8 Clause 12.7 does not limit the liability of Talon under or in connection with this deed in respect of any fraud or wilful material breach of this deed by Talon but excluding any wilful material

breach by Talon that is reasonably necessary to repay the Facility Agreement if required as a result of a breach of the Facility Agreement or to remedy a breach of the Facility Agreement.

### **Amendments to Break Fee Arrangements**

- 12.9 If any of the following occurs:
- (a) ASIC indicates to either party in writing that it requires any modification to the Break Fee Arrangements as a condition of not opposing the Scheme;
  - (b) the Court requires any modification to the Break Fee Arrangements as a condition of making orders convening the Scheme Meeting; or
  - (c) as a result of an application to the Takeovers Panel by a party other than Talon or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the Break Fee Arrangements, it will make a declaration of unacceptable circumstances,
- then the parties must amend this clause 12 to the extent required to give effect to the requirements of ASIC, the Court or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 12.9(c) must give the required undertakings.
- 12.10 The parties must not request ASIC to review, or make or cause or permit to be made any application to the Court or the Takeovers Panel in respect of, the Break Fee Arrangements.

## **13 Reverse Break Fee**

### **Acknowledgement and agreement**

- 13.1 Each party:
- (a) believes that the implementation of the Transaction will provide significant benefits to its shareholders and the shareholders of the other party; and
  - (b) acknowledges and agrees that if it enters into this deed and the Transaction is subsequently not implemented, Talon will have incurred significant costs, including significant opportunity costs.
- 13.2 Strike acknowledges and agrees that:
- (a) the Talon Group has incurred and will continue to incur significant costs and expenses in pursuing the Transaction including:
    - (i) legal, financial and other professional advisory costs;
    - (ii) costs of management and directors' time;
    - (iii) funding costs;
    - (iv) out of pocket expenses;
    - (v) opportunity costs of pursuing the Transaction or in not pursuing alternative transactions or business opportunities; and
  - (b) the costs and expenses actually incurred by the Talon Group are of such nature that they cannot accurately be ascertained;

- (c) the Reverse Break Fee is a genuine and reasonable estimate of the costs and expenses that have been or will be actually incurred by the Talon Group in pursuing the Transaction;
- (d) Talon has negotiated the inclusion of clause 13 in this deed and would not have entered into this deed without it; and
- (e) the Strike Board has received external legal and financial advice in relation to this clause 13 and has concluded that it is reasonable and appropriate for Strike to agree to payment of the Reverse Break Fee in the circumstances described in clause 13.3 in order to secure Talon's entry into this deed.

**Payment of Reverse Break Fee**

13.3 Subject to clauses 13.4 to 13.7 if this deed has been terminated by Talon in accordance with clause 14.2(a), other than:

- (a) as a result in whole or part of:
  - (i) any material breach by Talon of this deed (including any warranty); or
  - (ii) the receipt by Talon of a Competing Proposal; and/or
- (b) in circumstances where the Break Fee is payable under clause 12,

Strike will pay Talon within ten Business Days after the earlier of such event, the Reverse Break Fee.

**Reverse Break Fee not payable**

13.4 Notwithstanding anything else in this deed, if the Scheme becomes Effective:

- (a) the Reverse Break Fee is not payable by Strike to Talon; and
- (b) if the Reverse Break Fee has been paid in whole or part by Strike to Talon, it must be refunded by Talon to Strike within five Business Days after receiving a written demand for payment from Strike.

**Payment of Reverse Break Fee**

13.5 If the Reverse Break Fee becomes payable under this deed, Strike must pay it without withholding or set-off, unless required by law, within five Business Days after receipt of a written demand for payment from Talon, which may only be issued after the occurrence of the relevant event in that clause giving rise to the right to payment and must:

- (a) set out in reasonable detail the circumstances which give rise to payment of the Reverse Break Fee; and
- (b) nominate a bank account into which Strike is to pay the Reverse Break Fee.

13.6 The Reverse Break Fee is payable by Strike to Talon only once and, if actually paid to Talon, Talon cannot make any Claim against Strike for any further payment of the Reverse Break Fee.

13.7 Notwithstanding any other provision of this deed, but subject to clause 13.8:

- (a) the maximum aggregate liability of Strike to Talon under or in connection with this deed including in respect of any breach of this deed will be the amount of the Reverse Break Fee;
- (b) a payment by Strike of the Reverse Break Fee in accordance with this clause 13 represents the sole and absolute liability of Strike to Talon under or in connection with this deed and no further damages, fees, expenses or reimbursements of any kind will be payable by Strike to Talon in connection with this deed; and
- (c) the amount of the Reverse Break Fee payable to Talon under this clause 13 shall be reduced by the amount of any Loss or damage recovered by Talon in relation to a breach of any other clause of this deed.

13.8 Clause 13.7 does not limit the liability of Strike under or in connection with this deed in respect of any fraud or wilful material breach of this deed by Strike.

#### **Amendments to Reverse Break Fee Arrangements**

13.9 If any of the following occurs:

- (a) ASIC indicates to either party in writing that it requires any modification to the Reverse Break Fee Arrangements as a condition of not opposing the Scheme;
- (b) the Court requires any modification to the Reverse Break Fee Arrangements as a condition of making orders convening the Scheme Meeting; or
- (c) as a result of an application to the Takeovers Panel by a party other than Talon or its Representatives, the Takeovers Panel indicates to either party in writing that, in the absence of a written undertaking pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth) to modify the Reverse Break Fee Arrangements, it will make a declaration of unacceptable circumstances,

then the parties must amend this clause 13 to the extent required to give effect to the requirements of ASIC, the Court or the Takeovers Panel, as the case may be, and in the circumstances referred to in clause 13.9(c) must give the required undertakings.

13.10 The parties must not request ASIC to review, or make or cause or permit to be made any application to the Court or the Takeovers Panel in respect of, the Reverse Break Fee Arrangements.

## **14 Termination**

### **Termination for breach or material events**

14.1 **Strike termination rights:** Strike may terminate this deed by giving notice in writing to Talon at any time before 8.00am on the Second Court Date if:

- (a) Talon has materially breached this deed, including in respect of a material breach of a Talon Warranty or any event occurs or circumstance arises that would cause any Talon Warranty to be untrue in any material respect as at 8.00am on the Second Court Date, and Talon has failed to remedy the breach within five Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;
- (b) for any reason whether or not permitted by this deed, any Talon Director;

- (i) fails to recommend the Scheme in a manner described in clause 7.1 (including for the avoidance of doubt, whether or not Talon has used reasonable endeavours to procure the recommendation);
- (ii) withdraws, adversely changes, adversely modifies or adversely qualifies their support of the Scheme or their recommendation that Shareholders vote in favour of the Scheme in the manner described in clause 7.1 (including for the avoidance of doubt, whether or not Talon has used reasonable endeavours to procure such action); or
- (iii) makes a public statement indicating that they no longer recommend, endorse or support the Transaction or they recommend, endorse or support another transaction (including any Competing Proposal) but excluding a statement that no action should be taken by Shareholders pending the assessment of a Competing Proposal by the Talon Board or the completion of the matching right process set out in clauses 11.9 to 11.11 in accordance with this deed, provided that the Talon Board publicly reaffirms its recommendation that Shareholders vote in favour of the Scheme in the manner described in clause 7.1 when making any such statement,

other than in respect to a failure to recommend or withdrawal of a recommendation due to a Government Agency of competent jurisdiction requirement that a Talon Director abstains from making a recommendation;

- (c) in any circumstances, a member of the Talon Group enters into binding documentation to undertake or implement a Competing Proposal. For the avoidance of doubt, any such binding agreement does not include a member of the Talon Group entering into a confidentiality agreement or like agreement for the sole or dominant purpose of providing Talon non-public information in relation to an actual, proposed Competing Proposal; or
- (d) in the circumstances set out in clause 8.9(h).

14.2 **Talon termination right:** Talon may terminate this deed by giving notice in writing to the Strike before 8.00am on the Second Court Date if:

- (a) Strike has materially breached this deed, including in respect of a material breach of a Strike Warranty or any event occurs or circumstance arises that would cause any Strike Warranty to be untrue in any material respect as at 8.00am on the Second Court Date, and Strike has failed to remedy the breach within five Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;
- (b) a majority of the Talon Directors:
  - (i) fail to recommend the Scheme in a manner described in clause 7.1 (including for the avoidance of doubt, whether or not Talon has used reasonable endeavours to procure the recommendation);
  - (ii) withdraw, adversely change, adversely modify or adversely qualify their support of the Scheme or their recommendation that Shareholders vote in favour of the Scheme in the manner described in clause 7.2; or
  - (iii) make a public statement indicating that they no longer recommend, endorse or support the Transaction or they recommend, endorse or support another transaction (including any Competing Proposal) but excluding a statement that no action should be taken by Shareholders pending the assessment of a



Competing Proposal by the Talon Board or the completion of the matching right process set out in clauses 11.9 to 11.11 in accordance with this deed,

other than in respect to a failure to recommend or withdrawal of a recommendation due to a Government Agency of competent jurisdiction requirement that a Talon Director abstains from making a recommendation.

**Conditions not satisfied**

- 14.3 Either party may terminate this deed by giving notice in writing to the other party if:
- (a) it is entitled to do so under clause 3.9; and
  - (b) the terminating party has complied in all material respects with its obligations under clause 3.2.

**Scheme Resolution not passed**

- 14.4 Either party may terminate this deed by giving notice in writing to the other party if:
- (a) the Scheme Meeting is held but the Scheme Resolution is not passed and, if the Scheme Resolution is not passed by reason only of non-satisfaction of the Headcount Test, either:
    - (i) the period referred to in clause 5.17 has passed without either party giving notice requiring application to the Court to be made under section 411(4)(a)(ii)(A) of the Corporations Act; or
    - (ii) an application is made under section 411(4)(a)(ii)(A) of the Corporations Act but the Court refuses to make an order under that section; and
  - (b) the terminating party has complied in all material respects with its obligations under this deed.

**Court determines not to approve the Scheme**

- 14.5 Either party may terminate this deed by giving notice in writing to the other party if the Court determines not to approve the Scheme at the Second Court Date and the terminating party has complied in all material respects with its obligations under this deed including complying with the procedure set out in clause 5.16 .

**End Date**

- 14.6 Either party may terminate this deed by giving notice in writing to the other party if the Scheme has not become Effective by the End Date and, if at that time any of the Conditions has not been satisfied, the terminating party has complied with its obligations under clause 3.8(c).

**Payment of Break Fee**

- 14.7 The parties acknowledge that payment of the Break Fee is not a pre-condition to termination of this Deed by Talon in accordance with this clause 13, however, any obligation on Talon to pay any Break Fee required to be paid by it in accordance with clause 12 shall survive termination.

**Effect of termination**

- 14.8 If this deed is terminated under this clause 13 then:

- (a) except as provided in clause 14.8(c), all the provisions of this deed cease to have effect and each party is released from its obligations to further perform this deed;
- (b) each party retains all rights that it has against each other party in respect of any breach of this deed occurring before termination; and
- (c) the provisions of, and the rights and obligations of each party under, this clause 13 and each of the Surviving Clauses survive termination of this deed.

## **15 Announcements**

### **Initial announcement**

- 15.1 As soon as reasonably practicable after this deed is signed Strike must issue an announcement in the form attached at Appendix 3.
- 15.2 As soon as reasonably practicable after this deed is signed Talon must issue an announcement in the form attached at Appendix 4.

### **Other announcements**

- 15.3 Each party must not make, and must procure that its Representatives do not make, any public announcement concerning the Scheme or the subject matter of this deed other than:
  - (a) the announcement referred to in clause 15.1;
  - (b) with the written consent of the other party, which must not be unreasonably withheld or delayed; or
  - (c) if required by law, any court of competent jurisdiction, any Government Agency or the rules of ASX, but if either party is so required to make any announcement, it must promptly notify the other party, where practicable and lawful to do so, before the announcement is made and must co-operate with the other party regarding the timing and content of such announcement or any action which the other party may reasonably elect to take to challenge the validity of such requirement.

## **16 Confidentiality**

- 16.1 Subject to clause 16.2, each party must:
  - (a) use the Confidential Information only in respect to satisfaction of its obligations under this deed and in respect to implementation of the Scheme;
  - (b) keep the Confidential Information confidential and not disclose it or allow it to be Disclosed to any person, except the other party, and its Related Entities; and
  - (c) take or cause to be taken reasonable precautions necessary to maintain the secrecy and confidentiality of the Confidential Information.
- 16.2 A party may disclose Confidential Information:
  - (a) with the prior written approval of the other party;
  - (b) to a Related Entity or any other Representative who owes a professional responsibility of confidentiality to that party, in each case on a confidential basis who

have a need to know (and only to the extent that each has a need to know) and are aware that the Confidential Information must be kept confidential;

- (c) that is disclosed to a party, but at the time of disclosure is rightfully known to or in the possession or control of the party and not subject to an obligation of confidentiality on the party;
- (d) that is public knowledge (except because of a breach of this deed or any other obligation of confidence); or
- (e) to the extent that it is required to be disclosed in accordance with a legal obligation imposed on a party in respect of the public disclosure of information required by:
  - (i) any Governmental Agency;
  - (ii) the applicable rules of any stock exchange; or
  - (iii) any law or regulation.

16.3 The confidentiality obligations in clause 16.1 will continue for 12 months and survive the earlier termination of this deed.

16.4 During the period from the date of this Deed until the End Date, Strike must not (and must ensure that each other member of the Strike Group does not) directly or indirectly:

- (a) acquire or dispose of, or offer to acquire or dispose of, or invite or solicit the sale or purchase of, any Talon Shares or a relevant interest in any Talon Shares or any right or option in respect of any Talon Shares;
- (b) enter into any agreement, arrangement or understanding that would involve the conferring of rights on Strike or any other member of the Strike Group, the economic effect of which is equivalent, or substantially equivalent, to Strike or such other member of the Strike Group (as the case may be) acquiring, holding or disposing of Talon Shares or a relevant interest in Talon Shares (including any cash-settled equity swap or similar derivative relating to any Talon Shares);
- (c) aid, abet, counsel, solicit, encourage or induce any other person to do any of the things referred to in clause 16.4(a) or 16.4(b),

other than:

- (d) with the prior written consent of Talon;
- (e) other than where the relevant change, qualification or withdrawal is permitted under clause 7.2(a) or clause 7.2(b), any acquisition of Talon Shares by any member of Strike Group after any Talon Director changes, qualifies or withdraws their recommendation that Scheme Shareholders vote in favour of the Scheme described in clause 7 (including for the avoidance of doubt, whether or not Talon has used reasonable endeavours to procure the recommendation);
- (f) any acquisition of Talon Shares pursuant to a takeover bid made by any member of Strike Group for all of the Talon Shares following a public announcement of a recommendation by the Talon Board of a Competing Proposal; or
- (g) any acquisition of Talon Shares pursuant to a takeover bid made by any member of Strike Group for all of the Talon Shares following a public announcement of a Competing Proposal by a Talon or a Third Party where that Third Party (whether alone or together with other persons or group of persons acting jointly or in concert)

has acquired or has obtained the right to acquire, directly or indirectly, voting power (as that term is defined in the Corporations Act) of 5% or more of the Talon Shares.

## 17 Payments

### Manner of payments

- 17.1 Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), each payment to be made under this deed must be made in Australian Dollars by transfer of the relevant amount into the relevant account on or before the date on which the payment is due and in immediately available funds. The relevant account for a given payment is the account that the party due to receive the payment specifies, not less than three Business Days before the date on which payment is due, by giving notice to the party due to make the payment.

### Default interest

- 17.2 If a party defaults in making any payment when due of any sum payable under this deed, it must pay interest on that sum from (and including) the date on which payment is due until (but excluding) the date of actual payment (after as well as before judgment) at an annual rate of 3% above the Reference Rate on that sum, which interest accrues from day to day and must be compounded monthly.

### Withholding

- 17.3 If Strike is required by Subdivision 14-D of Schedule 1 of the TAA (**Subdivision 14-D**) to pay any amounts to the Commissioner in respect of the acquisition of Scheme Shares from certain Scheme Shareholders, Strike is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Shareholders, and remit such amounts to the Commissioner. The aggregate sum payable to Scheme Shareholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Shareholders shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Shareholders.
- 17.4 For the purposes of clause 17.3, Strike may:
- (a) treat those Scheme Shareholders as Ineligible Foreign Shareholders for the purposes of the Scheme (if they are not already treated as such); and
  - (b) deduct the relevant amounts from those Scheme Shareholders' proportion of the net proceeds of sale referred to in clause 4.11 and remit the amounts deducted to the Commissioner.
- 17.5 Strike acknowledges and agrees that it will not deduct any amounts from the payment of the Scheme Consideration or pay any amounts to the Commissioner under clause 17.3 with respect to a Scheme Shareholder where Strike:
- (a) receives a Scheme Shareholder Declaration from the Scheme Shareholder prior to the Implementation Date and does not know that the Scheme Shareholder Declaration is false; or
  - (b) receives a Nil Variation Notice prior to the Implementation Date.
- 17.6 Talon agrees Strike may approach the ATO to obtain clarification as to the application of Subdivision 14-D to the Scheme and will provide all information and assistance Strike reasonably requires in making any such approach. Strike agrees:

- (a) to provide Talon a reasonable opportunity to review the form and content of all materials to be provided to the ATO, and must incorporate Talon's reasonable comments on those materials, and more generally to take into account Talon's comments in relation to Strike's engagement with the ATO, and provide Talon a reasonable opportunity to participate in any discussions and correspondence between Strike and the ATO in connection with the application of Subdivision 14-D to the Transaction; and
  - (b) not to contact any Scheme Shareholders in connection with the application of Subdivision 14-D to the Scheme without Talon's prior written consent.
- 17.7 The parties agree to consult in good faith as to the application of Subdivision 14-D, including taking into account any clarification provided by the ATO following any process described in clause 17.6.

## **18 Goods and Services Tax**

### **Interpretation**

- 18.1 Words and expressions that are defined in the GST Law have the same meaning when used in this clause 18. For the purposes of this clause 18, references to GST payable and input tax credit entitlements of any entity include GST payable by, and the input tax credit entitlements of, the representative member of the GST group of which the entity is a member.

### **Scheme Consideration exclusive of GST**

- 18.2 Except as otherwise expressly provided in this deed, all amounts payable or consideration to be provided under or in connection with this deed are exclusive of GST.

### **Payment of GST**

- 18.3 If GST is payable on any supply made under or in connection with this deed the recipient must pay to the party that has made or will make the supply, in addition to the GST Exclusive Scheme Consideration, an additional amount equal to the GST payable on that supply when the additional amount must be paid without set-off, demand or deduction, at the same time and in the same manner as any GST Exclusive Scheme Consideration for that supply is required to be paid, except that the recipient is not required to pay such additional amount unless and until the supplier has issued a tax invoice under clause 18.4.

### **Tax invoice**

- 18.4 For any supply to which clause 18.3 applies, the supplier must issue a tax invoice which complies with the GST Law.

### **Adjustments**

- 18.5 If any adjustment event occurs in respect of a supply to which clause 18.3 applies:
- (a) the additional amount paid or payable by the recipient must be recalculated, taking into account any previous adjustments under this clause 18.5, to reflect the occurrence of that adjustment event and the supplier or the recipient, as the case requires, must pay to the other the amount required to reflect the recalculation of the additional amount; and
  - (b) the supplier must provide an adjustment note to the recipient as soon as practicable after the supplier becomes aware of the occurrence of that adjustment event.

## **Input tax credits**

- 18.6 Notwithstanding any other provision of this deed, if an amount payable under or in connection with this deed is calculated by reference to any loss, damage, cost, expense, charges or other liability incurred or suffered by a party, then the amount payable must be reduced by the amount of any input tax credit to which that entity is entitled in respect of the acquisition of any supply to which the loss, damage, cost, expense, charge or other liability relates.

## **19 Notices**

### **Manner of giving notice**

- 19.1 Any notice or other communication to be given under this deed must be in writing (which includes email) and may be delivered or sent by post or email to the party to be served as follows:

- (a) to Talon at the address or email address detailed in the 'Parties' section; with copy to Charles.Ashton@allens.com.au; and
- (b) to Strike at the address or email address detailed in the 'Parties' section, with copy to james.nicholls@dlapiper.com,

or at any such other address or email address notified for this purpose to the other parties under this clause. Any notice or other communication sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).

### **When notice given**

- 19.2 Any notice or other communication is deemed to have been given:

- (a) if delivered, on the date of delivery; or
- (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another); or
- (c) if sent by email, upon the generation of a receipt notice by the recipient's server or, if such notice is not so generated, upon delivery to the recipient's server,

but if the notice or other communication would otherwise be taken to be received after 5.00 pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00 am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

### **Proof of service**

- 19.3 In proving service of a notice or other communication, it is sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted either by prepaid post or by prepaid airmail, or that the email was properly addressed and transmitted by the sender's server into the network and there was no apparent error in the operation of the sender's email system, as the case may be.

### **Documents relating to legal proceedings**

- 19.4 This clause 19 does not apply in relation to the service of any Claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this deed.

## **20 General**

### **Amendments**

- 20.1 This deed may only be amended in writing and where such amendment is signed by all the parties.

### **Assignments**

- 20.2 None of the rights or obligations of a party under this deed may be assigned or transferred without the prior written consent of the other party.

### **No partnership or joint venture**

- 20.3 Subject to the terms of this deed, the business of each party will continue to operate independently from the other until the Implementation Date. The parties agree that nothing in this document constitutes the relationship of a partnership or a joint venture between the parties.

### **Consents and approvals**

- 20.4 Except as otherwise expressly provided in this deed a party may give or withhold its consent to or approval of any matter referred to in this deed in its absolute discretion and may give such consent or approval conditionally or unconditionally. A party that gives its consent to or approval of any matter referred to in this deed is not taken to have made any warranty or representation as to any matter or circumstance connected with the subject matter of that consent or approval.

### **Costs**

- 20.5 Except as otherwise expressly provided in this deed, each party must pay the costs and expenses incurred by it in connection with entering into and performing its obligations under this deed, the Scheme and the Deed Poll.

### **Duty**

- 20.6 Subject to clause 20.7, Strike is liable for and must pay all Duty on or relating to this deed, the Scheme and any transfer of the Scheme Shares.
- 20.7 Strike is not liable for any Tax or Duty on or relating to the Demerger.

### **No Third Party beneficiary**

- 20.8 This deed shall be binding on and inure solely to the benefit of each party to it and each of their respective permitted successors and assigns, and nothing in this deed is intended to or shall confer any benefit on any other person, other than as set out in clauses 4.3, 10.2, 10.4 and 10.10.

### **Entire agreement**

- 20.9 This deed contains the entire agreement between the parties relating to the Transaction and supersedes all previous agreements, whether oral or in writing, between the parties relating to the Transaction.

### **Execution in counterparts**

- 20.10 This deed may be executed in counterparts, which taken together must constitute one and the same agreement, and any party (including any duly authorised representative of a party) may enter into this deed by executing a counterpart. PDF signatures are taken to be valid and binding to the same extent as original signatures.

### **Exercise and waiver of rights**

- 20.11 The rights of each party under this deed:
- (a) may be exercised as often as necessary;
  - (b) except as otherwise expressly provided by this deed, are cumulative and not exclusive of rights and remedies provided by law; and
  - (c) may be waived only in writing and specifically,
- and delay in exercising or non-exercise of any such right is not a waiver of that right.

### **Further assurance**

- 20.12 Each party undertakes, at the request, cost and expense of the other party, to sign all documents and to do all other acts, which may be necessary to give full effect to this deed.

### **No merger**

- 20.13 Each of the obligations, warranties any undertakings set out in this deed (excluding any obligation which is fully performed at the Implementation Date) must continue in force after the Implementation Date.

### **No reliance**

- 20.14 Each party acknowledges that in agreeing to enter into this deed it has not relied on any express or implied representation, warranty, collateral contract or other assurance made by or on behalf of the other party before the entering into of this deed. To the maximum extent permitted by law, each party waives all rights and remedies which, but for this clause 20.14 might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance including all rights and remedies under Part 7.10 of the Corporations Act, Part 2 Division 2 of the *Australian Securities and Investments Act 2001*(Cth), section 18, Schedule 2 (Australian Consumer Law) of the *Competition and Consumer Act 2010* (Cth) or any corresponding or equivalent provision of any legislation having effect in any relevant jurisdiction.

### **Severability**

- 20.15 The provisions contained in each clause of this deed are enforceable independently of each other clause of this deed and the validity and enforceability of any clause of this deed will not be affected by the invalidity or unenforceability of any other clause.



## **21 Governing Law and Jurisdiction**

### **Governing law**

- 21.1 This deed and any non-contractual obligations arising out of or in connection with it is governed by the law applying in Western Australia.

### **Jurisdiction**

- 21.2 The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this deed) and each party irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

# Schedule 1 Talon Threshold Events

## Part 1 Talon Material Adverse Change

**Talon Material Adverse Change** means any matter, event, change in condition, circumstances, information or thing (**Talon Change**) which occurs, is announced or becomes known to Strike (whether or not in the public domain) that, either individually or when aggregated with all such Talon Changes:

- 1 diminishes or could reasonably be expected to diminish the consolidated net assets of the Talon Group by 10% or more (by reference to the consolidated net assets contained in Talon's financial statements for the half year ended 30 December 2022); or
- 2 has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities or financial or trading position of the Talon Group taken as a whole;

other than any Talon Change that arises from or in connection with:

- 3 the announcement of the execution of this deed (including the proposed Demerger), required or expressly permitted by this deed and of the Transaction or the Demerger Documents contemplated by it;
- 4 facts and circumstances that Talon has Disclosed in an announcement made to the ASX in the two years prior to the date of this deed;
- 5 facts and circumstances that Talon has Disclosed in the Talon Disclosure Materials;
- 6 facts and circumstances Disclosed in the Budget;
- 7 the implementation of the Demerger in accordance with this deed and the Demerger Documents;
- 8 any facts, circumstances or changes that are the result, directly or indirectly from the actions (or omissions to act) of Strike or a member of the Strike Group, other than in circumstances where Talon is in material breach of this deed unless such material breach resulted, directly or indirectly, from the actions (or omissions to act) of Strike or a member of the Strike Group;
- 9 any change on or after the date of this deed in:
  - 9.1 Australian or international economic conditions, credit markets, or capital markets (including changes in interest rates);
  - 9.2 the industry in which Talon operates;
  - 9.3 laws (including any statute, ordinance, rule, regulation, the common law and equitable principles) or the interpretation, application or non-application of any laws by any Government Agency; or
  - 9.4 Accounting Standards;
- 10 any war, act of terrorism, civil unrest or similar event occurring on or after the date of this deed;
- 11 any act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, adverse weather conditions occurring on or after the date of this deed;

- 12 the exercise by any party of its express rights, or the discharge by any party of its express obligations, under this deed; or
- 13 any action, or failure to take action, by Talon with the approval or consent of, or at the request of Strike,

provided that, in the case of exceptions in paragraphs 9, 10 and 11 above, such Talon Change does not affect Talon in a manner that is materially disproportionate to the effect on other companies of a similar size operating in the same industry as Talon and, for the avoidance of doubt, in the event Talon is affected materially disproportionately by such Talon Change, the financial impact of such Talon Change will be taken into account for the purposes of this definition only to the extent that the financial impact on Talon is in excess of the proportionate financial impact of the Talon Change on other companies of a similar size operating in the same industry as Talon.

## Part 2 Talon Prescribed Occurrences

- 1 Talon converts all or any of its shares into a larger or smaller number of shares.
- 2 Other than as required for the Demerger, Talon or a Related Entity resolves to reduce its share capital in any way.
- 3 Talon or a Related Entity enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act.
- 4 Other than as required for the Demerger or permitted by the terms of this deed, Talon or a Related Entity:
  - 4.1 issues shares or agrees to issue shares (other than an issue of Talon Shares pursuant to the conversion of convertible securities or the exercise of options where the existence of those convertible securities or options has been disclosed to Strike or the ASX before the date of this deed); or
  - 4.2 grants an option over its shares or agrees to grant an option over its shares.
- 5 Talon or a Related Entity issues, or agrees to issue, convertible notes or any other securities convertible into shares or other financial products.
- 6 Talon or a Related Entity resolves to be wound up.
- 7 A liquidator or provisional liquidator of Talon or of a Related Entity is appointed.
- 8 A court makes an order for the winding up of Talon or of a Related Entity.
- 9 An administrator of Talon, or of a Related Entity, is appointed under section 436A, 436B or 436C.
- 10 Talon or a Related Entity executes a deed of company arrangement.
- 11 A receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Talon or of a Related Entity.

## Part 3 Talon Regulated Events

- 1 Other than as expressly contemplated by this deed, any member of the Talon Group agrees to accelerate the rights of any person to receive any benefit under any employee incentive plan, vary any employee incentive plan or introduce a new employee incentive plan.

- 2 Other than as expressly contemplated by this deed in relation to the Demerger, any member of the Talon Group announces, declares or determines to pay any dividend or announces or makes any other Distribution (whether in cash or in specie) to its members.
- 3 Other than as required for the Demerger, any member of the Talon Group:
  - 3.1 acquires or disposes of any shares or other securities in any body corporate or any units in any trust;
  - 3.2 acquires substantially all of the assets of any business;
  - 3.3 disposes of, or agrees to dispose of or licences, the whole, or a substantial part of its business or property, or
  - 3.4 exercises or waives any pre-emptive rights or rights of first or last refusal in respect of any undertaking, entity, asset or business (or such interest in an undertaking, entity, asset or business) held by another person.
- 4 Any member of the Talon Group agrees to waive or adversely vary in a material respect any material rights under, extend any material date under, or terminate any Material Contract.
- 5 Any member of the Talon Group enters into or agrees to enter into any agreement, contract, or other arrangement or instrument, which either alone or together impose obligations or liabilities on any member of the Talon Group of at least \$100,000 in aggregate.
- 6 Any member of the Talon Group incurs or agrees to incur capital expenditure in excess of \$100,000 in aggregate.
- 7 Any member of the Talon Group loans money or provides financial accommodation (which includes the giving of a guarantee of, or security for, or indemnity in connection with the obligations of any person or any undertaking to pay) to Talon Mongolia.
- 8 Any member of the Talon Group (other than a member of the Talon Mongolia Group) forgives any loans given in favour of any other person (including, to avoid doubt, any member of the Talon Mongolia Group).
- 9 Any member of the Talon Group increasing the aggregate level of its borrowings by any amount or entering into any swap, option, futures contract, forward commitment or other derivative transaction.
- 10 Any member of the Talon Group commencing business activities not already carried out as at the date of this deed, whether by way of acquisition or otherwise other than in the ordinary course of business.
- 11 Any member of the Talon Group enters into, or resolves to enter into, a transaction (including an agreement to forego or extinguish any rights) with any related party of Talon (other than a related party which is a member of the Talon Group), as defined in section 228 of the Corporations Act.
- 12 Any member of the Talon Group agrees to increase in any material respect the remuneration of, makes or offers to make any bonus payment, retention payment or termination payment to, or otherwise materially change the terms and conditions of employment of any Talon Director or any employee of any member of the Talon Group, other than in respect of an annual salary review in the ordinary course of business.
- 13 Any member of the Talon Group makes or agrees to make any award or any certified agreement, enterprise agreement, workplace agreement or other collective agreement.

- 14 Any member of the Talon Group commences, compromises or settles any litigation or similar proceeding.
- 15 Any member of the Talon Group gives any guarantee of, or security for, or indemnity in connection with the obligations of any person other than a member of the Talon Group.
- 16 Any member of the Talon Group changes its constitution or proposes to pass any resolution of shareholders or any class of shareholders.
- 17 Any member of the Talon Group changes in any material respect the accounting procedures, principles or practices of any member of the Talon Group.
- 18 Any member of the Talon Group fails to comply in all material respects with all laws and regulations applicable to its business or does or omits to do anything which might result in the termination, revocation, suspension, modification or non-renewal of any Authorisation held by it.
- 19 Any member of the Talon Group varies or waives its rights in any materially adverse respect, or terminates, cancels, surrenders, forfeits or allows to lapse or expire (without renewal on terms and conditions that are no less favourable to the Talon Group) any material licence, lease or authorisation (including a material petroleum licence) (or a number of licences, leases or authorisations (including petroleum licences) which, when taken together, are material to the conduct of the business of the Talon Group as a whole).
- 20 Any member of the Talon Group enters into any production sharing contract or production sharing agreement or other similar concession for the exploration, appraisal, development and/or production of petroleum.
- 21 Any member of the Talon Group postpones the payment of trade creditors or accelerates the collection of trade debtors, in each case having regard to the policies applied for such payment and collection in the 12 months prior to the date of this deed other than in the ordinary course of business.
- 22 Any member of the Talon Group amends or agrees to amend in any material respect any arrangement with its advisers in place at the date of this deed or enters into arrangements with any new advisers.
- 23 Any member of the Talon Group grants, or agrees to grant, a security interest (within the meaning of section 51A of the Corporations Act) in the whole, or a substantial part of, its business or property.

## Schedule 2 Strike Threshold Events

### Part 1 Strike Material Adverse Change

**Strike Material Adverse Change** means any matter, event, change in condition, circumstances, information or thing (**Strike Change**) which occurs, is announced or becomes known to Strike (whether or not in the public domain) that, either individually or when aggregated with all such Strike Changes:

- 1 diminishes or could reasonably be expected to diminish the consolidated net assets of the Strike Group by 15% or more (by reference to the consolidated net assets contained in Strike's financial statements for the half year ended 30 December 2022);
- 2 has or could reasonably be expected to have a material adverse effect on the business, assets, liabilities or financial or trading position, of the Strike Group taken as a whole; or

other than any Strike Change that arises from or in connection with:

- 3 the announcement of the execution of this deed, required or expressly permitted by this deed and of the Transaction contemplated by it;
- 4 facts and circumstances that Strike has Disclosed in an announcement made to the ASX in the two years prior to the date of this deed;
- 5 facts and circumstances that Strike has Disclosed in the Strike Disclosure Materials;
- 6 any facts, circumstances or changes that are the result, directly or indirectly of the actions (or omissions to act) of Talon or a member of the Talon Group, other than in circumstances where Strike is in material breach of this deed unless such material breach resulted, directly or indirectly, from the actions (or omissions to act) of Talon or a member of the Talon Group;
- 7 any change on or after the date of this deed in:
  - 7.1 Australian or international economic conditions, credit markets, or capital markets (including changes in interest rates);
  - 7.2 the industry in which Strike operates;
  - 7.3 laws (including any statute, ordinance, rule, regulation, the common law and equitable principles) or the interpretation, application or non-application of any laws by any Government Agency; or
  - 7.4 Accounting Standards;
- 8 any war, act of terrorism, civil unrest or similar event occurring on or after the date of this deed;
- 9 any act of God, lightning, storm, flood, fire, earthquake or explosion, cyclone, tidal wave, landslide, adverse weather conditions occurring on or after the date of this deed;
- 10 the exercise by any party of its express rights, or the discharge by any party of its express obligations, under this deed; or
- 11 any action, or failure to take action, by Strike with the approval or consent of, or at the request of Talon,

provided that, in the case of exceptions in paragraphs 7, 8 and 9 above, such Strike Change does not affect Strike in a manner that is materially disproportionate to the effect on other companies of a similar size operating in the same industry as Strike and, for the avoidance of doubt, in the event Strike is affected materially disproportionately by such Strike Change, the financial impact of such Strike Change will be taken into account for the purposes of this definition only to the extent that the financial impact on Strike is in excess of the proportionate financial impact of Strike Change on other companies of a similar size operating in the same industry as Strike.

## Part 2 Strike Prescribed Occurrences

- 1 Strike converts all or any of its shares into a larger or smaller number of shares, other than to give effect to the Scheme Consideration.
- 2 Any member of the Strike Group resolves to reduce its share capital in any way.
- 3 Any member of the Strike Group enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under the Corporations Act.
- 4 Any member of the Strike Group issues shares or grants an option or similar right over Strike Shares or agrees to make such an issue or grant such an option or similar right (other than an issue of Strike Shares pursuant to the conversion of convertible securities or the exercise of options where the existence of those convertible securities or options has been disclosed to ASX before the date of this deed).
- 5 Any member of the Strike Group issues, or agrees to issue, convertible notes or any other securities convertible into Strike Shares.
- 6 Any member of the Strike Group resolves to be wound up.
- 7 A liquidator or provisional liquidator of any member of the Strike Group is appointed.
- 8 A court makes an order for the winding up of any member of the Strike Group.
- 9 An administrator of any member of the Strike Group is appointed under section 436A, 436B or 436C of the Corporations Act.
- 10 Any member of the Strike Group executes a deed of company arrangement.
- 11 A receiver or a receiver and manager is appointed in relation to the whole or a substantial part of the property of any member of the Strike Group.

## Part 3 Strike Regulated Events

- 1 Any member of the Strike Group increasing the aggregate level of its borrowings by any amount or entering into any swap, option, futures contract, forward commitment or other derivative transaction.
- 2 Any member of the Strike Group (other than a wholly-owned subsidiary of Strike) announces, declares or determines to pay any dividend or announces or makes any other distribution (whether in cash or in specie) to its members.
- 3 Any member of the Strike Group disposes of, or agrees to dispose of, the whole, or a substantial part of its business or property.
- 4 Any member of the Strike Group commencing business activities not already carried out as at the date of this deed, whether by way of acquisition or otherwise.

- 5 Any member of the Strike Group enters into, or resolves to enter into, a transaction with any related party of Strike (other than a related party which is a member of the Strike Group), as defined in section 228 of the Corporations Act.
- 6 Any member of the Strike Group gives any guarantee of, or security for, or indemnity in connection with the obligations of any person other than a member of the Strike Group.
- 7 Any member of the Strike Group changes its constitution or propose to pass any resolution of shareholders or any class of shareholders.
- 8 Any member of the Strike Group changes in any material respect the accounting procedures, principles or practices of any member of the Strike Group.
- 9 Any member of the Strike Group fails to comply in all material respects with all laws and regulations applicable to its business or does or omits to do anything which might result in the termination, revocation, suspension, modification or non-renewal of any Authorisation held by it.
- 10 Any member of the Strike Group varies or waives its rights in any materially adverse respect, or terminates, cancels, surrenders, forfeits or allows to lapse or expire (without renewal on terms and conditions that are no less favourable to the Strike Group) any material licence, lease or authorisation (including a material petroleum licence) (or a number of licences, leases or authorisations (including petroleum licences) which, when taken together, are material to the conduct of the business of the Strike Group as a whole).
- 11 Any member of the Strike Group enters into any production sharing contract or production sharing agreement or other similar concession for the exploration, appraisal, development and/or production of petroleum.
- 12 Any member of the Strike Group grants, or agrees to grant, a security interest (within the meaning of section 51A of the Corporations Act) in the whole, or a substantial part of, its business or property.



## Schedule 3 Talon Warranties and Undertakings

### Part 1 Talon Warranties

- 1 Talon is a corporation validly existing under the laws of its place of incorporation.
- 2 Talon has the power to execute this deed and to perform its obligations under this deed and the Scheme and has taken all necessary corporate action to authorise such execution and the performance of such obligations.
- 3 Talon's obligations under this deed are legal, valid and binding obligations enforceable subject to and in accordance with their terms.
- 4 The execution by Talon of this deed and the performance of its obligations under this deed and the Scheme do not and will not conflict with or constitute a default under any provision of:
  - 4.1 its Constitution or the constitution of any other member of the Talon Group; or
  - 4.2 any law, order, judgment, award, injunction, decree, rule or regulation by which Talon or any member of the Talon Group is bound.
- 5 To the best of Talon's knowledge, the execution and delivery by Talon of this deed and implementation of the transactions contemplated by this deed will not trigger any change of control, unilateral termination rights or similar provisions in any Material Contract and in any Authorisations issued to any member of the Talon Group.
- 6 There is no Insolvency Event in effect in respect of a member of the Talon Group.
- 7 As at the date of this deed, Talon has filed with ASIC and ASX all documents required to be filed with ASIC or ASX including pursuant to ASX Listing Rule 3.1A, is not in breach of its continuous and periodic disclosure obligations under the Corporations Act and the ASX Listing Rules and is not relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from public disclosure and such documents are not misleading or deceptive and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated in it, except to the extent that such statements have been modified or superseded by a later document.
- 8 As at the date of this deed, Talon has only those securities on issue which are detailed in Part 1 of Schedule 5, and there are no other shares, options or other securities (including equity securities, debt securities or convertible securities) or performance rights or other instruments which are convertible into securities in Talon or any other member of the Talon Group nor has Talon or any other member of the Talon Group offered or agreed to issue any such shares, options or other securities or performance rights or other instruments to any Third Party:
- 9 As at the date of this deed, Talon has terminated all negotiations and discussions (other than with Strike and its Representatives) relating to any Competing Proposal.
- 10 Neither the entry into this deed or any transaction contemplated by this deed (other than the Demerger) will trigger any pre-emptive right in favour of a Third Party under any agreement that is material to the Talon Group.
- 11 Talon's financial statements for the financial year ended 30 June 2022 and financial half year ended 31 December 2022:
  - 11.1 give, in all material respects, a true and fair reflection of the Talon Group's financial position as of 30 June 2022 and 31 December 2022 and of Talon's performance for the period ending on the relevant date; and

- 11.2 comply with Australian Accounting Standards and the Corporations Regulations.
- 12 No member of the Talon Group has agreed to any material additional capital expenditure other than as disclosed to the ASX prior to the date of this deed or in connection with the Key Licences and their associated projects.
- 13 As at 30 June 2023, the Talon Group has \$9,153,974 available in cash and cash equivalents and \$309,444 is held in the Mongolian Project bank account on behalf of Talon Mongolia.
- 14 So far as Talon is aware, as at the date of this deed, there is no litigation, mediation or arbitration current or pending, nor is there any threatened litigation, mediation or arbitration, in each case which may materially affect the value of Talon or of the assets of the Talon Group.
- 15 So far as Talon is aware, as at the date of this deed, neither Talon, nor any of its subsidiaries:
- 15.1 is in default under any document, agreement or instrument binding on it or its assets; nor
- 15.2 has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect,
- in each case where such default, occurrence or event would result in a material adverse change to the Talon Group.
- 16 As at the date of this deed, Talon is not aware of any event or circumstance that would result in or is reasonably likely to result in:
- 16.1 in one or more of the Conditions becoming incapable of fulfilment; or
- 16.2 the Transaction not being implemented in accordance with the Timetable and the terms of this deed.
- 17 So far as Talon is aware, as at the date of this deed, Talon and its subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them.
- 18 There are no unpaid or outstanding claims or royalties (whether to a Government Agency or under a private treaty) or similar arrangements in respect of any asset outside of Australia.
- 19 The Talon Group has, and so far as Talon is aware, all material licences and permits necessary for it to conduct its activities as they are conducted as at the date of this deed.
- 20 There is no material Encumbrance over all or any of Talon's assets or revenues.
- 21 No member of the Talon Group nor any of its Representatives has directly or indirectly:
- 21.1 offered, promised, made or authorised, or agreed to offer, promise, make or authorise (or made attempts at doing any of the foregoing) any contribution, expense, payment or gift of funds, property or anything else of value to or for the use or benefit of any Government Official for the purpose of securing action or inaction or a decision of a Government Agency or a Government Official, influence over such action, inaction or decision, or any improper advantage; or
- 21.2 taken any action which is or would be otherwise inconsistent with or prohibited by the Anti-Corruption Laws as they apply to the Talon Group.

- 22 No member of the Talon Group nor any of its Representatives has directly or, so far as Talon is aware, indirectly, given or agreed to give any gift or similar benefit to any customer, supplier, Government Official or any other person that:
- 22.1 could be reasonably expected to subject a member of the Talon Group to any damage or penalty in any civil, criminal or governmental litigation or proceeding;
  - 22.2 if not given in the past, might have had a material effect on the Talon Group as a whole;
  - 22.3 has the intention of inducing a person to improperly perform a relevant function or activity (such as their work) or to reward a person for having improperly performed a relevant function or activity; or
  - 22.4 if not continued in the future, might have a material effect or that might subject a member of the Talon Group to suit or penalty in any private or governmental litigation or proceeding.
- 23 The Talon Group maintains a system or systems of internal controls reasonably designed to:
- 23.1 ensure compliance with the Anti-Corruption Laws applicable to the Talon Group; and
  - 23.2 prevent and detect violations of the Anti-Corruption Laws as applicable to the Talon Group.
- 24 The Talon Group does not hold any material assets or have any material liabilities outside of Australia and Mongolia.
- 25 At 8.00am on the Second Court Date, all fees and reimbursements and similar payments to all financial advisers engaged by a member of the Talon Group arising as a consequence or in connection with the Transaction are equal to no more than the Financial Adviser Fee Cap.

## Part 2 Talon Undertakings

- 1 Talon will:
- 1.1 ensure that the Talon Information is prepared in good faith and on the understanding that each of Strike Indemnified Persons will rely on that information for the purposes of considering and approving Strike Information in the Scheme Booklet;
  - 1.2 take reasonable steps to ensure that the Talon Information complies with the Corporations Act and all other applicable laws, Regulatory Guides and the ASX Listing Rules; and
  - 1.3 in the form and context in which it appears in the Scheme Booklet, take reasonable steps to ensure that the Talon Information is true and correct in all material respects and is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date the Scheme Booklet is sent to Shareholders.
- 2 Talon will provide to Shareholders and Strike all new information of which it becomes aware after the Scheme Booklet has been sent to Shareholders and before the date of the Scheme Meeting which is necessary to ensure that the Talon Information, in the form and context in which it appears in the version of the Scheme Booklet sent to Shareholders, is not misleading or deceptive in any material respect (whether by omission or otherwise).
- 3 All information provided by or on behalf of Talon to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report for inclusion in the

Scheme Booklet, will be true and correct in all material respects and will not be misleading or deceptive in any material respect (whether by omission or otherwise).

## Schedule 4 Strike Warranties and Undertakings

### Part 1 Strike Warranties

- 1 Strike is a corporation validly existing under the laws of its place of incorporation.
- 2 Strike has the power to execute and deliver and to perform its obligations under this deed and the Deed Poll and has taken all necessary corporate action to authorise such execution and delivery and the performance of such obligations.
- 3 The obligations of Strike under this deed are, and the obligations of Strike under the Deed Poll will, on execution of the Deed Poll be, legal, valid and binding obligations enforceable subject to and in accordance with their terms.
- 4 The execution and delivery by Strike of this deed and the execution and delivery by Strike of the Deed Poll as well as the performance of its obligations under this deed and the Deed Poll do not and will not conflict with or constitute a default under any provision of:
  - 4.1 the constitution of Strike or any other member of the Strike Group; or
  - 4.2 any law, order, judgment, award, injunction, decree, rule or regulation by which Strike is bound.
- 5 To the best of Strike's knowledge, the execution and delivery by Strike of this deed, execution and delivery by Strike of the Deed Poll and implementation of the transactions contemplated by this deed will not trigger any change of control, unilateral termination rights or similar provisions in any material contract of the Strike Group and in any Authorisations issued to any member of the Strike Group.
- 6 There is no Insolvency Event in effect in respect of a member of the Strike Group.
- 7 As at the date of this deed, Strike has filed with ASIC and ASX all documents required to be filed with ASIC or ASX including pursuant to ASX Listing Rule 3.1A, is not in breach of its continuous and periodic disclosure obligations under the Corporations Act and the ASX Listing Rules and is not relying on the carve-out in ASX Listing Rule 3.1A to withhold any information from public disclosure and such documents are not misleading or deceptive and do not contain any untrue statement of a material fact or omit to state a material fact required to be stated in it, except to the extent that such statements have been modified or superseded by a later document.
- 8 As at the date of this deed, Strike has only those securities on issue which are detailed in Part 2 of Schedule 5, and there are no other shares, options or other securities (including equity securities, debt securities or convertible securities) or performance rights or other instruments which are convertible into securities in Strike or any other member of the Strike Group nor has Strike or any other member of the Strike Group offered or agreed to issue any such shares, options or other securities or performance rights or other instruments to any Third Party.
- 9 Strike's financial statements for the financial year ended 30 June 2022 and the financial half year ended 31 December 2022:
  - 9.1 are, in all material respects, a true and fair reflection of Strike's financial position as of 30 June 2022 and 31 December 2022 and of Strike's performance during the relevant period; and
  - 9.2 comply with Australian Accounting Standards and the Corporations Regulations.

- 10 No member of the Strike Group has agreed to any material additional capital expenditure other than as disclosed to the ASX prior to the date of this deed or in connection with the Key Licences and their associated projects.
- 11 As at the date of this deed, Strike is not aware of any event or circumstance that would result in or is reasonably likely to result in:
- 11.1 in one or more of the Conditions becoming incapable of fulfilment; or
- 11.2 the Transaction not being implemented in accordance with the Timetable and the terms of this deed.
- 12 So far as Strike is aware, as at the date of this deed, there is no litigation, mediation or arbitration current or pending, nor is there any threatened litigation, mediation or arbitration, in each case which may materially affect the value of Strike or of the assets of the Strike Group.
- 13 So far as Strike is aware, as at the date of this deed, Strike and its subsidiaries have complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign governmental agencies having jurisdiction over them.
- 14 So far as Strike is aware, as at the date of this deed, neither Strike, nor any of its subsidiaries:
- 14.1 is in default under any document, agreement or instrument binding on it or its assets; nor
- 14.2 has anything occurred which is or would with the giving of notice or lapse of time constitute an event of default, prepayment event or similar event or give another party thereto a termination right or right to accelerate any right or obligation, under any such document or agreement with such an effect,
- in each case where such default, occurrence or event would result in a material adverse change to the Strike Group.
- 15 No member of the Strike Group nor any of its Representatives has directly or, so far as Strike is aware, indirectly, given or agreed to give any gift or similar benefit to any customer, supplier, Government Official or any other person that:
- 15.1 could be reasonably expected to subject a member of the Strike Group to any damage or penalty in any civil, criminal or governmental litigation or proceeding;
- 15.2 if not given in the past, might have had a material effect on the Strike Group as a whole;
- 15.3 has the intention of inducing a person to improperly perform a relevant function or activity (such as their work) or to reward a person for having improperly performed a relevant function or activity; or
- 15.4 if not continued in the future, might have a material effect or that might subject a member of the Strike Group to suit or penalty in any private or governmental litigation or proceeding.
- 16 The Strike Group maintains a system or systems of internal controls reasonably designed to:
- 16.1 ensure compliance with the Anti-Corruption Laws applicable to the Strike Group; and
- 16.2 prevent and detect violations of the Anti-Corruption Laws as applicable to the Strike Group.

## Part 2 Strike Undertakings

- 17 Strike will:
- 17.1 ensure that Strike Information is prepared in good faith and on the understanding that each of the Talon Indemnified Persons will rely on that information to prepare the Scheme Booklet and to propose and implement the Scheme in accordance with the Corporations Act;
  - 17.2 take reasonable steps to ensure that the Strike Information complies with the Corporations Act and all other applicable laws, Regulatory Guides and the ASX Listing Rules; and
  - 17.3 in the form and context in which it appears in the Scheme Booklet, take reasonable steps to ensure that the Strike Information is true and correct in all material respects and is not misleading or deceptive in any material respect (whether by omission or otherwise) as at the date the Scheme Booklet is sent to Shareholders.
- 18 Strike will provide to Talon all new information of which it becomes aware after the Scheme Booklet has been sent to Shareholders and before the date of the Scheme Meeting which is necessary to ensure that the Strike Information, in the form and context in which that information appears in the version of the Scheme Booklet sent to Shareholders, is not misleading or deceptive in any material respect (whether by omission or otherwise).
- 19 All information provided by or on behalf of Strike to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely upon that information for the purpose of preparing the Independent Expert's Report for inclusion in the Scheme Booklet, will be true and correct in all material respects and will not be misleading or deceptive in any material respect (whether by omission or otherwise).

## Schedule 5 Talon and Strike Issued Capital

### Part 1 Talon Issued Capital

Class	Number
Talon Shares	627,485,393
Talon Options expiring 5 May 2025 with an exercise price of \$0.20	5,000,000
Talon Options expiring 4 July 2024 with an exercise price of \$0.20	2,000,000
Talon Options expiring 28 February 2024 with an exercise price of \$0.12	10,950,000
Talon Options expiring 12 June 2028 with an exercise price of \$0.26	2,000,000
Talon Performance Rights	24,062,500

### Part 2 Strike Issued Capital

Class	Number
Strike Shares	2,531,551,718
Strike Options expiring 24 November 2025 with an exercise price of \$0.40	28,000,000
Strike Options expiring 22 December 2024 with an exercise price of \$0.317	20,700,000
Strike Options expiring 22 May 2025 with an exercise price of \$0.40	62,100,000
Class A Performance Shares	6
Class B Performance Shares	6
Performance Rights	16,137,550



## Schedule 6 Timetable

Event	Date
First Court Date	End of October 2023
Scheme Meeting	Early December 2023
<b>If the Scheme is approved by the requisite majority of Scheme Shareholders, the expected timetable for implementing the Scheme is:</b>	
Second Court Date	Mid December 2023
Effective Date	Mid December 2023
Suspension of trading of Talon Shares on ASX	Close of trading on Effective Date
Trading in New Strike Shares issued as Scheme Consideration to commence on a deferred settlement basis	Business Day after Effective Date
Record Date	7.00pm (Perth time) on two Business Days after Effective Date
Implementation Date	End of December 2023
Trading in New Strike Shares issued as Scheme Consideration to commence on a normal (T+2) basis	Implementation Date
Termination of official quotation of Talon Shares on ASX	5.00pm (Perth time) on the day after the Implementation Date (or otherwise determined by ASX)

# Signature page

**Executed** as a deed.

Executed by **Strike Energy Limited ACN 078 012 745** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:



Signature of director

Signature of director/company secretary

Stuart Nicholls  
.....  
Name of director (print)

Justin Ferravant  
.....  
Name of director/company secretary (print)

Executed by **Talon Energy Limited ACN 153 229 086** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

# Signature page

**Executed** as a deed.

Executed by **Strike Energy Limited ACN 078 012 745** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:

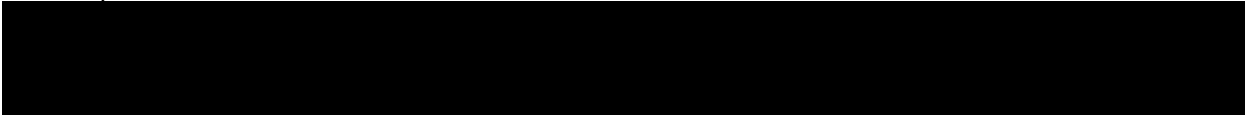
.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Executed by **Talon Energy Limited ACN 153 229 086** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:



Signature of director

Signature of director/company secretary

Colby Hauser  
.....  
Name of director (print)

Shannon Coates  
.....  
Name of director/company secretary (print)

## Appendix 1 Scheme

## Parties

Talon	
Name	Talon Energy Limited
ACN	153 229 086
Address	1202 Hay Street West Perth WA 6005
Email	colby.hauser@talonenergy.com.au and greg@discol.net
Attention	Colby Hauser and Greg Columbus

## Background

- A Talon has agreed in the Scheme Implementation Deed to propose this Scheme the effect of which will be that all Scheme Shares, and all rights and entitlements attaching to them as at the Implementation Date, will be transferred to Strike and Strike will provide or procure the provision of the Scheme Consideration to Scheme Shareholders.
- B Strike has executed the Deed Poll under which it has covenanted in favour of Scheme Shareholders to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders and to perform certain of its other obligations under the Scheme.

## Agreed terms

### 1 Definitions and interpretation

#### Definitions

1.1 In this deed:

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

**ASX Listing Rules** means the official listing rules of ASX as modified by any waiver instrument executed by ASX that applies to Talon.

**ASX** means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires.

**ATO** means the Australian Tax Office.

**Business Day** means any day that is each of the following:

- (a) a 'Business Day' within the meaning given in the ASX Listing Rules; and
- (b) on which banks are generally open in Perth, Australia for normal business (other than a Saturday, Sunday or public holiday).

**Cash Out Shareholder** means a Scheme Shareholder (not being an Ineligible Foreign Shareholder) who, based on their holding of Scheme Shares on the date of the Scheme Booklet, would, on implementation of the Scheme, be entitled to receive less than a marketable parcel of New Strike Shares (assessed by reference to the last traded price of Strike Shares on ASX on the trading day prior to the date of the Scheme Booklet).

**CHES** means the clearing house electronic sub-register system of share transfers operated by ASX Settlement and Transfer Corporation Pty Ltd.

**Commissioner** means the Federal Commissioner of Taxation of Australia.

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

**Court** means the Federal Court of Australia, Western Australian Division, or such other court of competent jurisdiction under the Corporations Act as Strike and Talon agree in writing.

**Deed Poll** means the deed poll to be entered into by Strike in favour of the Scheme Shareholders substantially in the form attached at Appendix 2 of the Scheme Implementation Deed or in such other form as the parties agree in writing.

**Duty** means any stamp, transaction or registration duty or similar charge imposed by any Government Agency and any penalty, fine, interest or additional charge payable in relation to any such duty or charge, but excludes any Tax.

**Effective Date** means the date the Scheme becomes Effective.

**Effective** means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

**Encumbrance** means any security interest (within the meaning of section 51A of the Corporations Act) and any option, right to acquire, right of pre-emption, assignment by way of security, trust arrangement for the purpose of providing security, retention arrangement or other security interest of any kind, and any agreement to create any of the foregoing.

**End Date** means the date that is 6 months after the date of the Scheme Implementation Deed, or such other date as Strike and Talon agree in writing.

**Excluded Shares** means any Talon Shares held by any person on behalf of or for the benefit of any member of the Strike Group.

**Government Agency** means any government, any department, officer or minister of any government and any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial agency, authority, board, commission, tribunal or entity whether in Australia or elsewhere and includes any self-regulatory organisation established under statute or any stock exchange.

**Implementation Date** means the date which is five Business Days after the Record Date, or such other date as Strike and Talon agree in writing.

**Ineligible Foreign Shareholder** means a Scheme Shareholder whose address as shown in the Register (as at the Record Date) is in a place which Strike reasonably determines is a place that it is unlawful or unduly onerous to issue that Scheme Shareholder with New Strike Shares when the Scheme becomes Effective (provided that a Scheme Shareholder whose address shown in the Register is within Australia and its external territories, Germany, United Kingdom and New Zealand will not be an Ineligible Foreign Shareholder).

**Issuer Sponsored Holding** has the meaning given in the Settlement Rules.

**New Strike Shares** means a fully paid ordinary share in the capital of Strike to be issued to Scheme Shareholders under the Scheme.

**Nominee** means the nominee appointed to sell the New Strike Shares that are to be issued under clause 5.4 of this Scheme.

**Operating Rules** means the official operating rules of ASX.

**Record Date** means 7.00pm on the date which is three Business Days after the Effective Date or such other time and date agreed to in writing between Talon and Strike.

**Registered Address** means in relation to a Shareholder, the address shown in the Talon Register as at the Record Date.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Talon and the Scheme Shareholders subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by the parties in writing.

**Scheme Consideration** means in respect of a Scheme Shareholder, 0.48 New Strike Shares for each Scheme Share held by that Scheme Shareholder.

**Scheme Implementation Deed** means the Scheme Implementation Deed dated 13 August 2023 between Strike and Talon.

**Scheme Meeting** means the meeting of Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.

**Scheme Shareholder** means a Shareholder as at the Record Date.

**Scheme Shareholder Declaration** means a declaration in accordance with the requirements of section 14-225 of Schedule 1 of the TAA that covers (at least) the Implementation Date.

**Scheme Shares** means all of the Talon Shares on issue at the Record Date other than Excluded Shares.

**Scheme Transfer** means a proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Strike as transferee, which may be a master transfer of all or part of the Scheme Shares.

**Second Court Date** means the first day on which the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

**Settlement Rules** means the ASX Settlement Operating Rules.

**Shareholder** means a person who is registered in the Talon Register as the holder of one or more Talon Shares from time to time.

**Strike** means Strike Energy Limited ACN 078 012 745.

**Strike Register** means the register of Strike Shares maintained by Strike or the Strike Registry in accordance with the Corporations Act.

**Strike Registry** means Boardroom Pty Limited.

**Strike Shares** means fully paid ordinary shares in the capital of Strike.

**TAA** means the *Taxation Administration Act 1953* (Cth).

**Tax** means a tax, levy, charge, impost, fee, or withholding any nature, including, without limitation, any goods and services tax, value added tax or consumption tax, payroll tax, fringe benefits tax, superannuation guarantee charge, pay as you go withholding which is assessed, levied, imposed or collected by a Government Agency, except where the context requires otherwise. This includes, but is not limited to, any interest, fine, penalty, charge, fee or other amount imposed in addition to those amounts, but excludes Duty.

**Talon Register** means the register of Talon Shares maintained by Talon or the Talon Registry in accordance with the Corporations Act.

**Talon Registry** means Computershare Investor Services Limited.

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

**Shareholder** means a person who is registered in the Talon Register as the holder of one or more Talon Shares from time to time.

### **Things required to be done other than on a Business Day**

- 1.2 Unless otherwise indicated, if the day on which any act, matter or thing is to be done under this document is a day other than a Business Day, that act, matter or thing must be done on or by the next Business Day.

### **Interpretation**

- 1.3 Sections 1.7 to 1.9 of the Scheme Implementation Deed apply to the interpretation of this Scheme, except that references to 'this deed' are to be read as references to 'this Scheme'.

## **2 Conditions Precedent**

### **Conditions precedent to the Scheme**

- 2.1 The Scheme is conditional on and will have no force or effect unless and until each of the following conditions precedent is satisfied:
- (a) as at 8.00am on the Second Court Date all the conditions set out in clause 3.1 of the Scheme Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(a) of the Scheme Implementation Deed) have been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;
  - (b) neither the Scheme Implementation Deed nor the Deed Poll have been terminated before 8.00am on the Second Court Date;
  - (c) the Court approves this Scheme pursuant to section 411(4)(b) of the Corporations Act, including with or without any modification made or required by the Court under section 411(6) of the Corporations Act and agreed to by Strike;
  - (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Strike have been satisfied or waived; and
  - (e) the orders of the Court made under section 411(4)(b) (and if applicable, section 411(6)) of the Corporations Act approving this Scheme have come into effect in accordance with section 411(10) of the Corporations Act on or before the End Date (or any later date as Talon and Strike agree in writing).



## **Certificates**

- 2.2 At the Court hearing on the Second Court Date each of Talon and Strike must provide to the Court a certificate in to form attached in Appendix 4 of the Scheme Implementation Deed, or such other evidence as the Court requests, confirming (in respect of the matters within their knowledge) whether or not the conditions set out in clause 2.1(a) and 2.1(b) have been satisfied or waived.
- 2.3 The certificates provided by Talon and Strike under clause 2.2 constitute conclusive evidence as to whether or not those conditions have been satisfied or waived.

## **Termination**

- 2.4 Without limiting any rights under the Scheme Implementation Deed, if one or both of the Scheme Implementation Deed or the Deed Poll is terminated in accordance with their respective terms before the Scheme becomes Effective, Talon is released from any further obligation to take steps to implement the Scheme and any liability with respect to the Scheme.

## **Deed Poll**

- 2.5 This Scheme attributes actions to Strike but does not itself impose an obligation on them to perform those actions. Strike has agreed, by executing the Deed Poll, to perform the actions attributed to them under this Scheme, including the provision or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

# **3 The Scheme**

## **Effective Date**

- 3.1 Subject to clause 3.3, the Scheme will take effect on and from the Effective Date.

## **Effect of the Scheme**

- 3.2 If the Scheme becomes Effective then:
- (a) all of the Scheme Shares (together with all rights and entitlements attaching to them as at the Implementation Date) will be transferred to Strike without the need for any further act by any Scheme Shareholder (other than acts performed by Talon as attorney and agent for Scheme Shareholders under clause 9.5) and Talon will enter Strike's name in the Talon Register as the holder of the Scheme Shares;
  - (b) the transfer of Scheme Shares will be taken to be effective on the Implementation Date;
  - (c) each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each Scheme Share registered in the name of that Scheme Shareholder as at the Record Date; and
  - (d) the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll.

## **End Date**

- 3.3 The Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date, or the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms, unless Talon and Strike otherwise agree in writing.

## **4 Implementation of the Scheme**

### **Lodgement of Court orders**

- 4.1 Talon undertakes to lodge with ASIC office copies of the Court orders made under section 411(4)(b) of the Corporations Act approving the Scheme as soon as practicable after such orders are made and in any event by 5.00pm on the first Business Day after those orders are made.

### **Transfer of Scheme Shares**

- 4.2 Subject to this Scheme becoming Effective, on the Implementation Date:
- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date must be transferred to Strike, without the need for any further act by any Scheme Shareholder (other than acts performed by Talon as attorney and agent for Scheme Shareholders under clause 9.5), by:
    - (i) Talon delivering to Strike a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Talon, for registration; and
    - (ii) Strike duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering to Talon for registration; and
  - (b) immediately after receipt of the Scheme Transfer in accordance with clause 4.2(a)(ii) (but subject to the stamping of the Scheme Transfer if required) Talon will procure that Strike's name is entered in the Talon Register as the holder of all the Scheme Shares transferred to Strike in accordance with this Scheme.

### **Beneficial entitlement to Scheme Shares**

- 4.3 To the extent permitted by law, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, transferred under this Scheme to Strike will, at the time of transfer, vest in Strike free from all Encumbrances.
- 4.4 Immediately upon the provision of the Scheme Consideration, Strike will be beneficially entitled to the Scheme Shares transferred to it under the Scheme pending the entry of Strike's name in the Talon Register as the holder of the Scheme Shares.

## **5 Scheme Consideration**

### **Provision of Scheme Consideration**

- 5.1 Subject to clauses 5.2 to 5.15 and 5.23, in relation to the Scheme Consideration:
- (a) on or before the Implementation Date, Strike must issue to each Scheme Shareholder who is not an Ineligible Foreign Shareholder or a Cash Out Shareholder such number of New Strike Shares as that Scheme Shareholder is entitled to receive and procure that the name and address of each Scheme Shareholder is entered in the Strike Register in respect of those New Strike Shares; and
  - (b) Strike must procure that on or before the date that is five Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder

representing the number of New Strike Shares issued to the Scheme Shareholder pursuant to this Scheme.

### **Ineligible Foreign Shareholders and Cash Out Shareholders**

- 5.2 Strike will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Strike Shares to any Ineligible Foreign Shareholder, and instead, unless Strike and Talon otherwise agree, Strike must procure that the New Strike Shares that each Ineligible Foreign Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Strike Share arising from the calculation and disregarding the operation of clauses 5.11 and 5.12) are dealt with in accordance with clauses 5.4 to 5.10.
- 5.3 Strike will be under no obligation under the Scheme or Deed Poll to issue, and will not issue, any New Strike Shares to any Cash Out Shareholder, and instead, unless Strike and Talon otherwise agree, Strike must procure that the New Strike Shares that each Cash Out Shareholder would otherwise be entitled to receive as Scheme Consideration (which shall include any fraction of a New Strike Share arising from the calculation and disregarding the operation of clauses 5.11 and 5.12) are dealt with in accordance with clauses 5.4 to 5.10.

### **Sale Facility**

- 5.4 Strike must appoint a Nominee acceptable to Talon (acting reasonably) at least two weeks prior to the Scheme Meeting (and if required by ASIC, such Nominee is to be approved by ASIC), and on the Implementation Date issue to that Nominee, the New Strike Shares to which an Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable) would otherwise be entitled under the Scheme and Deed Poll (which in each case shall include any fraction of a New Strike Share arising from the calculation and disregarding the operation of clauses 5.11 and 5.12).
- 5.5 Where New Strike Shares are issued to a Nominee pursuant to clauses 5.4 to 5.10, Strike will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the Nominee:
- (a) sells on ASX or another prescribed financial market all of the New Strike Shares issued to the Nominee in accordance with clauses 5.4 to 5.10 in such manner, at such price and on such other terms as the Nominee determines in good faith; and
  - (b) remits to Talon the proceeds of sale (after deducting any applicable brokerage, Duty and other selling costs, Tax and charges) (**Proceeds**).
- 5.6 Where New Strike Shares are issued to a Nominee pursuant to clauses 5.4 to 5.10 promptly after the last remittance in accordance with clause 5.5(b), Strike will pay to each Ineligible Foreign Shareholder and each Cash Out Shareholder the amount 'A' calculated in accordance with the following formula and rounded down to the nearest cent:

where

$$A = \left(\frac{B}{C}\right) \times D$$

B = the number of New Strike Shares that would otherwise have been issued to that Ineligible Foreign Shareholder or Cash Out Shareholder had it not been an Ineligible Foreign Shareholder or Cash Out Shareholder and which were issued to the Nominee;

C = the total number of New Strike Shares which would otherwise have been issued to all Ineligible Foreign Shareholders and Cash Out Shareholders and which were issued to the Nominee; and

D = the Proceeds (as defined in clause 5.5(b)).

- 5.7 For the purposes of clauses 5.4 to 5.10, each Ineligible Foreign Shareholder and each Cash Out Shareholder appoints Strike as its agent to receive on its behalf any financial services guide or other notices (including any updates to those documents) that the Nominee is required to provide to each Ineligible Foreign Shareholders and each Cash Out Shareholder under the Corporations Act.
- 5.8 None of Strike, Talon or the Nominee gives any assurance as to the price that will be achieved for the sale of New Strike Shares described in clause 5.5.
- 5.9 Payment of the amount calculated in accordance with clauses 5.4 to 5.10 to an Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable) in accordance with clauses 5.4 to 5.10 satisfies in full the Ineligible Foreign Shareholder's or Cash Out Shareholder's (as applicable) right to Scheme Consideration.
- 5.10 Where the issue of New Strike Shares to which a Scheme Shareholder would otherwise be entitled under this Scheme would result in a breach of law:
- (a) Strike will issue the maximum possible number of New Strike Shares to the Scheme Shareholder without giving rise to such a breach; and
  - (b) any further New Strike Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the Nominee and dealt with under the preceding provisions in this clauses 5.4 to 5.10, as if a reference to Ineligible Foreign Shareholders or Cash Out Shareholder (as applicable) also included that Scheme Shareholder and references to that person's New Strike Shares in that clause were limited to the New Strike Shares issued to the Nominee under clauses 5.4 to 5.10.

#### **Fractional entitlements**

- 5.11 Where the calculation of the number of New Strike Shares to be issued to a particular Scheme Shareholder (other than an Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable)) would result in the Scheme Shareholder becoming entitled to a fraction of a New Strike Share, the entitlement will be rounded as follows:
- (a) if the fractional entitlement is less than 0.5, it will be rounded down to the nearest whole number of New Strike Shares; and
  - (b) if the fractional entitlement is equal to or more than 0.5, it will be rounded up to the nearest whole number of New Strike Shares.

#### **Share splitting**

- 5.12 If Strike is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of which holds a number of Scheme Shares that results in a fractional entitlement to New Strike Shares) have, before the Record Date, been party to a shareholding splitting or division in an attempt to obtain an advantage by reference to the rounding, Strike may give notice to those Scheme Shareholders:
- (a) setting out the names and Registered Addresses of all of them;
  - (b) stating that opinion; and
  - (c) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the Scheme and Deed Poll, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of the Scheme and Deed Poll, be taken to hold no Scheme Shares. Strike, in complying with the other provisions of the Scheme and Deed Poll relating to it in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders names in the notice under the terms of the Scheme and Deed Poll.

#### **Unclaimed monies**

- 5.13 Talon may cancel a cheque issued under this clause 5 if the cheque:
- (a) is returned to Talon; or
  - (b) has not been presented for payment within six months after the date on which the cheque was sent.
- 5.14 During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Talon or Strike (or the Talon Registry) (which request may not be made until the date which is 10 Business Days after the Implementation Date), Talon or Strike must reissue or procure the reissuance of a cheque that was previously cancelled under clause 5.13.
- 5.15 The *Unclaimed Money Act 1990* (WA) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 7 of that Act).

#### **Status of New Strike Shares**

- 5.16 Subject to this Scheme becoming Effective, Strike must:
- (a) issue the New Strike Shares required to be issued by it under this Scheme on terms such that each such New Strike Share will rank equally in all respects with each existing Strike Share;
  - (b) ensure that each such New Strike Share is duly and validly issued in accordance with all applicable laws and Strike's constitution, fully paid and free from any mortgage, charge, lien, Encumbrance or other security interest (except for any lien arising under Strike's constitution); and
  - (c) use all reasonable endeavours to ensure that such New Strike Shares are as soon as possible following the date this Scheme becomes Effective, quoted for trading on the ASX.

#### **Foreign resident capital gains tax withholding**

- 5.17 If Strike is required by Subdivision 14-D of Schedule 1 of the TAA (**Subdivision 14-D**) to pay any amounts to the Commissioner in respect of the acquisition of Scheme Shares from certain Scheme Shareholders, Strike is permitted to deduct the relevant amounts from the payment of the Scheme Consideration to those Scheme Shareholders, and remit such amounts to the Commissioner. The aggregate sum payable to Scheme Shareholders shall not be increased to reflect the deduction and the net aggregate sum payable to those Scheme Shareholders shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Shareholders.
- 5.18 For the purposes of clause 5.17, Strike may:

- (a) treat those Scheme Shareholders as Ineligible Foreign Shareholders for the purposes of the Scheme (if they are not already treated as such); and
  - (b) deduct the relevant amounts from those Scheme Shareholders' proportion of the net proceeds of sale referred to in clause 5.5 and remit the amounts deducted to the Commissioner.
- 5.19 Strike acknowledges and agrees that it shall not deduct any amounts from the payment of the Scheme Consideration or pay any amounts to the Commissioner under clause 5.17 with respect to a Scheme Shareholder where Strike:
- (a) receives a Scheme Shareholder Declaration from the Scheme Shareholder prior to the Implementation Date; and does not know that the Scheme Shareholder Declaration is false; or
  - (b) receives a Nil Variation Notice prior to the Implementation Date.
- 5.20 Talon agrees Strike may approach the ATO to obtain clarification as to the application of Subdivision 14-D to the Scheme and will provide all information and assistance Strike reasonably requires in making any such approach. Strike agrees:
- (a) to provide Talon a reasonable opportunity to review the form and content of all materials to be provided to the ATO, and must incorporate Talon's reasonable comments on those materials, and more generally to take into account Talon's comments in relation to Strike's engagement with the ATO, and provide Talon a reasonable opportunity to participate in any discussions and correspondence between Strike and the ATO in connection with the application of Subdivision 14-D to the Transaction; and
  - (b) not to contact any Scheme Shareholders in connection with the application of Subdivision 14-D to the Scheme without Talon's prior written consent.
- 5.21 The parties agree to consult in good faith as to the application of Subdivision 14-D, including taking into account any clarification provided by the ATO following any process described in clause 5.20. The parties agree to take all actions that they agree (each acting reasonably) are necessary or desirable following that consultation.

#### **Orders of a court or Government Agency**

- 5.22 If written notice is given to Talon (or the Talon Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:
- (a) requires consideration to be provided to a Third Party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Talon in accordance with this clause 5, then Talon shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
  - (b) prevents Talon or Strike from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Talon or Strike shall be entitled to (as applicable):
    - (i) where the relevant Scheme Shareholder is an Ineligible Foreign Shareholder or Cash Out Shareholder (as applicable), to retain an amount, in Australian currency, equal to the relevant Scheme Shareholder's share of any proceeds of sale received by Talon pursuant to clause 5.5; and/or

- (ii) not to issue, or to issue to a trustee or nominee, such number of New Strike Shares as that Scheme Shareholder would otherwise be entitled to under clause 5.1,

until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

### **Joint holders**

5.23 In the case of Scheme Shares held in joint names:

- (a) the New Strike Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Talon, the holder whose name appears first in the Talon Share Register as at the Record Date or to the joint holders; and
- (c) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Talon, the holder whose name appears first in the Talon Register as at the Record Date or to the joint holders.

## **6 Dealings in Talon Shares**

### **Recognition of dealings**

6.1 To establish the identity of the Scheme Shareholders, dealings in Talon Shares and other alterations to the Talon Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Talon Register as the holder of the relevant Talon Shares on or before the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Talon Register is kept,

and Talon must not accept for registration, nor recognise for any purpose (except a transfer to Strike pursuant to this Scheme and any subsequent transfer by Strike or its successors in title), any transmission application or transfer or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Talon must register registrable transmission applications or transfers of the Scheme Shares of the kind referred to in clause 6.1(b) before the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2 requires Talon to register a transfer that would result in a Shareholder holding a parcel of Talon Shares that is less than a 'marketable parcel' (as that term is defined in the Operating Rules).

### **Dealings after Record Date**

6.3 If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them on or after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Talon shall be entitled to disregard any such disposal.

## **Maintenance of Talon Register**

- 6.4 For the purpose of determining entitlements to the Scheme Consideration, Talon must maintain the Talon Register in accordance with the provisions of this clause 6 until the Scheme Consideration has been paid to all Scheme Shareholders. The Talon Register in this form will solely determine entitlements to the Scheme Consideration.

## **Holding statements and Register entries**

- 6.5 Following the Record Date all statements of holding for Talon Shares (other than statement of holding in favour of Strike) will cease to have effect as documents of title in respect of those shares and each entry on the Talon Register current at that date (other than entries on the Talon Register in respect of Strike) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Talon Shares relating to that entry.

## **Availability of Talon Register**

- 6.6 As soon as possible on or after the Record Date, and in any event by 5.00pm on the first Business Day after the Record Date, Talon will ensure that details of the names, Registered Addresses and holdings of Talon Shares for each Scheme Shareholder as shown in the Talon Register are available to Strike in the form Strike reasonably requires.

## **7 Status of New Strike Shares**

- 7.1 Subject to this Scheme becoming Effective, Strike must:
- (a) issue the New Strike Shares required to be issued by it under this Scheme on terms such that each such New Strike Share will:
    - (i) rank equally in all respects with all other Strike Shares on issue at the first Business Day after the Implementation Date; and
    - (ii) be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Strike Shares on and from the first Business Day after the Implementation Date;
  - (b) use its reasonable endeavours to ensure that the New Strike Shares issued as Scheme Consideration will be listed for quotation on the official list of ASX with effect from the first Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) settlement basis; and
  - (c) ensure that each New Strike Share is duly and validly issued in accordance with all applicable laws and Strike's constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

## **8 Quotation of Talon Shares**

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



## **9 General Scheme Provisions**

### **Consent to amendments**

9.1 If the Court proposes to approve the Scheme subject to any amendments or conditions:

- (a) Talon may by its counsel consent on behalf of all persons concerned (including the Scheme Shareholders) to those amendments or conditions to which Strike has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which Talon has consented to on its behalf.

### **Scheme Shareholders' agreements**

9.2 Each Scheme Shareholder:

- (a) agrees to the transfer of their Talon Shares together with all rights and entitlements attaching to those Talon Shares in accordance with this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attaching to their Talon Shares constituted by or resulting from this Scheme;
- (c) agrees to, on the direction of Strike, destroy any holding statements or share certificates relating to their Talon Shares;
- (d) to whom New Strike Shares are to be issued in accordance with this Scheme, agrees to become a member of Strike and to be bound by the terms of the constitution of Strike;
- (e) who holds their Talon Shares in a CHESS holding agrees to the conversion of those Talon Shares to an Issuer Sponsored Holding and irrevocably authorises Talon to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion; and
- (f) acknowledges and agrees that this Scheme binds Talon and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Talon.

### **Warranties**

9.3 Each Scheme Shareholder is taken to have warranted to Talon and Strike that:

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

9.4 Talon undertakes that it will provide the warranties in clauses 9.3 to Strike as agent and attorney of each Scheme Shareholder. Talon will not be responsible for the accuracy or completeness of the warranties in clauses 9.3.

## **Appointment of attorneys**

- 9.5 Each Scheme Shareholder, without the need for any further act:
- (a) on the Effective Date, irrevocably appoints Talon and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Strike, and Talon undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Strike on behalf of and as agent and attorney for each Scheme Shareholder; and
  - (b) on the Implementation Date, appoints Talon and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,
- and Talon accepts each such appointment.
- 9.6 Talon, as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under clause 9.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).
- 9.7 Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5, and until Talon registers Strike as the holder of all Scheme Shares in the Talon Register, each Scheme Shareholder:
- (a) is deemed to have appointed Strike as attorney and agent, and directs Strike in each such capacity, to appoint any director, officer, secretary or agent of Strike as sole proxy and, where applicable or appropriate, corporate representative of that Scheme Shareholder to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder and sign any shareholders' resolution or other document;
  - (b) undertakes not to attend any shareholders' meeting or exercise the votes attaching to the Scheme Shares registered in the name of that Scheme Shareholder or sign any shareholders' resolutions or other documents, whether in person, by proxy or corporate representative; (other than pursuant to clause 9.7(a));
  - (c) must take all other actions as registered holder of those Scheme Shares as Strike reasonably directs; and
  - (d) acknowledges and agrees that in exercising the powers conferred under clause 9.7(a), Strike and any director, officer, secretary or agent of Strike may act in the best interests of Strike as the intended registered holder of the Scheme Shares.

## **Consent for necessary or incidental acts**

- 9.8 Each of the Scheme Shareholders consents to Talon doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of Scheme Shareholders, Talon or otherwise.

## **Instructions and elections**

- 9.9 If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Talon binding or deemed binding between the Scheme Shareholder and Talon relating to Talon or Talon Shares, including instructions, notifications or elections relating to:

- (a) whether dividends are to be paid by cheque or into a specific account;
- (b) payments of dividends on Talon Shares; and
- (c) notices or other communications from Talon (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by Strike in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Strike and to be a binding instruction, notification or election to, and accepted by, Strike in respect of the New Strike Shares issued to the Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Strike at its registry.

## **10 General**

### **Duty**

- 10.1 Strike must pay any Duty payable under Australian law in connection with this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under the Deed Poll, and must indemnify each Scheme Shareholder against all losses, damages, costs, expenses, charges, penalties and other liabilities (including legal and other professional fees) directly or indirectly incurred or suffered by the Scheme Shareholder arising out of or in connection with any failure by Strike to make such payment.

### **Further action**

- 10.2 Talon must, at its own expense, do all things and execute all documents necessary to give full effect to the Scheme and the transactions contemplated by it and the Scheme Shareholders consent to Talon doing all such things and executing all such documents and doing all other things necessary or incidental to the implementation of the Scheme.

### **Notices and other documents sent by post**

- 10.3 If a notice, transfer, transmission, application, direction or other communication referred to in the Scheme is sent by post to Talon, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time at which it is actually received at Talon's registered office or at the office of the Talon Registry.
- 10.4 The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

### **No liability when acting in good faith**

- 10.5 Each Scheme Shareholder agrees that neither Talon nor Strike nor any director, officer or secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

## **11 Governing Law and Jurisdiction**

- 11.1 This Scheme is governed by the law applying in Western Australia.
- 11.2 The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Scheme and each of Talon and each Scheme Shareholder irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

## Appendix 2 Deed Poll

This deed poll is made on

2023

## Parties

### Strike

Name Strike Energy Limited  
ACN 078 012 745  
Address Level 1, 40 Kings Park Road West Perth WA 6005  
Email stuart.nicholls@strikeenergy.com.au and lucy.gauvin@strikeenergy.com.au  
Attention Stuart Nicholls and Lucy Gauvin

### In favour of

Each holder of fully paid ordinary shares in the capital of Talon Energy Limited ACN 153 229 086 (**Talon**) on issue as at the Record Date (**Scheme Shareholders**).

## Background

- A Talon and Strike have entered into the Scheme Implementation Deed.
- B Talon has agreed in the Scheme Implementation Deed to propose the Scheme, pursuant to which, subject to the satisfaction or waiver of certain conditions precedent, Strike will acquire all of the Scheme Shares from Scheme Shareholders for the payment of the Scheme Consideration.
- C Strike is entering into this deed poll in accordance with the terms of the Scheme Implementation Deed for the purpose of covenanting in favour of Scheme Shareholders to perform certain of its obligations under the Scheme Implementation Deed and the Scheme.

## Agreed Terms

### 1 Definitions and Interpretation

#### Definitions

- 1.1 In this deed poll:

**Scheme** means the scheme of arrangement between Talon and Scheme Shareholders in the form set out in Schedule 1, subject to any alterations or conditions made or required by the Court under section 411(6) of the *Corporations Act 2001* (Cth) and approved by Strike and Talon in writing.

**Scheme Implementation Deed** means the implementation deed dated 13 August 2023 between Strike and Talon.

**Talon Group** has the meaning given in the Scheme Implementation Deed.

- 1.2 Words defined in the Scheme which are not separately defined in this deed poll have the same meaning when used in this deed poll.

## **Interpretation**

- 1.3 Section 1.3 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

## **2 Nature of this Deed Poll**

### **Enforceability**

- 2.1 Strike acknowledges that this deed poll may be relied upon and enforced by any Scheme Shareholder subject to and in accordance with its terms, even though the Scheme Shareholders are not party to it.

### **Appointment of Attorney**

- 2.2 Each Scheme Shareholder irrevocably appoints Talon and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Strike on behalf of that Scheme Shareholder.

### **Continuing obligations**

- 2.3 This deed poll is irrevocable and, subject to clause 3.1 remains in full force and effect until either:
- (a) Strike has fully performed its obligations under it; or
  - (b) it is terminated under clause 3.2.

## **3 Condition Precedent and Termination**

### **Condition precedent**

- 3.1 The obligations of Strike under this deed poll do not become binding on Strike unless and until the Scheme becomes Effective.

### **Termination**

- 3.2 The obligations of Strike under this deed poll to Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:
- (a) the Scheme Implementation Deed is terminated in accordance with its terms before the Scheme becomes Effective; or
  - (b) the Scheme does not become Effective on or before the End Date,
- unless Strike and Talon otherwise agree in writing.

### **Effect of termination**

- 3.3 If this deed poll is terminated under clause 3.2, in addition and without prejudice to any other rights, powers or remedies available to Scheme Shareholders:
- (a) Strike is released from its obligations to further perform this deed poll except those obligations under clause 8.6; and

- (b) each Scheme Shareholder retains the rights, powers or remedies they have against Strike in respect of any breach of this deed poll which occurred before it was terminated.

## **4 Scheme Consideration**

### **Undertaking to provide Scheme Consideration**

4.1 Subject to clause 3, Strike undertakes in favour of each Scheme Shareholder to:

- (a) provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder;
- (b) undertake to perform all other actions and obligations attributed to it under the Scheme;

subject to and in accordance with the terms and provisions of the Scheme, as if those obligations were owed directly to Scheme Shareholders.

### **New Strike Shares to rank equally**

4.2 Strike covenants in favour of each Scheme Shareholder that the New Strike Shares which are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all existing Strike Shares at the issue date; and
- (b) be issued fully paid and free from any Encumbrance.

## **5 Compliance with Scheme obligations**

Subject to clause 3, Strike covenants in favour of each Scheme Shareholder, that it will:

- (a) observe and perform all obligations contemplated of Strike under the Scheme, including the relevant obligations relating to the provision of the Scheme Consideration in accordance with the terms of the Scheme, as if those obligations were owed directly to Scheme Shareholders; and
- (b) perform its obligations under the Scheme Implementation Deed in relation to the Demerger, as if those obligations were owed directly to Scheme Shareholders.

## **6 Representations and Warranties**

Strike represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation duly incorporated and validly existing under the laws of its place of incorporation;
- (b) it has the power to execute and deliver and to perform its obligations under this deed poll, and has taken all necessary corporate action to authorise such execution and delivery and the performance of such obligations;
- (c) its obligations under this deed poll are legal, valid and binding obligations enforceable in accordance with their terms;

- (d) the execution and delivery by it of this deed poll do not and will not conflict with or constitute a default under any provision of:
  - (i) any agreement or instrument to which it is a party;
  - (ii) its constitution; or
  - (iii) any law, order, judgment, award, injunction, decree, rule or regulation by which it is bound; and
- (e) it is not subject to an Insolvency Event.

## **7 Notices**

### **Manner of giving notice**

- 7.1 Any notice or other communication to be given under this deed poll must be in writing and must be delivered or sent by post or email addresses referred to in the 'Details' section.
- 7.2 Any notice sent by post must be sent by prepaid ordinary post (if the country of destination is the same as the country of origin) or by airmail (if the country of destination is not the same as the country of origin).
- 7.3 A notice must not be given by electronic means.

### **When notice given**

- 7.4 Any notice is deemed to have been given:
  - (a) if delivered, on the date of delivery; or
  - (b) if sent by post, on the third day after it was put into the post (for post within the same country) or on the fifth day after it was put into the post (for post sent from one country to another);

but if the notice would otherwise be taken to be received after 5.00pm or on a Saturday, Sunday or public holiday in the place of receipt then the notice or communication is taken to be received at 9.00am on the next day that is not a Saturday, Sunday or public holiday in the place of receipt.

## **8 General**

### **Amendments**

- 8.1 A provision of this deed poll may not be amended unless the amendment is agreed to by Strike and:
  - (a) if before the First Court Date, the amendment is agreed to by Talon; or
  - (b) if on or after the First Court Date, the amendment is agreed to by Talon and the Court indicates that the amendment would not of itself preclude approval of the Scheme;

in which event Strike will enter into a further deed poll in favour of each Scheme Shareholder giving effect to the amendment.



### **Assignment**

- 8.2 The rights and obligations of Strike and each Scheme Shareholder under this deed poll are personal and cannot be assigned, charged or otherwise dealt with at law or in equity.
- 8.3 Any purported dealing in contravention of clause 8.2 is invalid.

### **Cumulative rights**

- 8.4 The rights, powers and remedies of Strike and Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, power or remedies provided by law independently of this deed poll.

### **Further assurance**

- 8.5 Strike must, at its own expense, do all things reasonably required of it to give full force and effect to this deed poll.

### **Duties and similar charges**

- 8.6 Strike must pay any stamp, transaction and registration duties and similar charges and any related interest, fees, fines or penalties payable under Australian law in connection with this deed poll, the performance of this deed poll and each transaction effected by or made under this deed poll, and must indemnify each Scheme Shareholder against all losses damages, costs, expenses, charges, penalties and other liabilities (including legal and other professional fees) directly or indirectly incurred or suffered by the Scheme Shareholder arising out of or in connection with any failure by Strike to make such payment.

### **Waiver**

- 8.7 Strike may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- 8.8 No Scheme Shareholder may rely on the words or conduct of Strike as a waiver of any right unless the waiver is in writing and signed by Strike.

## **9 Governing Law and Jurisdiction**

This deed poll is governed by the law applying in Western Australia. The courts having jurisdiction in Western Australia have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this deed poll and Strike irrevocably submits to the non-exclusive jurisdiction of the courts having jurisdiction in Western Australia.

# Signature page

Executed as a deed.

Executed by **Strike Energy Limited ACN 078 012 745** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

## Schedule 1 Scheme

## Appendix 3 Strike Announcement

# Strike to acquire Talon

- Strike to escalate the pace of development in its Perth Basin business through the earnings and cashflow accretive acquisition of Talon.
- Strike and Talon have entered into a binding Scheme Implementation Deed under which Strike will acquire all the issued shares in Talon by way of a Scheme of Arrangement. On implementation of the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held.
- In parallel with the Scheme, Talon will look to demerge Talon's Mongolian asset to the benefit of Talon shareholders to potentially deliver additional value<sup>1</sup>.
- The Scheme is unanimously endorsed by the Board of Directors of Talon.
- The implied offer price of A\$0.212<sup>2</sup> for Talon's Perth Basin business alone is a ~21% premium to Talon's closing share price as at 11 August 2023<sup>3</sup>, excluding any additional value that may be realised for Talon shareholders via the potential demerger of Talon's Mongolian assets.
- On a pro forma basis, Strike shareholders will own approximately 89% and Talon shareholders will own approximately 11% of all issued Strike shares upon implementation of the Scheme.
- Strike has agreed to provide Talon with a A\$6 million interim convertible funding facility to fund Talon's capital requirements through the scheme process.
- The acquisition will generate material corporate and operational synergies with the capacity to generate an initial annualised revenue of in excess of \$82 million from the Walyering gas field alone<sup>4</sup>.

Strike Energy Limited (ASX: STX, **Strike**) is pleased to advise it has entered into a binding scheme implementation deed with Talon Energy Limited (ASX: TPD, **Talon**) (**Scheme Implementation Deed**) under which Strike will, subject to the satisfaction of various conditions, acquire all the issued shares in the capital of Talon by way of a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (*Corporations Act*) (**Scheme**).

Pursuant to the Scheme, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held. In addition, Talon will explore options for Talon's Mongolian assets with the potential for its shareholders to retain an interest in Talon's Mongolian assets along with A\$850,000 cash (less any costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) via a potential spin-out of those assets into a separate vehicle to be completed prior to implementation of the Scheme (**Mongolian Spin-Out**).

Talon's Board of Directors unanimously recommend the proposed transaction (in the absence of a superior proposal and subject to the independent expert concluding, and continuing to conclude, that the proposed transaction is in the best interests of Talon shareholders), which is strategically compelling and logical for Talon shareholders.

The acquisition is earnings and cashflow accretive for Strike and will provide a platform in which Strike can escalate the pace of development of its highly attractive Perth Basin gas assets.

<sup>1</sup> There is no guarantee that the Mongolian Spin-Out will be implemented or that Talon Shareholders will ultimately receive any value in respect of the Mongolian assets.

<sup>2</sup> Based on Strike's closing price of A\$0.44 on 11 Aug 2023

<sup>3</sup> Talon's closing share price on 11 Aug 2023 was A\$0.175

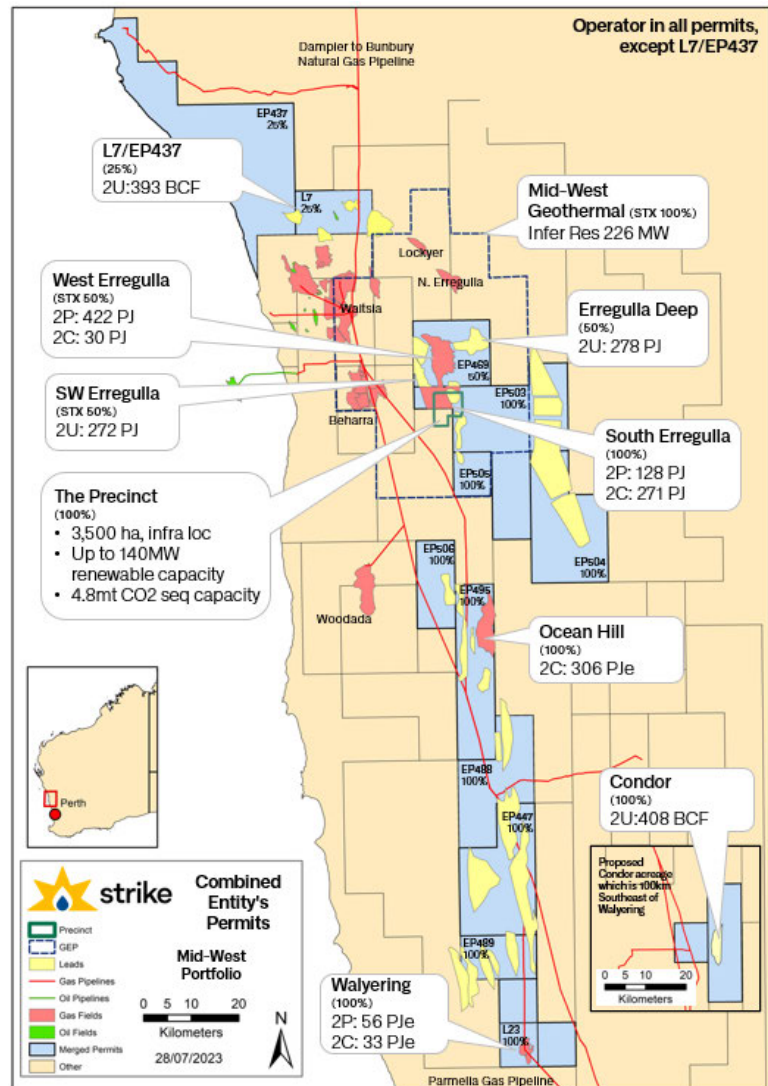
<sup>4</sup> Refer footnote 5 for details as to revenue assumptions.

Under the proposed Scheme, and on a pro forma basis, Talon shareholders will own ~11% and Strike shareholders will own ~89% of the combined Company.

### Transaction Rationale

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

- the combined company will have the capacity to generate an initial annualised cashflow from the Walyering gas field alone in excess of A\$82 million<sup>5</sup>
- Strike will be able to remove significant costs via corporate and operational synergies through collapsing the joint venture with Talon;
- Strike's balance sheet will be further improved, with an increased ability to access debt markets and self-fund development projects along with the combined exploration portfolio;
- Strike will be able to apply its Perth Basin operating and development expertise in order to exploit the combined group's assets; and
- the combined entity will have an aggregate 1,022 PJ of independently certified Perth Basin conventional gas 2P Reserves and 2C Resources (see chart below)<sup>6</sup>.



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

For Talon shareholders the all-scrip acquisition represents an immediate and attractive premium with an implied transaction price for the Perth Basin business of A\$0.212 per Talon share, which is a ~21% premium to Talon's closing share price as at 11 August 2023<sup>7</sup>. In addition, there is the potential that Talon shareholders will retain an interest in the Mongolian assets via the Mongolian Spin-Out.<sup>8</sup>

<sup>5</sup> A\$82 million per annum projection assumes production and sales from the Walyering Field at 33 TJ/day and 250bbl/day with as available gas sold to Santos at the 'as available' price under the Gas Supply Agreement with Santos, and condensate at A\$104bbl (US\$70bbl FX 0.67).

<sup>6</sup> Refer to Important Notices at the end of this release for Reserve and Resource information.

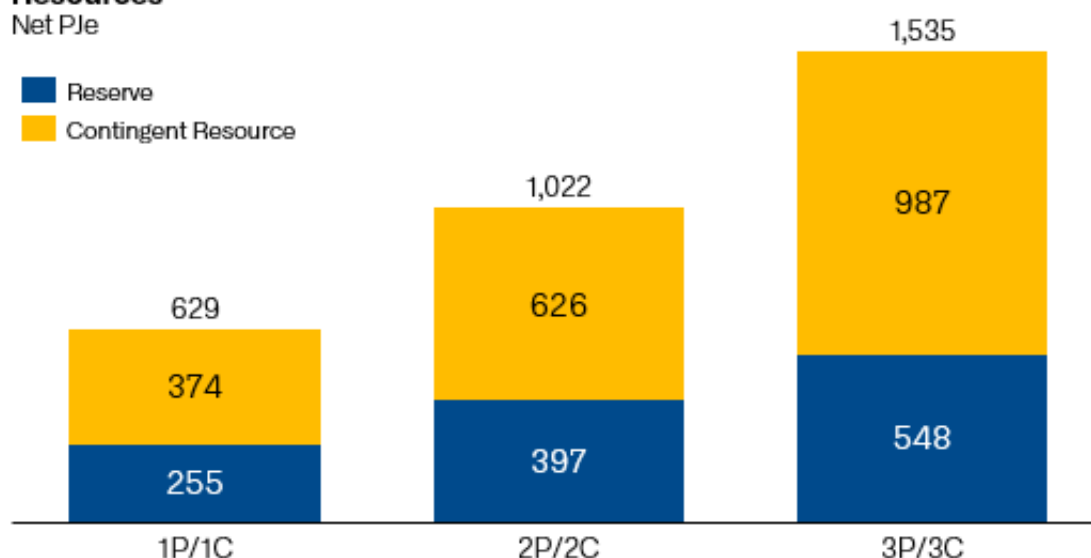
<sup>7</sup> Refer to footnotes 2 and 3 on page 1 of this release for basis for implied offer price calculation and premium calculations.

<sup>8</sup> There is no guarantee that the Mongolian Spin-Out will be implemented or that Talon Shareholders will ultimately receive any value in respect of the Mongolian assets.

### Statements from Strike MD & CEO, Stuart Nicholls:

*“This is an earnings accretive transaction for Strike that will simplify Strike’s operations and provide a platform to remove the costs in operating and managing its existing joint venture with Talon. The combined group will have the capacity to generate initial annualised cashflows in excess of A\$82 million from the Walyering gas field alone. The additional free cashflow generation will support an acceleration of Strike’s Government endorsed Perth Basin development strategy”.*

### The Combined Entity's Independently Certified Perth Basin Reserves & Resources



*Refer to the Important Notices at the end of this release for Reserve and Resource information.*

### Transaction Details

Under the terms of the Scheme Implementation Deed, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held.

Upon implementation of the Scheme, and on a pro forma basis, Strike shareholders will own approximately 89% and Talon shareholders will own approximately 11% of all issued Strike shares.

The Scheme Implementation Deed is subject to customary conditions for a transaction of this nature, including:

1. Talon shareholders approving the Scheme by the requisite majorities under the Corporations Act;
2. Approval by the Court in accordance with section 411(4)(b) of the Corporations Act;
3. An Independent Expert concluding that the scheme is in the best interests of Talon shareholders and not changing, withdrawing or qualifying that conclusion; and
4. No material adverse change or regulated events for either Strike or Talon.

The Scheme Implementation Deed contains customary exclusivity provisions, including reciprocal break fees, no shop, no talk and no due diligence obligations. A copy of the Scheme Implementation Deed is annexed to this announcement with the transaction targeting completion in December 2023.

The parties have agreed a budget in connection with any financial accommodation to be provided by Strike to Talon during the period from execution of the Scheme Implementation Deed until the implementation of the Scheme (**Agreed Budget**). In the event Talon requires any additional funding outside of the Agreed Budget for certain limited purposes, Strike may either elect (in its sole discretion) to provide such additional funding to Talon, or require Talon to use any existing cash reserves that are unallocated in the Agreed Budget to satisfy its additional funding obligations. Failing such election, Talon will be at liberty to raise the required

funding via debt or equity and Strike will, in that circumstance, be entitled to terminate the Scheme Implementation Deed.

### **Mongolian Spin-Out**

Talon will explore opportunities for Talon shareholders to retain an interest in Talon's Mongolian assets. It is proposed that on completion of the Mongolian Spin-out, the Mongolian assets and A\$850,000 cash (net of costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) will be demerged to Talon shareholders. The Mongolian Spin-out is expected to be implemented by way of an in-specie distribution of shares in SpinCo to Talon shareholders. The Mongolian Spin-Out is expected to be subject to shareholder approval at a general meeting of Talon shareholders and any other necessary approvals.

The Scheme is not conditional on completion of the Mongolian Spin-Out, which will occur (or not occur, as the case may be) independently of the Scheme becoming effective, and the status of the Mongolian Spin-Out will not influence the timing of the Scheme transaction. Accordingly, there is no guarantee that the Mongolian Spin-Out will be implemented or that Talon Shareholders will ultimately receive any value in respect of the Mongolian assets.

Further details in relation to the potential Mongolian Spin-Out will be provided by Talon to its shareholders in due course.

### **Talon Funding Facility**

As part of the transaction, Strike and Talon have entered into a binding facility agreement pursuant to which Strike has agreed to provide a A\$6 million convertible financing facility to assist Talon fund its short-term working capital needs through the Scheme process. The key terms of this facility include:

- A maximum of A\$6,000,000 provided in advances in accordance with an agreed budget.
- Establishment fee: 2% (capitalised).
- Commitment fee: 3.5% on undrawn funds (capitalised).
- Interest rate: BBSW plus 11% (capitalised);
- Maturity date: The earlier to occur of 30 days after the date on which Talon becomes a wholly owned subsidiary of Strike; 30 days after a person other than Strike or its subsidiaries becomes entitled to hold 50% or more of the Talon shares or otherwise acquires control of Talon; 60 days after termination of the Scheme Implementation Deed; 270 days following the date of the first advance.
- Conversion: Strike may by written notice on or before the relevant maturity date elect to convert the outstanding principal and capitalised amounts into fully paid ordinary Talon shares at the 5-day VWAP to 26 July 2023.
- Prepayment: The facility is to be prepaid out of net petroleum proceeds received by Talon from the sale of Walyering gas and condensate.

### **Indicative Timetable and Next Steps**

Talon shareholders will be asked to approve the Scheme at the scheme meeting which is expected to be held in early December 2023 (**Scheme Meeting**). A scheme booklet containing information relating to the Scheme, the reasons for the Talon Directors' recommendation, the Independent Expert's Report and details of the Scheme Meeting will be dispatched to Talon shareholders in advance of the Scheme Meeting. An indicative timetable for completion of the Proposed Acquisition is set out below:

- First Court hearing: end of October 2023
- Scheme meeting: early December 2023
- Second Court date: mid December 2023
- Effective date: mid December 2023





- Record date: 7.00pm (Perth time) on two business days after the Effective Date
- Implementation date: end December 2023

These dates are indicative and subject to change.

Strike and Talon will host a joint conference call at 8:30am WST on Monday the 14<sup>th</sup> of August. Please register your interest at the following link to receive an invitation:

<https://events.teams.microsoft.com/event/9f2e3e55-8bfd-41c9-b52e-b8bd89d607d7@dda1f216-94f7-4d93-856f-c105a1cbe657>

Strike has appointed DLA Piper as its advisor and Talon has appointed Sternship Advisers, Royal Bank of Canada and Allens as its advisors.

This announcement is authorised for release by the Board of Strike Energy Limited.

#### Company Contact

Emma Alexander  
Investor Relations & Corporate Manager  
Strike Energy Limited  
[emma.alexander@strikeenergy.com.au](mailto:emma.alexander@strikeenergy.com.au)

#### Media Contacts

Paul Ryan  
Citadel-MAGNUS  
0409 296 511  
[pryan@citadelmagnus.com](mailto:pryan@citadelmagnus.com)

### Important Notices

#### Information regarding Strike's Reserve, Resource & Storage Estimates

*Unless otherwise stated, references in this announcement to:*

- *the West Erregulla reserve and resource estimate is set out in the ASX announcement dated 27th July 2022 entitled "West Erregulla Reserves Upgraded by 41%" and in ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike Energy interest is 50%;*
- *the South Erregulla reserve and resource estimate is set out in the ASX announcement dated 18 October 2022 entitled "Independent Certification of South Erregulla Wagina Gas Discovery". Strike Energy interest is 100%;*
- *the Walyering reserve and resource estimate is set out in ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike Energy interest is 55%;*
- *the Oceanhill 2C Contingent Resource is set out in ASX announcement dated 10 October 2022 entitled "Independent Certification of Ocean Hill Gas Resource". Strike Energy interest is 100%;*
- *the Mid-West Geothermal Project inferred resource is set out in ASX announcement dated 5th May 2022 entitled "Mid West Geothermal Power Project Inferred Resource Statement"; and*
- *the South Erregulla Contingent Storage Resource Estimate is set out in ASX announcement dated 15th June 2023 entitled "South Erregulla Update".*

*The above announcements are available to view on Strike Energy's website at [www.strikeenergy.com.au](http://www.strikeenergy.com.au).*

*Strike confirms it is not aware of any new information or data that materially affects the information included in the above referenced announcements relating to its Reserves and Resources and that all the material assumptions and technical parameters underpinning the estimates in those announcements continue to apply.*

#### Information regarding Talon's Reserves and Resources:

*Unless otherwise stated, references in this announcement to:*



- the Condor Prospective Resource Estimate is set out in ASX announcement dated 17 March 2021 entitled “Maiden Best (P50) Resource of 408 Bcf at Condor”. Talon interest will be 100% upon completion of its acquisition of the Condor assets.
- The L7 & EP437 Prospective Resource Estimate is set out in ASX announcement dated 27 March 2023 entitled “Preliminary prospective resource estimate complete on L7 Perth Basin permit”. Talon interest is 25%.

The above announcements are available to view on Talon Energy's website at [www.talonenergy.com.au](http://www.talonenergy.com.au).

The information regarding Talon's petroleum estimates in this announcement has been sourced using publicly available information and has not been independently verified by Strike. Strike has undertaken only limited due diligence in relation to Talon and its projects and may not be aware of all the material information, assumptions, facts and circumstances. Accordingly, Strike does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. While Strike has conducted due diligence on the proposed transaction, Talon and its projects, Strike is unable to verify the accuracy or completeness of the information provided, and there is no assurance that this due diligence was conclusive and that all material issues and risks in relation to the proposed transaction, Talon and its projects have been identified. Receipt of new, additional or updated information, assumptions or modifying factors may change Talon's petroleum estimates and other forward-looking statements concerning Talon and its projects in this announcement. To the extent that this information is incomplete, incorrect, inaccurate or misleading, there is a risk that the profitability and future results of the operations of Strike following the transaction may differ (including in a materially adverse way) from Strike's expectations as reflected in this document, or that additional liabilities may emerge.

#### Future Statements

*Statements contained in this announcement, including but not limited to those regarding the possible or assumed future costs, projected timeframes, performance, dividends, returns, revenue, exchange rates, potential growth of Strike and the combined group, industry growth, commodity or price forecasts, or other projections and any estimated company earnings are or may be forward looking statements. Forward looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'budget', 'outlook', 'schedule', 'estimate', 'target', 'guidance' 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. Forward looking statements including all statements in this document regarding the outcomes of preliminary and definitive feasibility studies, projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Strike and the combined group. Actual results, performance, actions and developments of Strike and the combined group may differ materially from those expressed or implied by the forward-looking statements in this announcement. Such forward-looking statements speak only as of the date of this announcement. There can be no assurance that actual outcomes will not differ materially from these statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in Strike West Pty Ltd's (wholly owned subsidiary of Strike) bidder's statement dated 23 December 2022 in relation to its off-market takeover offer to acquire all of the shares in Warrego Energy Limited that Strike does not already own. Investors should consider the forward looking statements contained in this announcement in light of those disclosures. To the maximum extent permitted by law (including the ASX Listing Rules), Strike and Talon and their respective affiliates, directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions; do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this announcement, or likelihood of fulfilment of any forward looking statement or any event or results expressed or implied in any forward-looking statement; and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence). Nothing in this announcement will under any circumstances create an implication that there has been no change in the affairs of Strike or Talon since the date of this announcement.*



**Annexure – Scheme Implementation Deed**

## Appendix 4 Talon Announcement



# SCHEME IMPLEMENTATION DEED WITH STRIKE ENERGY

14 AUGUST 2023

## Strike Energy to acquire Talon for scrip consideration

- Talon has entered into a binding Scheme Implementation Deed with Strike Energy (ASX: STX) under which Strike Energy will acquire all the issued shares in Talon.
- On Implementation of a Scheme of Arrangement, Talon shareholders will receive 0.4828 new Strike shares for each Talon share held at the Record Date (Scheme Consideration). As a result of the transaction, Talon shareholders will own approximately ~11% of Strike Energy.
- The Scheme Consideration has an implied offer price of A\$0.212 per Talon share for Talon's Perth Basin assets based on Strike Energy's closing price of \$0.440 per share on 11 August. This represents a 29.3% premium to Talon's 30 day VWAP, 26.1% to Talon's 60 day VWAP, and 21.4% to Talon's closing share price as at 11 August 2023.
- In parallel with the Scheme, Talon will explore options to spin-out Talon's 33% interest in the Gurvantes XXXV Project (Mongolian Project) to Talon shareholders.<sup>1</sup>
- The Scheme is unanimously recommended by the Talon Board of Directors in the absence of a superior proposal and subject to the independent expert concluding and continuing to conclude that the Scheme is in the best interests of Talon shareholders.

### Transaction and Mongolian Project Spin-Out Overview

Talon Energy Ltd (ASX: TPD, "Talon" or "the Company") is pleased to advise that the Company has entered a binding scheme implementation deed ("Scheme Implementation Deed" or "SID") with Strike Energy Limited (ASX: STX, "Strike Energy") under which Strike Energy will, subject to the satisfaction of various conditions, acquire all the issued shares in Talon by way of a Scheme of Arrangement under Part 5.1 of the Corporations Act 2001 (Cth) (Corporations Act) ("Scheme").

As part of the Scheme transaction, an interim convertible funding facility for up to \$6m has been made available by Strike Energy to fund Talon's capital requirements through the Scheme process.

The Board of Talon consider that the Scheme, if successfully implemented, delivers Talon shareholders significant benefits including:

- Ownership in the only pure play Perth Basin energy company with a combination of near term cash-flow (potential for initial annualised revenue of in excess of \$82 million from the Walyering gas field alone) and a strong pipeline of growth and development assets;

<sup>1</sup> At this stage there is no certainty that the demerger will eventuate or that any such transaction will deliver any value to Talon shareholders.

- Exposure to the value created from corporate and operational synergies associated with bringing the project interests and companies together; and

Subject to successfully executing the intended spin-out of the Mongolian Project, a separate shareholding in an entity with exposure to the 33% interest in the Mongolian Gurvantes XXXV Project.<sup>2</sup>

If the Scheme is implemented, each Talon shareholder on the record date for the Scheme (“**Scheme Record Date**”) will receive 0.4828 new Strike Energy shares for each Talon share held on the scheme record date (“**Scheme Consideration**”). The Scheme Consideration implies an offer price of \$0.212 per Talon share based on Strike Energy’s closing price of \$0.440 per share on 11 August 2023. This represents a premium of:

- 21.4% to Talon’s last close price of \$0.175 per share
- 32.5% to the Talon 10 day VWAP of \$0.160 per share
- 29.3% to the Talon 30 day VWAP of \$0.164 per share
- 26.1% to the Talon 60 day VWAP of \$0.168 per share

In addition, it is proposed that Talon will seek to demerge the Mongolian Project to allow Talon shareholders to retain an ownership interest in Talon’s Mongolian Project along with A\$850,000 cash (net of costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian Project during the Scheme/demerger process) via a spin-out of those assets into a new separate vehicle (“**SpinCo**”). In order for Talon shareholders to realise any value, this demerger must be completed during the Scheme process (“**Mongolian Demerger**”). SpinCo represents potential additional value that Talon shareholders may retain subject to the spin-out transaction completing.

### Talon Board Recommendation

The Board of Talon unanimously recommends that Talon shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the independent expert (to be appointed by Talon) concluding, and continuing to conclude, that the Scheme is in the best interests of Talon shareholders.<sup>3</sup>

Each of the directors of Talon has committed to vote in favour of the Scheme in respect of the shares they control in the absence of a superior proposal and subject to the independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of Talon shareholders.

Details of the recommendation, commitment to vote in favour and a copy of the independent expert report will be included in a Scheme Booklet expected to be provided to shareholders in November 2023.

<sup>2</sup> See note above.

<sup>3</sup> You should note when considering this recommendation that:

- Greg Columbus (Non-Executive Chairman) and his associates have an interest in 2,413,794 fully paid ordinary shares, 2,000,000 Talon performance rights (which, subject to the Scheme becoming Effective, are expected to be vested and exercised in full) and 2,000,000 Talon unlisted options (which may be vested in full or cancelled, at the Talon Board’s discretion and subject to agreement with the counterparty, in connection with the Scheme). Greg Columbus and his associates also have an interest in 31,000,000 fully paid Strike shares;
- David Casey (Non-Executive Director) and his associates have an interest in 2,381,896 fully paid ordinary shares, 8,000,000 Talon performance rights (which, subject to the Scheme becoming Effective, are expected to be vested and exercised in full) and 2,000,000 unlisted Talon options (which may be vested in full or cancelled, at the Talon Board’s discretion and subject to agreement with the counterparty, in connection with the Scheme). [David Casey and his associates also have an interest in [ ] fully paid Strike shares];
- Colby Hauser (Managing Director and CEO) and his associates have an interest in 3,533,742 fully paid ordinary shares, and 7,500,000 Talon performance rights (which, subject to the Scheme becoming Effective are expected to be vested and exercised in full); and
- Matthew Worner (Non-Executive Director) and his associates have an interest in 2,076,667 fully paid ordinary shares and 2,000,000 Talon unlisted options (which may be vested in full or cancelled, at the Talon Board’s discretion and subject to agreement with the counterparty, in connection with the Scheme).

These arrangements and the amounts payable on implementation of the Scheme to each of the directors, will be described in more detail in the Scheme Booklet. Despite their interest in the outcome of the Scheme, each Director considers that, given the importance of the Scheme, and their roles as a Talon Director, it is important and appropriate for them to provide a recommendation in relation to voting on the Scheme.

**Talon MD & CEO, Colby Hauser, commented:**

*"Talon is pleased to be entering into this scheme process with Strike Energy. Upon successful implementation of the Scheme Talon shareholders will benefit from receiving an attractive premium for their shares and may also realise additional value from continued exposure to the Gurvantes development in Mongolia should the Mongolia Demerger complete. Talon shareholders will benefit from becoming shareholders in the combined Strike Energy, which is expected to have a strong cashflow profile with a number of medium-term growth and development projects."*

**Details of the Scheme Implementation Deed (SID)**

The Scheme Implementation Deed is subject to customary conditions for a transaction of this nature, including:

- Talon shareholders approving the Scheme by the requisite majorities under the Corporations Act;
- Approval by the Court in accordance with section 411(4)(b) of the Corporations Act;
- An Independent Expert concluding that the scheme is in the best interests of Talon shareholders and not changing, withdrawing or qualifying that conclusion;
- No material adverse change or regulated events for either Strike Energy or Talon; and
- Other conditions customary for a transaction of this nature.

The Scheme Implementation Deed contains customary exclusivity provisions, including reciprocal break fees, no shop, no talk and no due diligence obligations. A copy of the Scheme Implementation Deed is attached to this announcement.

**Mongolian Demerger**

Talon will explore opportunities for Talon shareholders to retain an ownership interest in Talon's Mongolian assets. It is proposed that on completion of the Mongolian Demerger, the Mongolian assets and A\$850,000 cash (net of costs incurred in connection with the demerger and certain other costs and funding provided for the Mongolian assets by Talon during the Scheme/demerger process) will be demerged to Talon shareholders. The Mongolian Demerger is expected to be implemented by way of an in-specie distribution of shares in SpinCo to Talon shareholders. The Mongolian Demerger is expected to be subject to shareholder approval at a separate general meeting of Talon shareholders and any other necessary approvals.

The Scheme is not conditional on completion of the Mongolian Demerger, which will occur (or not occur, as the case may be) independently of the Scheme becoming effective, and the status of the Mongolian Demerger will not influence the timing of the Scheme transaction.

Accordingly, there is no guarantee that the Mongolian Spin-Out will be implemented. Talon Shareholders are cautioned that the potential value of SpinCo is uncertain, and there can be no certainty that any value from SpinCo will flow to Talon shareholders (assuming a Mongolian Demerger transaction completes).

Further details in relation to the Mongolian Demerger will be provided by Talon to its shareholders in due course.

**Talon Funding Facility**

As part of the transaction, Strike Energy and Talon have entered into a binding facility agreement pursuant to which Strike has Energy agreed to provide a A\$6 million convertible financing facility to assist Talon fund its short-term working capital needs through the Scheme process. The key terms of this facility include:

- A maximum of A\$6,000,000 provided in advances in accordance with an agreed budget.
- Establishment fee: 2% (capitalised).
- Commitment fee: 3.5% on undrawn funds (capitalised).
- Interest rate: BBSW plus 11% (capitalised).

- Maturity date: The earlier to occur of: 30 days after the date on which Talon becomes a wholly owned subsidiary of Strike Energy; 30 days after a person other than Strike Energy or its subsidiaries becomes entitled to hold 50% or more of the Talon shares or otherwise acquires control of Talon; 60 days after termination of the Scheme Implementation Deed; 270 days following the date of the first advance.
- Conversion: Strike Energy may by written notice on or before the relevant maturity date elect to convert any outstanding principal and capitalised amounts into fully paid ordinary Talon shares at \$0.180, being the 5-day VWAP to 26 July 2023.
- Prepayment: The facility is to be prepaid out of net petroleum proceeds received by Talon from the sale of Walyering gas and condensate.

### Next Steps

Talon shareholders do not need to take any action at this time.

Talon shareholders will be asked to approve the Scheme at the scheme meeting which is expected to be held in early December 2023 ("**Scheme Meeting**"). A scheme booklet containing information relating to the Scheme, the reasons for the Talon Directors' recommendation, the Independent Expert's Report and details of the Scheme Meeting will be dispatched to Talon shareholders in advance of the Scheme Meeting.

Talon has appointed Sternship Advisers and RBC Capital as financial advisers and Allens as legal adviser.

Strike Energy has appointed DLA Piper as legal advisor.

### Conference Call

Strike Energy and Talon will host a joint conference call at 8:30am WST on Monday the 14th of August. Please register your interest at the following link to receive an invitation:

<https://events.teams.microsoft.com/event/9f2e3e55-8bfd-41c9-b52e-b8bd89d607d7@dda1f216-94f7-4d93-856f-c105a1cbe657>

This Announcement has been authorised for release by the Board of Directors.

For further information, please contact:

#### Talon Energy Limited

Colby Hauser

Managing Director and CEO

+61 8 6319 1900

info@talonenergy.com.au

#### Talon Energy Limited

Shannon Coates

Company Secretary

+61 8 6319 1900

info@talonenergy.com.au



## Appendix 5 Conditions Precedent Certificate

Strike Energy Limited ACN 078 012 745 (**Strike**) and Talon Limited ACN 153 229 086 (**Talon**) certify, confirm and agree that each of the conditions precedent:

- 1 in clause 3.1 (other than the condition in clause 3.1(a) relating to Court approval) of the scheme implementation deed dated 23 August 2023 between Strike and Talon (**SID**) has been satisfied or is hereby waived by the relevant party (or parties) to the SID in accordance with the terms of the SID; and
- 2 in clauses 3.1(a) and 3.1(b) of the scheme of arrangement between Talon and the relevant Talon shareholders which appears in Annexure [●] of Talon's scheme booklet dated [●] has been satisfied.

This deed may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Dated: [●] 2023

Executed as a deed

Executed by **Strike Energy Limited ACN 078 012 745** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)

Executed by **Talon Energy Limited ACN 153 229 086** acting by the following persons or, if the seal is affixed, witnessed by the following persons in accordance with s127 of the *Corporations Act 2001*:

.....  
Signature of director

.....  
Signature of director/company secretary

.....  
Name of director (print)

.....  
Name of director/company secretary (print)