

TALON ENERGY LIMITED
ACN 153 229 086

SHORT FORM PROSPECTUS

For an offer to transfer up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to Shareholders of the Company pursuant to a Capital Reduction by way of in-specie Distribution being the subject of the Capital Reduction Resolution in the Notice of Meeting for the General Meeting to be held on 1 December 2023 and to facilitate secondary trading of those TMK Distribution Securities (**Offer**).

IMPORTANT INFORMATION

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type but refers to parts of other documents lodged with the ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Directors consider an investment in the TMK Distribution Securities that will be distributed and transferred under this Prospectus and the Capital Reduction Resolution, to be speculative.

CONTENTS

1. **IMPORTANT NOTICE..... 1**

2. **THE OFFER..... 4**

3. **NOTICE OF MEETING INFORMATION DEEMED TO BE INCORPORATED IN
PROSPECTUS..... 8**

4. **ADDITIONAL INFORMATION..... 16**

5. **DIRECTORS' AUTHORISATION..... 20**

6. **GLOSSARY..... 21**

1. IMPORTANT NOTICE

1.1 General

This Prospectus is dated 29 October 2023 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus, or the merits of the investment to which this Prospectus relates.

No TMK Distribution Securities may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser immediately.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Capitalised terms and abbreviations used in this Prospectus are defined in Section 6 of this Prospectus.

1.2 Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on the same date as this Prospectus.

In referring to the Notice of Meeting, the Company:

- (a) identifies the Notice of Meeting as being relevant to the offer of TMK Distribution Securities under this Prospectus and contains information that will provide Shareholders and their professional advisers to assist them in making an informed assessment of:
 - (i) the rights and liabilities attaching to the TMK Consideration Shares and the TMK Consideration Options; and
 - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company;
- (b) refers Shareholders and their professional advisers to Section 3 of this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated into this Prospectus;

- (c) informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the period of the Offer; and
- (d) advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

1.3 Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of TMK Consideration Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website www.talonenergy.com.au.

1.4 Forwarding-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause the Company's and/or TMK's actual results to differ materially from the results expressed or anticipated in these statements.

1.5 Forecast financial information

Given the nature of TMK's business and the fact there are significant uncertainties associated with forecasting future revenues and expenses of TMK, and in light of uncertainty as to timing and outcomes of TMK's growth strategies, TMK's performance in any future period cannot be reliably estimated. On this basis and after considering Regulatory Guide 170, the Directors believe that reliable financial forecasts for TMK cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

1.6 Foreign Jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Shareholders who are resident in

countries other than Australia and New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. It is important that investors read this Prospectus in its entirety and seek professional advice where necessary.

New Zealand

The in-specie distribution will be made to Talon's New Zealand resident Shareholders in reliance on the New Zealand *Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

2. THE OFFER

2.1 Terms and Conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

Pursuant to the Capital Reduction Resolution, the Company is inviting Shareholders to vote on a reduction of capital by way of in-specie Distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options (together, the **TMK Distribution Securities**). Based on the total number of Shares currently on issue of 646,997,893 at the date of this Prospectus, each Shareholder will receive approximately 1.56 TMK Consideration Shares and 0.78 TMK Consideration Options for every 1 Share held on the Record Date (in each case rounded down to the nearest whole security).

It should be noted that only Eligible Shareholders will be transferred TMK Distribution Securities under the Distribution. The TMK Distribution Securities to which Ineligible Foreign Shareholders would otherwise be entitled under the Distribution will be allocated to the Nominee and dealt with as set out in section 2.11 of the Notice of Meeting and Section 2.4 of this Prospectus.

The Distribution will only proceed if completion of settlement of the Gurvantes Transaction occurs subject to, and in accordance with, the Gurvantes Transaction Agreement.

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

- (a) the parties to the Gurvantes Transaction Agreement obtaining all necessary shareholder approvals required to allow the parties to lawfully complete the Gurvantes Transaction, including:
 - (i) TMK obtaining approval from TMK Shareholders for the issue of the TMK Consideration Securities; and
 - (ii) the Company obtaining approval from Shareholders for the Distribution pursuant to the Capital Reduction Resolution (Resolution 1) in the Notice of Meeting; and
- (b) the parties to the Gurvantes Transaction Agreement obtaining all necessary corporate, governmental, regulatory and third-party approvals, consents and waivers to allow the parties to lawfully complete the Gurvantes Transaction.

It should be noted that the Capital Reduction Resolution (Resolution 1) is conditional upon the approval by Shareholders of Resolution 2, being a proposed modification to the Constitution to facilitate the Distribution. If Resolution 2 is not approved by Shareholders, Resolution 1 will fail. Resolution 2 has only been included to allow for implementation of the Distribution the subject of Resolution 1.

Shareholders should be aware that the actual number of TMK Distribution Securities to be allocated under the Distribution is not currently known as it is dependent on any adjustment to be made pursuant to the Consideration Adjustment (if any) outlined at section 1.3 of the Notice of Meeting, which will not be determined until closer to the date of settlement of the Gurvantes Transaction.

The effect of the approval pursuant to the Capital Reduction Resolution will allow the Company to undertake the Distribution for up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options, less any adjustment required pursuant to the Consideration Adjustment (if any).

Accordingly, the Directors reserve the right to undertake the Distribution on this basis.

Under ASIC Regulatory Guide 188, the invitation to Shareholders to vote on the Capital Reduction Resolution of the Notice of Meeting constitutes an offer of securities under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief has been sought from ASIC by the Company, the Company has prepared this Prospectus to accompany the Notice of Meeting.

The release, publication or distribution of this Prospectus in jurisdictions other than Australia and New Zealand may be restricted by law or regulation in such other jurisdictions, and persons outside of Australia and New Zealand who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Prospectus has been prepared in accordance with Australian law and is subject to disclosure requirements under Australian law. The information contained in this Prospectus may not be the same as that which would have been disclosed if this Prospectus had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia. No action or formality has been taken to register or qualify the Offer in any jurisdiction outside Australia.

2.2 Minimum Subscription

There is no minimum subscription under the Offer as there is no capital being raised. If the Capital Reduction Resolution is approved by Shareholders and the Gurvantes Transaction completes, the TMK Distribution Securities will be transferred to Eligible Shareholders (or the Nominee in the case of Ineligible Foreign Shareholders) registered on the Record Date, which is anticipated to occur in accordance with the indicative timetable set out in section 2.2 of the Notice of Meeting.

2.3 Effect of the Offer on the Company

The principal effects of the Offer on the Company will be:

- (a) the Company ceasing to own up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to be issued to it under the Gurvantes Transaction Agreement; and
- (b) the Company's share capital and total and net assets will reduce by the fair value of the TMK Distribution Securities, as determined by the Directors. The Directors will notify Shareholders of the actual reduction in due course.

The financial effect of the Offer and the Gurvantes Transaction on the Company is reflected in the pro forma consolidated statement of financial position for Talon as at 30 June 2023 contained in Part 1 of Schedule 3 of the Notice of Meeting.

The financial effect of the Gurvantes Transaction on TMK is reflected in the pro forma consolidated statement of financial position for TMK as at 30 June 2023 contained in Part 2 of Schedule 3 of the Notice of Meeting.

2.4 Ineligible Foreign Shareholders

The distribution of TMK Distribution Securities under the reduction of capital and in-specie distribution to Shareholders with registered addresses outside Australia is subject to legal and regulatory requirements in those relevant overseas jurisdictions.

The Company has determined that it would be unreasonable to transfer TMK Distribution Securities under the Distribution to those Shareholders on the Record Date with an address outside Australia and New Zealand having regard to:

- (a) the number of Shareholders with addresses outside these countries;
- (b) the number and value of TMK Distribution Securities those Shareholders would otherwise have been entitled to; and
- (c) the cost of complying with the legal requirements, and requirements of regulatory authorities, in each of the countries concerned.

Ineligible Foreign Shareholders on the Record Date will not be transferred the TMK Distribution Securities. Instead, the TMK Distribution Securities to which Ineligible Foreign Shareholders would have otherwise been entitled will be transferred to the Nominee to be held on their behalf, pending a sale opportunity, which may include the sale of the securities on ASX or another prescribed financial market.

The Nominee will sell those TMK Distribution Securities at such price and on such terms as the Nominee determines in good faith and at the risk of Ineligible Foreign Shareholders. The Nominee will deal with the Ineligible Foreign Shareholders' TMK Distribution Securities on a best efforts only basis with a view to delivering value to the Ineligible Foreign Shareholder. None of the Nominee, Talon or TMK accept any liability to the Ineligible Foreign Shareholders for any loss that may be suffered as a result of the sale of the TMK Distribution Securities, including in connection with foreign exchange rates.

Following sale of the TMK Distribution Securities, the Nominee will then pay the net proceeds from the sale of any such TMK Distribution Securities to the Ineligible Foreign Shareholder (after deducting any applicable brokerage, duty and other selling costs, taxes and charges).

As the return of capital and in-specie distribution is being represented and satisfied by the distribution of TMK Consideration Securities and the market price of TMK's securities may vary from time to time (assuming a liquid market is available), there is no guarantee as to the value that might be realised from the sale of the TMK Distribution Securities by the Nominee, and the net proceeds of sale to such Ineligible Foreign Shareholders may be more or less than the notional dollar value of the reduction of capital.

2.5 Action Required by Shareholders

Shareholders who have a registered address outside Australia and New Zealand as at the date of this Prospectus are able to update their registered address on the Company's share register prior to the Record Date by either contacting their broker or for issuer sponsored holders contacting the Company's share registry,

Computershare on 1300 850 505 (within Australia) or +61 (03) 9415 4000 (outside Australia).

If a Shareholder's registered address remains outside Australia and New Zealand as at the Record Date they will be treated as an Ineligible Foreign Shareholder for the purposes of the Distribution, unless otherwise determined by the Company at its absolute sole discretion.

No additional action is required to be taken by Shareholders under this Prospectus.

On the basis Shareholders approve the Capital Reduction Resolution (which would require both Resolutions 1 and 2 to be passed) and the Gervantes Transaction completes, the TMK Distribution Securities will be distributed and transferred to Eligible Shareholders (or the Nominee in the case of Ineligible Foreign Shareholders) in accordance with the terms of the Capital Reduction Resolution and the Proposed Constitution, whether you voted for or against the Capital Reduction Resolution and/or Resolution 2 of the Notice of Meeting or did not vote at all (or did not attend the General Meeting).

In accordance with *ASIC Corporations (Application Form Requirements) Instrument 2017/241*, no application form is required to be completed or returned to participate in the Offer and the transfer of TMK Distribution Securities under the Distribution and no application form is included in or accompanies this Prospectus.

If you have any queries regarding this Prospectus, please contact the Company on +61 8 6319 1900.

3. NOTICE OF MEETING INFORMATION DEEMED TO BE INCORPORATED IN PROSPECTUS

3.1 Short Form Prospectus

This Prospectus is a short form prospectus prepared in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all of the information that is generally required to be set out in a document of this type. However, it incorporates by reference information contained in the Notice of Meeting that has been lodged with the ASIC.

The Notice of Meeting contains information that Shareholders require in relation to the Distribution and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus. The material provisions of the Notice of Meeting are summarised below in Section 3.2 and will primarily be of interest to Shareholders and their professional advisers or analysts.

The Notice of Meeting will be dispatched to all Shareholders with this Prospectus. In addition, the Notice of Meeting will be made generally available by being posted on the Company's website (www.talonenergy.com.au) and the Company's ASX announcement platform (www.asx.com.au).

3.2 Summary of Material Provisions of the Notice of Meeting

In accordance with section 712 of the Corporations Act, set out below is a summary of the information contained in the Notice of Meeting that is deemed to be incorporated in this Prospectus to assist Shareholders and their professional advisers for the purposes of making an informed investment decision in relation to the TMK Distribution Securities.

The sections and schedules referred to in this Section 3.2 are references to sections and schedules in the Notice of Meeting.

(a) **Section 1.1 – Background**

This section provides an overview of the existing projects of the Company, the proposed Scheme, the proposed Gurvantes Transaction and the Distribution.

Pursuant to the Gurvantes Transaction, TMK will retain the Company's 33% earned interest in the Gurvantes Project via the acquisition of the Company's wholly owned subsidiary, TES. If the Gurvantes Transaction completes and the Distribution is implemented, Shareholders will collectively hold approximately 16.46% of TMK (on an undiluted basis) and therefore an approximate 16.46% interest in the Gurvantes Project.

(b) **Section 1.2 – Gurvantes Project**

This section sets out an overview of the Gurvantes Project and the exploration licence over the project area.

(c) **Section 1.3 – Gurvantes Transaction Agreement**

This section outlines the material terms and conditions of the Gurvantes Transaction Agreement.

In consideration for the acquisition of 100% of the issued capital of TES, TMK will issue to the Company:

- (i) up to 1,100,000,000 TMK Shares (**TMK Consideration Shares**); and
- (ii) up to 550,000,000 TMKOB Options (**TMK Consideration Options**), on the same terms and conditions as the existing class of TMKOB Options trading under ASX Code: TMKOB,

(together, the **TMK Consideration Securities**).

Up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options are to be distributed to Shareholders via the Distribution (being, the TMK Distribution Securities). The balance of the TMK Consideration Shares and the TMK Consideration Options (being 90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options) will be retained by Talon, some of which may be distributed to Talon's advisers to satisfy certain transaction costs resulting from the Gurvantes Transaction.

This section also sets out:

- (i) the Funding Contribution Payment, which the Company agreed to pay to TMK at settlement of the Gurvantes Transaction in full and final settlement of all obligations and liabilities of the Company (and TES and TEM) to contribute to any funding for expenditure or other commitments under the project agreements associated with the Gurvantes Project from 1 September 2023 until settlement of the Gurvantes Transaction;
- (ii) the Consideration Adjustment to the number of TMK Consideration Securities to be issued by TMK that may apply if the Funding Contribution Payment equals less than the Funding Contribution Minimum;
- (iii) the conditions precedent to settlement of the Gurvantes Transaction, specifically, TMK obtaining the approval of TMK Shareholders for the issue of the TMK Consideration Securities, Talon obtaining the approval of Shareholders to undertake the Distribution, and the parties to the Gurvantes Transaction Agreement obtaining all necessary corporate, governmental, regulatory and third-party approvals, consents and waivers to allow the parties to complete the Gurvantes Transaction. The conditions precedent must be satisfied (or waived) by 5:00 pm (WST) on 1 December 2023, otherwise either the Company or TMK may terminate the Gurvantes Transaction Agreement; and
- (iv) information on the voluntary escrow and orderly market sale provisions applicable to certain Shareholders who receive TMK Consideration Securities.

(d) **Section 1.4 – Adjustment to number of TMK Distribution Securities**

This section explains that the actual number of TMK Distribution Securities to be allocated under the Distribution is not currently known as it is dependent on any adjustment to be made pursuant to the Consideration Adjustment (if any), which will not be determined until closer to settlement

of the Gervantes Transaction. The Directors reserve the right to undertake the Distribution on this basis.

(e) **Section 1.5 – Advantages and disadvantages of the Distribution**

This section outlines a non-exhaustive list of advantages and disadvantages to Shareholders of the Distribution.

(f) **Section 1.6 – Future of the Company following completion of the Distribution**

This section sets out the Company's anticipated future plans in the event that Shareholder approval is obtained for the Capital Reduction Resolution and the Distribution is completed.

(g) **Section 1.7 – Future of the Company if the Distribution is not approved**

This section sets out the Company's anticipated future plans in the event that Shareholder approval is not obtained for the Capital Reduction Resolution and the Distribution does not proceed.

(h) **Section 1.8 – Future of TMK if the Distribution is approved**

This section sets out TMK's potential future plans if the Distribution is completed.

(i) **Section 1.9 – Directors' recommendation**

This section includes a unanimous recommendation from the Directors that Shareholders vote in favour of the Capital Reduction Resolution and sets out the reasons for this recommendation.

(j) **Section 2.1 – General**

This section provides a brief overview of the Distribution, including the expected number of TMK Consideration Securities to be received by Shareholders for every Share held on the Record Date.

Based on the total number of Shares currently on issue of 646,997,893 as at the date of this Propsecuts, each Shareholder will receive approximately 1.56 TMK Consideration Shares and 0.78 TMK Consideration Options for every 1 Share held on the Record Date (in each case rounded down to the nearest whole security).

This section also sets out the anticipated interest of Shareholders in TMK on completion of the Distribution on an undiluted basis and also assuming that all TMK Consideration Options transferred under the Distribution are exercised into TMK Shares.

(k) **Section 2.2 – Timetable**

This section sets out the indicative timetable for the Capital Reduction and the Distribution.

(l) **Section 2.3 – Quotation of TMK Distribution Securities**

This section advises that the TMK Consideration Shares and TMK Consideration Options will be listed on the ASX.

(m) **Section 2.4 – Requirements under section 256B and section 256C of the Corporations Act**

This section summarises the sections of the Corporations Act relevant to the Capital Reduction and the Distribution and includes a statement that the Directors believe that the Capital Reduction is fair and reasonable to Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(n) **Section 2.5 – ASX Listing Rule 7.17**

This section summarises ASX Listing Rule 7.17, which is relevant to the Distribution as Shareholders are being offered securities in another entity.

(o) **Section 2.6 – The effect of the proposed equal reduction of capital on the Company**

This section outlines the effect the equal reduction of capital will have on the share capital and net assets of the Company.

The value of the TMK Distribution Securities, and therefore the reduction in the share capital and net assets of the Company, is calculated based upon the quoted price per TMK Share and TMKOB Option on the ASX, which is likely to change between the date of the Notice of Meeting and the date of the Distribution. The Company will advise Shareholders of the value of the reduction of capital per Share as at the date of the Distribution, assuming the Distribution is implemented.

A pro forma statement of financial position of the Company as at 30 June 2023 is contained in schedule 3 of the Notice of Meeting which shows the financial impact of the capital reduction on the Company.

(p) **Section 2.7 – The effect of the proposed equal reduction of capital on Shareholders**

This section outlines the effect the equal reduction of capital will have on Shareholders, including outlining the ratio of the Distribution and financial impacts.

The TMK Distribution Securities will be distributed in-specie to Eligible Shareholders (or the Nominee on behalf of the Ineligible Foreign Shareholders) on a pro-rata basis, with fractional entitlements to be rounded down to the nearest whole TMK Consideration Share and TMK Consideration Option.

(q) **Section 2.8 – The effect of the proposed equal reduction of capital on Option holders**

This section outlines the effect the equal reduction of capital will have on Option holders which is that, in accordance with the terms and conditions of the Options, the number of Options on issue following the Distribution will remain the same, but the exercise price of each Option will be reduced by the amount of capital returned in relation to each Share.

This section also includes a statement that in order to be entitled to TMK Distribution Securities pursuant to the Distribution, Option holders must exercise their Options and be registered on the Company's share register as the holder of the Shares issued on exercise on the Record Date.

(r) **Sections 2.9 and 2.10 – Capital structure of the Company and TKM**

These sections set out the capital structure of the Company and TKM as at the date of this Prospectus and a pro forma capital structure of the Company and TKM upon completion of the Gurvantes Transaction and the Distribution. The Distribution itself will not have any impact on the number of securities on issue in Talon. However, if the Scheme becomes effective prior to the Record Date it is expected that all Performance Rights on issue will automatically vest and be converted to Shares prior to the Record Date.

(s) **Section 2.11 – Ineligible Foreign Shareholders**

This section provides that if a Shareholder's registered address is outside Australia and New Zealand as at the Record Date they will be treated as an Ineligible Foreign Shareholder for the purposes of the Distribution, unless otherwise determined by the Company at its absolute sole discretion. Ineligible Foreign Shareholders on the Record Date will not be transferred the TMK Distribution Securities. Instead, the TMK Distribution Securities to which Ineligible Foreign Shareholders would have otherwise been entitled will be transferred to the Nominee to be held on their behalf. Following sale of the TMK Distribution Securities, the Nominee will then pay the net proceeds from the sale of any such TMK Distribution Securities to the Ineligible Foreign Shareholder (after deducting any applicable brokerage, duty and other selling costs, taxes and charges) rounded down to the nearest cent.

(t) **Section 2.12 – Directors' interests**

This section details the number of securities in the Company which the Directors have an interest in at the date of this Prospectus and the number of TMK Distribution Securities they are likely to have an interest in if the Capital Reduction Resolution is passed and the Distribution is implemented.

(u) **Section 2.13 – Directors' remuneration**

This section sets out a table showing the remuneration received by the Directors for the preceding two financial years (FY2022 and FY2021), excluding superannuation entitlements and non-cash or equity benefits.

(v) **Section 2.14 – Information on TMK**

This section contains information on TMK, including a brief overview of TMK and the TMK Directors and any confirmations TMK has obtained from ASX in respect of the Gurvantes Transaction.

(w) **Section 2.15 – TMK quoted securities and share price history**

This section contains information on the TMK Distribution Securities, including historical trading prices of TMK Shares and TMKOB Options during the 12 months preceding the date of this Prospectus and the rights and liabilities attaching to the TMK Consideration Shares and the TMK Consideration Options.

The TMK Distribution Securities comprise TMK Consideration Shares (fully paid ordinary shares in the capital of TMK) and TMK Consideration Options (being the same class as an existing class trading under ASX: TMKOB).

The material rights and liabilities attaching to TMK Consideration Shares are set out in schedule 4 of the Notice of Meeting and the TMK Consideration Options will be issued on the terms and conditions set out in schedule 5 of the Notice of Meeting.

(x) **Section 2.16 – Risk Factors**

This section notes that there are a number of specific and general risks that may have a material effect on the financial position and performance of TMK and the value of its securities that Shareholders should be aware of. These risk factors are outlined in schedule 6 of the Notice of Meeting.

The list of risk factors provided at schedule 6 of the Notice of Meeting ought not to be taken as exhaustive of the risks faced by TMK or TMK Shareholders. These risk factors, and others not specified, may in the future materially affect the financial performance of TMK and the value of TMK securities.

The TMK Distribution Securities carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX.

(y) **Section 2.17 – Tax consequences**

This section sets out a general guide to the Australian taxation implications of the capital reduction (and the Distribution in general) for certain Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the tax consequences for Shareholders.

(z) **Section 2.18 – Lodgement with ASIC**

This section notes that the Company has lodged with ASIC a copy of this Notice of Meeting and this Prospectus and that ASIC and its officers take no responsibility for the contents of the Notice of Meeting or the merits of the transaction to which the Notice of Meeting relates.

(aa) **Section 2.19 – Disclosure to the ASX and ASIC**

This section notes that the Company is a disclosing entity and is subject to regular reporting and disclosure obligations.

(bb) **Section 2.20 – No Financial Product or Investment Advice**

This section confirms that the Notice of Meeting does not constitute financial product, taxation or investment advice nor a recommendation in respect of the TMK Consideration Shares and TMK Consideration Options.

(cc) **Section 2.21 – Other legal requirements**

This section explains why the Company has prepared this Prospectus for the Offer and that the TMK Consideration Securities will be issued by TMK

to the Company pursuant to a cleansing notice or prospectus (if required) in accordance with the Gurvantes Transaction Agreement.

(dd) **Section 2.22 – Other material information**

This section notes that there is no information material to the making of a decision by Shareholders whether or not to approve the Resolutions (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in the Notice of Meeting, this Prospectus or has previously disclosed to Shareholders.

(ee) **Section 3.1 – General**

This section provides an overview of the proposed amendments to the Constitution required in order to facilitate the Distribution.

The Board of Talon considers that the following amendments of the Constitution should be made to ensure that the Distribution can be implemented:

- (i) inclusion of a specific reference to a reduction of capital effected by an in-specie distribution;
- (ii) inclusion of a statement that, on occurrence of an in-specie distribution, the Shareholders are deemed to have agreed to become shareholders of the relevant company and to be bound by the relevant constitution (in the case of the Distribution, being respectively, the TMK Consideration Shares and TMK's constitution); and
- (iii) inclusion of provisions that will, in the case of the Distribution, empower the Company or any of the Directors as the agent of each Shareholder to execute any transfer of TMK Consideration Securities, or any other document required to give effect to the distribution of TMK Consideration Securities to that Shareholder.

(ff) **Section 3.2 – Proposed amendments to the Constitution**

This section sets out the proposed amendments to the Constitution, being the insertion of a new clause 90A (Reductions of capital).

(gg) **Section 3.3 – Recommendation of the Board**

This section includes a recommendation from the Directors that Shareholders vote in favour of Resolution 2.

(hh) **Schedules:**

(i) **Schedule 1 – Overview of the Gurvantes Project**

This schedule provides further information about the Gurvantes Project.

(ii) **Schedule 2 – Corporate Structure Pre and Post Gurvantes Transaction and Distribution**

This schedule shows the corporate structure of the Company pre and post Distribution.

(iii) **Schedule 3 – Financial Information**

This schedule includes a pro-forma consolidated statement of financial position of the Company as at 30 June 2023 assuming completion of the Gurvantes Transaction and the Distribution and a pro-forma consolidated statement of financial position of TMK as at 30 June 2023 assuming completion of the Gurvantes Transaction.

(iv) **Schedule 4 – Material Rights and Liabilities Attaching to TMK Consideration Shares**

This schedule sets out a summary of the material rights and liabilities attaching to the TMK Shares.

Full details of the rights and liabilities attaching to TMK Shares are set out in the TMK Constitution.

(v) **Schedule 5 – Terms and Conditions of TMK Consideration Options**

This schedule sets out the terms and conditions of the TMK Consideration Options.

(vi) **Schedule 6 – Risk Factors**

This schedule sets out a non-exhaustive list of risks factors that may in the future materially affect the financial performance of TMK and the value of TMK securities.

A copy of the Notice of Meeting accompanies this Prospectus.

4. ADDITIONAL INFORMATION

4.1 Interests of TMK Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no TMK Director holds, or during the last two years before lodgement of this Prospectus with the ASIC, held, an interest in:
 - (i) the formation or promotion of TMK;
 - (ii) property acquired or proposed to be acquired by TMK in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid and no benefits have been given or agreed to be given to any TMK Director, either to induce him/her to become, or to qualify, as a TMK Director or otherwise for services rendered in connection with the formation or promotion of TMK or the Offer.

4.2 Remuneration of TMK Directors

Details of the remuneration of TMK Directors can be found in TMK's 2022 Annual Report for the period ended 31 December 2022 (lodged with the ASX on 31 March 2023).

For details of the board of TMK, please refer to section 2.14 of the Notice of Meeting.

4.3 Interests of TMK and TMK Directors

Details of the interests of TMK Directors in the securities in TMK can be found on the ASX announcements platform for TMK.

None of the TMK Directors have an interest in any securities in the Company at the date of this Prospectus, other than Gema Gerelsaikan, who has an interest in 5,000 Shares. Gema Gerelsaikan will therefore be entitled to up to approximately 7,800 TMK Consideration Shares and 3,900 TMK Consideration Options pursuant to the Offer.

At the date of this Prospectus, TMK has an interest in 5,000,000 unlisted Options exercisable at \$0.20 on or before 5 May 2025.

4.4 Interests of Experts and Others

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- (b) promoter of the Company or TMK; or

- (c) underwriter (but not a sub-underwriter) to the Offer or a financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company or TMK;
- (e) any property acquired or proposed to be acquired by the Company or TMK in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company or TMK; or
- (h) the Offer.

Steinepreis Paganin has acted as legal advisers to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin approximately \$60,000 (exclusive of GST and disbursements) in respect of these services.

4.5 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the TMK Consideration Securities), the Directors, any persons named in this Prospectus with their consent as proposed directors, any underwriters, persons named in this Prospectus with their consent having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading and deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, the other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section; and
- (c) has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the legal advisers to the Company in relation to the Offer in this Prospectus.

TMK and the TMK Directors have not given their consent to the statements made in this Prospectus and no statement in this Prospectus is based upon any statement by them. TMK and the TMK Directors bear no responsibility for any part of the content of this Prospectus or any statement made with respect to or in connection with TMK.

4.6 Substantial TMK Shareholders

At the date of this Prospectus, based on public information available, the substantial TMK Shareholders (being the TMK Shareholders with a voting power in 5% or more of the TMK Shares on issue) are as set out below:

TMK Shareholder	Number of TMK Shares in which the TMK Shareholder has a relevant interest	Percentage interest
Tsetsen Zantav	1,613,000,000	32.06%
Ganzorig Vanchig	308,712,000	6.14%
Brendan Stats	288,000,000	5.72%

On completion of the Gurvantes Transaction and the Distribution, the substantial TMK Shareholders are expected to be as set out below (assuming no Shareholders become substantial holders as a result of the Distribution):

TMK Shareholder	TMK Shares	Percentage interest
Tsetsen Zantav	1,613,000,000	26.31%

4.7 ASX Continuous Disclosure

Details of documents lodged by TMK with ASX since the date of lodgement of TMK's latest interim financial report for the period ended 30 June 2023 and before the lodgement of this Prospectus with ASIC are set out in the table below.

Announcement Title	Date of announcement
Release of Shares from Escrow	13 October 2023
Proposed issue of securities - TMK	11 October 2023
TMK CONSOLIDATES 100% OWNERSHIP OF GURVANTES XXXV	11 October 2023
TPD: TPD and TMK to consolidate ownership of Gurvantes XXXV	11 October 2023
Operations Update - Gurvantes XXXV	9 October 2023

4.8 Expenses of the Offer

The total expenses of the Offer (excluding GST and disbursements) are estimated to be approximately \$153,206 in aggregate. This includes the following amounts (all excluding GST and disbursements):

- (a) fees and expenses paid or payable to the Company's professional advisers (including its legal, accounting and tax advisers) of approximately \$120,000; and

- (b) ASIC fees, registry costs, fees and expenses associated with printing and despatch of the Notice of Meeting and this Prospectus, expenses associated with convening and holding the General Meeting and other general and administrative expenses in connection with the Offer, of approximately \$33,206.

It should be noted that some of the Company's advisers will also be entitled to receive professional fees charged in accordance with their normal basis of charging in connection with advising the Company on the Gurvantes Transaction (part of which will be satisfied in the form of TMK Consideration Securities).

4.9 Litigation

To the knowledge of the Directors, as at the date of this Prospectus, TMK is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against TMK.

4.10 Dividend Policy

The Company anticipates that significant expenditure will be incurred in the furtherance of TMK's development. Accordingly, the Company does not expect TMK to declare any dividends in the near future, as the Company understands TMK's primary focus will be on exploring and developing the Gurvantes Project.

Any future determination as to the payment of dividends by TMK will be at the discretion of the TMK Directors and will depend on the availability of distributable earnings, the operating results and overall financial condition of TMK, future capital requirements, capital management initiatives, general business outlook and other factors considered relevant by the TMK Directors.

The Directors cannot and do not provide any assurances in relation to the future payment of dividends by TMK or the level of franking credits attaching to dividends.

4.11 Privacy

The Company collects personal information about its Shareholders' holdings of Shares in accordance with the Corporations Act. The Company will share that personal information with its advisers and service providers and with TMK and its advisers and service providers in connection with the Capital Reduction and Distribution.

5. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

6. GLOSSARY

ASIC means the Australian Securities and Investments Commission.

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

Board means the board of directors of the Company.

Capital Reduction means a reduction of the share capital of the Company as set out in the Capital Reduction Resolution.

Capital Reduction Resolution means resolution 1 of the Notice of Meeting to be proposed to Shareholders at the General Meeting to approve the Capital Reduction and Distribution.

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

Consideration Adjustment has the meaning given in section 1.3 of the Notice of Meeting.

Constitution means the constitution of the Company.

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

Directors means the directors of the Company.

Distribution has the meaning given at section 2.1 of the Notice of Meeting, being the Capital Reduction by way of the Company making a pro-rata in specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to the Shareholders of the Company registered on the Record Date, for which approval is being sought pursuant to the Capital Reduction Resolution.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date, other than an Ineligible Foreign Shareholder.

Explanatory Statement means the explanatory statement accompanying and forming part of the Notice of Meeting.

Funding Contribution Minimum has the meaning given in section 1.3 of the Notice of Meeting.

Funding Contribution Payment has the meaning given in section 1.3 of the Notice of Meeting.

General Meeting means the general meeting of the Company convened by the Notice of Meeting.

Gurvantes Project has the meaning given in section 1.1 of the Notice of Meeting.

Gurvantes Transaction has the meaning given in section 1.1 of the Notice of Meeting.

Gurvantes Transaction Agreement has the meaning given in section 1.1 of the Notice of Meeting.

Ineligible Foreign Shareholder means a Shareholder with a registered address outside of Australia and New Zealand and any other jurisdiction determined by the Company which is not prohibited and unduly onerous or impractical to distribute TMK Distribution Securities.

Nominee means an entity nominated by the Company to sell or hold the TMK Distribution Securities that would otherwise have been issued to the Ineligible Foreign Shareholders under the Distribution.

Notice of Meeting means the Notice of General Meeting and Explanatory Statement of the Company dated 29 October 2023.

Offer means the offer of TMK Distribution Securities to Shareholders under the Distribution, the subject of the Capital Reduction Resolution.

Option means an option to acquire a Share.

Proposed Constitution has the meaning given in section 3.1 of the Notice of Meeting.

Prospectus means this short form prospectus prepared in accordance with section 712 of the Corporations Act.

Record Date means the record date for the Distribution as set out in the timetable in section 2.2 of the Notice of Meeting.

Scheme has the meaning given in section 1.1 of the Notice of Meeting.

Section means a section of this Prospectus.

TEM means Talon Energy Mongolia LLC (registration number 6765076).

TES means Talon Energy Pte. Ltd. (UEN 202 122 994K).

TMK means TMK Energy Limited (ACN 127 735 442).

TMK Consideration Options has the meaning given in section 1.3 of the Notice of Meeting.

TMK Consideration Securities has the meaning given in section 1.3 of the Notice of Meeting.

TMK Consideration Shares has the meaning given in section 1.3 of the Notice of Meeting.

TMK Constitution means the constitution of TMK.

TMK Directors means the directors of TMK.

TMK Distribution Securities has the meaning given in section 1.3 of the Notice of Meeting.

TMKOB Option means an option to acquire a TMK Share, listed on the ASX with the code TMKOB.

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

TMK Shareholders means a registered holder of a TMK Share.

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

Shareholder means a registered holder of a Share.

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

TALON ENERGY LIMITED
ACN 153 229 086
NOTICE OF GENERAL MEETING

Notice is given that a general meeting will be held at:

TIME: 10:00 am (WST)
DATE: 1 December 2023
PLACE: 1202 Hay Street, Emerald House, West Perth WA 6005

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00 pm (WST) on 29 November 2023.

BUSINESS OF THE MEETING

AGENDA

1. **RESOLUTION 1 – APPROVAL OF EQUAL CAPITAL REDUCTION AND IN-SPECIE DISTRIBUTION**

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

“That, subject to Resolution 2 being passed, for the purposes of section 256B and section 256C(1) of the Corporations Act, and for all other purposes, approval is given for the Company to reduce its share capital by the Company making a pro-rata in specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to the Shareholders of the Company registered on the Record Date, to be effected in accordance with the Constitution, the ASX Listing Rules and as otherwise determined by the Directors, with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a TMK Shareholder and being bound by its constitution, on the terms and conditions set out in the Explanatory Statement.”

2. **RESOLUTION 2 – MODIFICATION OF CONSTITUTION**

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

“That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution and adopt its new modified form as signed by the Chair of the Meeting for identification purposes with immediate effect.”

Dated: 29 October 2023

By order of the Board



**Colby Hauser
Managing Director/CEO**

IMPORTANT INFORMATION

VOTING IN PERSON

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

VOTING BY PROXY

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

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

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

Shareholders and their proxies should be aware that:

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

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

OTHER LEGAL REQUIREMENTS - PROSPECTUS

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 1 of the Notice of Meeting constitutes an "offer" to transfer TMK Consideration Shares and TMK Consideration Options to Shareholders pursuant to the Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief has been obtained by the Company, the Company has prepared a prospectus that contains information in relation to TMK (**Prospectus**).

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in its entirety, and in conjunction with this Notice of Meeting. The Prospectus also allows Shareholders to sell their TMK Consideration Shares and TMK Consideration Options within the first 12 months after receiving them without further disclosure (subject to any escrow restrictions that may apply to certain Shareholders as agreed under the Gurvantes Transaction Agreement).

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolutions 1 and 2 other than as disclosed in this Notice of Meeting and Explanatory Statement, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

IT SHOULD BE NOTED THAT RESOLUTION 1 IS CONDITIONAL UPON THE APPROVAL BY SHAREHOLDERS OF RESOLUTION 2. IF RESOLUTION 2 IS NOT APPROVED BY SHAREHOLDERS, RESOLUTION 1 WILL FAIL.

RESOLUTION 2 HAS ONLY BEEN INCLUDED TO ALLOW FOR IMPLEMENTATION OF THE DISTRIBUTION THE SUBJECT OF RESOLUTION 1.

PURPOSE OF THIS DOCUMENT

The main purpose of this document is to explain the terms of the proposed Distribution, and the manner in which the Distribution (or parts of it) will be implemented (if approved), and to provide such information as is prescribed or otherwise material to the decision of Shareholders whether or not to approve Resolution 1 to give effect to the Distribution. This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 1, as required by section 256C(4) of the Corporations Act.

ASIC AND ASX

A final copy of this Notice of Meeting and Explanatory Statement has been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Meeting. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

FORWARD LOOKING STATEMENTS

Some of the statements appearing in this document may be in the nature of forward looking statements. The words 'anticipate', 'believe', 'expect', 'project', 'forecast', 'estimate', 'likely', 'intend', 'should', 'could', 'may', 'target', 'plan', 'consider', 'foresee', 'aim', 'will' and similar expressions are intended to identify forward-looking statements. Indications of guidance on future production, resources, reserves, sales, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and/or TMK such as (without limitation) the status of exploration permits, production licences and production sharing agreements, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to government fiscal, monetary and regulatory policies, regulatory approvals, the impact of actions of governments, the potential difficulties in enforcing agreements, protecting assets and increases in costs of transportation and shipping of international operations, alterations to resource estimates and exploration targets and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in which the Company and/or TMK operates, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary government and regulatory approvals, the ability to service debt and to refinance debt to meet expenditure needs on any future acquisitions, increased competition, insurance and occupational health and safety. For more information on the risk factors facing TMK, please refer to Schedule 6.

Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement and such deviations are both normal and to be expected.

None of the Company, TMK or any of their respective officers or any person named in this document or involved in the preparation of this document make any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, and you are cautioned not to place undue reliance on those statements.

The forward-looking statements in this document reflect views held only as at the date of this document.

NO FINANCIAL PRODUCT OR INVESTMENT ADVICE

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the TMK Consideration Shares and TMK Consideration Options. It has been prepared without taking into account the objectives, financial situation, taxation position or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation, taxation position and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor TMK is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of the TMK Distribution Securities under the Distribution (whether the regime is provided for by law or otherwise).

NO INTERNET SITE IS PART OF THIS DOCUMENT

No internet site is part of this Notice of Meeting and Explanatory Statement. The Company maintains an internet site (www.talonenergy.com.au). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

EXPLANATORY STATEMENT

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

1. OVERVIEW OF THE GURVANTES TRANSACTION AND THE DISTRIBUTION

1.1 Background

Talon Energy Limited (ACN 153 229 086) (ASX: TPD) (the **Company** or **Talon**) was incorporated on 14 September 2011 in Victoria and was admitted to the Official List of ASX on 27 February 2013. Talon is an oil and gas exploration, development and production company based in Australia with a portfolio of assets in Australia and Mongolia.

Western Australian projects

The Company currently holds interests in the following projects in the Perth Basin, Western Australia:

- (a) **Walayering Project:** a 45% interest in a joint venture with project operator, Strike Energy Limited (ACN 078 012 745) (ASX: STX) (**Strike**), who holds 55% ownership of the project, comprising a production licence and an exploration permit, L23 and EP447, in the Perth Basin of Western Australia. L23 contains the Walayering conventional gas discovery and EP447 contains additional exploration leads;
- (b) **L7 and EP437 Project:** a 25% interest in a joint venture with project operator, Triangle Energy Limited (50%) and New Zealand Oil and Gas (NZOG) (25%). The project comprises a production licence and an exploration permit, L7 and EP437, in the North Perth Basin of Western Australia. The Company farmed-in for its 25% interest in March 2023 and has obligations to pay additional deferred consideration in December 2023 and to fund a promoted share of the costs for 3 planned exploration wells to be drilled in 2024 (subject to rig availability);
- (c) **Condor Project:** an agreement for Talon to acquire a 100% interest from Macallum Group Ltd in two adjacent permits, SPA 34 AO (now awarded as EP511) and three blocks (7977, 8049 and 8121) from EP494. The transfer of the Condor tenure to Talon remains contingent on satisfaction of outstanding conditions; and
- (d) **EP495 – Ocean Hill (First Right of Refusal):** as part of Talon's farm-in to the Walayering Project, Talon also secured a first right of refusal to farm into EP495 located in the Perth Basin, which contains the Ocean Hill gas discovery (currently owned 100% by Strike).

A more detailed summary of the above projects can be found on pages 4 to 7 of Talon's Interim Financial Report for the half-year ended 30 June 2023 (see ASX announcement dated 8 September 2023) and pages 2 to 4 of the September 2023 Quarterly Report (see ASX announcement dated 25 October 2023).

Mongolian project

The Gurvantes XXXV Coal Seam Gas Project (**Gurvantes Project**) is a joint venture between Talon and TMK Energy Limited (ACN 127 735 442) (ASX: TMK) (**TMK**) (and associated entities of each of Talon and TMK) targeting coal-seam gas in the

South Gobi Basin of Mongolia. TMK currently owns a 67% beneficial interest in the Gurvantes Project and the remaining 33% beneficial interest in the Gurvantes Project is held by the Company.

TMK is the operator of a farm-in and joint venture arrangement with the Company in respect of the Gurvantes Project (**Farm-in Agreement**). In December 2022, the Company elected to enter into stage 2 of the Farm-in Agreement and earn its 33% beneficial interest in the Gurvantes Project by making a US\$3.15 million funding contribution towards the now completed pilot well program in satisfaction of its stage 2 funding obligations under the Farm-in Agreement.

The Company holds its 33% beneficial interest in the Gurvantes Project via its wholly owned subsidiary, Talon Energy Pte. Ltd. (a company incorporated in Singapore) (**TES**), which directly holds 100% of Talon Energy Mongolia LLC (a limited liability company incorporated in Mongolia) (**TEM**), which directly holds the 33% beneficial interest.

TMK holds its 67% beneficial interest in the Gurvantes Project via its wholly owned subsidiary, Telmen Energy Limited (ACN 647 482 684) (**TEL**), which directly holds 100% of Telmen Resource LLC (a limited liability company incorporated in Mongolia) (**Telmen**), which directly holds the 67% beneficial interest.

Further details of the Gurvantes Project are set out in Section 1.2 and Schedule 1.

The Scheme

As announced on 14 August 2023, the Company has entered into a scheme implementation deed with Strike (as amended and restated on 10 October 2023) under which it is proposed that Strike will, subject to the satisfaction or waiver (where permitted) of certain conditions, acquire all of the Talon Shares by way of a scheme of arrangement under Part 5.1 of the Corporations Act (**Scheme**). If the Scheme is implemented, Shareholders will receive 0.4828 new Strike shares for each Talon Share held on the record date for the Scheme (**Scheme Consideration**), subject to the terms of the Scheme.

Refer to Talon's ASX announcements released on 14 August 2023 and 11 October 2023 for further information in relation to the Scheme.

The Gurvantes Transaction

As announced on 11 October 2023, the Company has also entered into a binding heads of agreement with TMK (**Gurvantes Transaction Agreement**), pursuant to which TMK will retain the Company's 33% earned interest in the Gurvantes Project via the acquisition of the Company's wholly owned subsidiary, TES (**Gurvantes Transaction**).

The material terms and conditions of the Gurvantes Transaction Agreement are summarised in Section 1.3.

It is proposed that subject to Shareholder approval being obtained, the Company will make a pro rata in-specie distribution of the TMK Distribution Securities (defined below) to Shareholders on the Record Date, following completion of the Gurvantes Transaction (being, the Distribution as defined at Section 2.1).

The Distribution is intended to enable Shareholders to retain exposure to the Gurvantes Project through an equity holding in TMK whether or not the Scheme is implemented, following consolidation of ownership of the Gurvantes Project

through the Gurvantes Transaction. As set out in further detail in this Notice, the Board believes that TMK will be well placed to advance the Gurvantes Project as the 100% beneficial holder, with a view to unlocking value for Shareholders.

On completion of the Gurvantes Transaction and the Distribution, Shareholders will collectively hold approximately 16.46% of TMK (on an undiluted basis) and therefore an approximate 16.46% interest in the Gurvantes Project.

It should be noted that only Eligible Shareholders will be transferred TMK Distribution Securities under the Distribution. The TMK Distribution Securities to which Ineligible Foreign Shareholders would otherwise be entitled under the Distribution will be allocated to the Nominee and dealt with as set out in Section 2.11.

A diagram showing the corporate structure of the Company both pre and post completion of the Gurvantes Transaction and the Distribution is set out in Schedule 2.

The Company notes that completion of the Gurvantes Transaction and the Distribution is not conditional on completion of the Scheme and vice versa. The Gurvantes Transaction will occur (or not occur, as the case may be) independently of the Scheme becoming effective. However, background information in relation to the Scheme has been included in this Section given its relevance to the current proposed direction of the Company moving forward.

This Notice of Meeting and Explanatory Statement are being issued to give effect to the Board's intention to complete the Gurvantes Transaction and the Distribution.

Further details with respect to the Company's activities are set out in the Company's ASX announcements and are available at Talon's website www.talonenergy.com.au and on the ASX website www.asx.com.au (ASX: TPD).

1.2 Gurvantes Project

The Gurvantes Project is subject to an exploration licence over the project area, as governed by the Gurvantes XXXV production sharing agreement (**PSA**), as detailed below:

Exploration Licence	Type	Regulator	Beneficial Interest	Start Date (PSA)	Expiry (PSA)
E 735/5637945 (governed by the Gurvantes XXXV PSA)	Exploration licence and Production Sharing Agreement	Mineral Resources and Petroleum Authority of Mongolia	67% (TMK) 33% (TPD)	27/07/2021	26/07/2031

Further information in respect of the Gurvantes Project is set out in Schedule 1.

1.3 Gurvantes Transaction Agreement

The material terms and conditions of the Gurvantes Transaction Agreement are outlined below.

Consideration

In consideration for the acquisition of 100% of the issued capital of TES, TMK will issue to the Company:

- (a) up to 1,100,000,000 fully paid ordinary shares in the capital of TMK (**TMK Shares**) (**TMK Consideration Shares**); and
- (b) up to 550,000,000 TMKOB Options (**TMK Consideration Options**), on the same terms and conditions as the existing class of TMKOB Options trading under ASX Code: TMKOB,

(together, the **TMK Consideration Securities**).

Up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options are to be distributed to Shareholders via the Distribution (**TMK Distribution Securities**). The balance of the TMK Consideration Shares and the TMK Consideration Options (being 90,982,760 TMK Consideration Shares and 45,491,380 TMK Consideration Options) will be retained by Talon, some of which may be distributed to Talon's advisers to satisfy certain transaction costs resulting from the Gurvantes Transaction.

The material rights and liabilities attaching to TMK Consideration Shares are set out in Schedule 4 and the TMK Consideration Options will be issued on the terms and conditions set out in Schedule 5.

Talon funding obligations

In full and final settlement of all obligations and liabilities of the Company (and TES and TEM) to contribute to any funding for expenditure or other commitments under the project agreements associated with the Gurvantes Project (including, the Farm-In Agreement) during the period from 1 September 2023 until settlement of the Gurvantes Transaction (**Settlement**), the Company will pay a cash payment to TMK equal to:

- (a) \$850,000; less
- (b) costs incurred in connection with the disposal of the Company's interest in the Gurvantes Project or the Gurvantes Transaction and certain other costs and funding provided for the benefit of the Company's Mongolian operations and assets, including the Gurvantes Project, by the Company,

(the **Funding Contribution Payment**).

The Funding Contribution Payment will be payable by the Company at Settlement.

In the event that the Funding Contribution Payment equals less than \$680,000 (**Funding Contribution Minimum**), to be determined by the parties no later than 5 business days prior to the date of Settlement, then:

- (a) the number of TMK Consideration Shares to be issued to the Company will be reduced by that number calculated using the following formula (rounded up in the case of a fractional entitlement):

$$\begin{array}{l} \text{Reduction in the} \\ \text{number of TMK} \\ \text{Consideration} \\ \text{Shares} \end{array} = \frac{\begin{array}{l} \text{The amount the Funding Contribution Payment falls short of} \\ \text{the Funding Contribution Minimum} \end{array}}{\text{Deemed issue price of \$0.01}}$$

- (b) the number of TMK Consideration Options will be proportionately reduced on the basis of 0.5:1 (being, half a TMK Consideration Option for every 1

TMK Consideration Share) (rounded up in the case of a fractional entitlement),

(the **Consideration Adjustment**).

Conditions Precedent

Settlement is subject to and conditional on the following conditions precedent being satisfied or waived:

- (a) the parties obtaining all necessary shareholder approvals required to allow the parties to lawfully complete the Gurvantes Transaction, including:
 - (i) TMK obtaining approval from TMK Shareholders for the issue of the TMK Consideration Securities; and
 - (ii) Talon obtaining approval from Shareholders for the Distribution (the subject of Resolution 1); and
- (b) the parties obtaining all necessary corporate, governmental, regulatory and third-party approvals, consents and waivers to allow the parties to lawfully complete the Gurvantes Transaction,

(the **Conditions**).

If any of the Conditions are not satisfied (or waived) on or before 5:00 pm (WST) on 1 December 2023 (**End Date**), then either TMK or the Company may terminate the Gurvantes Transaction Agreement by notice in writing.

Distribution of TMK Distribution Securities

Talon is to undertake the Distribution following Settlement occurring.

Voluntary escrow and orderly sale

It is agreed that:

- (a) the TMK Consideration Shares which are allocated to certain parties (including Talon, the Directors of Talon and certain management of Talon) (each an **Escrowed Shareholder**):
 - (i) will be subject to voluntary escrow until 30 June 2024 (**Escrow Period**); and
 - (ii) following the Escrow Period, for such time as an Escrowed Shareholder holds more than 5,000,000 TMK Consideration Shares and wishes to dispose of any TMK Consideration Shares issued to it after the Escrow Period, that Escrowed Shareholder must:
 - (A) provide written notice to TMK of any intention to dispose of any TMK Consideration Shares held by that Escrowed Shareholder (**Disposal Notice**) which must specify the number of TMK Consideration Shares to be sold (**Relevant Shares**) and the proposed minimum sale price for the Relevant Shares; and

- (B) not dispose of the Relevant Shares until at least five trading days after TMK has received the Disposal Notice (**Notice Period**).

During the Notice Period, TMK may (but is not obliged to) arrange for a block trade or block trades of the Relevant Shares at a price no less than the minimum sale price specified in the Disposal Notice and the parties agree that TMK can do all things it requires to ensure the Escrowed Shareholders comply with the orderly market provisions above, including instructing TMK's share register to place a temporary holding lock on the TMK Consideration Shares held by an Escrowed Shareholder during any period of non-compliance by that Escrowed Shareholder; and

- (b) Talon will use reasonable endeavours to procure that any Shareholders (other than the Escrowed Shareholders), who at Settlement will be entitled to 5,000,000 or more TMK Consideration Shares, enter into a voluntary escrow deed in customary form whereby (with cascading effect):
- (i) 100% of the TMK Consideration Shares of that Shareholder will be escrowed from Settlement until 31 March 2024;
 - (ii) 75% of the TMK Consideration Shares of that Shareholder will be escrowed from Settlement until 30 June 2024;
 - (iii) 50% of the TMK Consideration Shares of that Shareholder will be escrowed from Settlement until 30 September 2024; and
 - (iv) 25% of the TMK Consideration Shares of that Shareholder will be escrowed from Settlement until 31 December 2024.

Other terms and conditions

In addition to the terms and conditions outlined above, the Gurvantes Transaction Agreement includes terms and conditions considered standard for transactions of this nature, including representations and warranties provided by each party for the benefit of the other party.

1.4 Adjustment to number of TMK Distribution Securities

Shareholders should be aware that the actual number of TMK Distribution Securities to be allocated under the Distribution is not currently known as it is dependent on any adjustment to be made pursuant to the Consideration Adjustment (if any) outlined at Section 1.3, which will not be determined until closer to the date of Settlement.

The effect of the approval pursuant to Resolution 1 will allow the Company to undertake the Distribution for up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options, less any adjustment required pursuant to the Consideration Adjustment (if any).

Accordingly, the Directors reserve the right to undertake the Distribution on this basis.

1.5 Advantages and disadvantages of the Distribution

The Directors are of the view that the following non-exhaustive list of advantages and disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

Advantages

- (a) Shareholders will retain their current shareholding in the Company and also receive a proportional shareholding in TMK (other than Ineligible Foreign Shareholders as outlined in Section 2.11), allowing Shareholders to maintain the opportunity to participate in any upside of the Gurvantes Project. By retaining their interest in Talon, Shareholders will also be entitled to participate in the proposed Scheme and receive the Scheme Consideration, if the Scheme is implemented, subject to the terms of the Scheme.
- (b) The Gurvantes Transaction does not impact or change the Scheme Consideration that Shareholders could receive under the proposed Scheme, if the Scheme is implemented. The Gurvantes Transaction and the Distribution allows Shareholders to realise the value in the Gurvantes Project. The value of the TMK Distribution Securities to be received has an implied value of approximately \$0.019 per Talon Share,¹ held in circumstances where the Scheme ascribes no value to TES or the Gurvantes Project.
- (c) All Shareholders will collectively retain a 16.46% interest in the Gurvantes Project through their individual pro-rata holdings of TMK Distribution Securities (on an undiluted basis).²
- (d) Subject to approval and implementation of the proposed Scheme, Shareholders will receive the Scheme Consideration, subject to the terms of the Scheme, as well as an interest in TMK which will be free to pursue new business opportunities, in addition to continuing its focus on the Gurvantes Project.
- (e) Following the proposed Gurvantes Transaction, TMK will increase its beneficial interest in the Gurvantes Project from 67% to 100% and the Company's Shareholders will be exposed to any potential increase in value that may result from TMK regaining a 100% beneficial interest in the Gurvantes Project and its continued development of the Gurvantes Project. This includes synergies anticipated to be realised from consolidating ownership, and streamlining management, of the Gurvantes Project.
- (f) Following the proposed Gurvantes Transaction, and subject to the availability of funding, TMK will be well placed to better focus on and to advance the Gurvantes Project as the 100% beneficial holder with a view to unlocking value for its shareholders.

¹ Based on the last closing price of TMK Shares of \$0.011 per TMK Share and TMKOB Options of \$0.003 per TMKOB Option prior to the date of the announcement of the Gurvantes Transaction on 11 October 2023. Based on the number of Talon Shares on issue of 646,997,893 (on an undiluted basis). Assumes approximately 1.009 billion TMK Consideration Shares and approximately 504.5 million TMK Consideration Options are distributed in-specie to Shareholders under the Distribution.

² Assuming 1,009,017,240 TMK Consideration Shares issued to Talon Shareholders under the Distribution.

- (g) For as long as TMK is listed on ASX it will be subject to ASX continuous disclosure obligations and Shareholders will have access to updates from TMK regarding development of the Gurvantes Project.

Disadvantages

- (a) Shareholders will become holders of TMK Shares and TMKOB Options and the objectives and interests of TMK may not align with those of Shareholders.
- (b) There is no guarantee that the TMK Shares and TMKOB Options will rise in value.
- (c) TMK today has low levels of liquidity for both TMK Shares and TMKOB Options, consequently TMK Shares and TMKOB Options are not easily traded in large volumes.
- (d) Shareholders will have a diluted interest in the Gurvantes Project through their shareholding in TMK.
- (e) Future exploration programs will depend on TMK's ability to raise new equity or debt capital. Unless alternate arrangements can be achieved, TMK will need to obtain adequate funding to continue its stated business objectives and exploration programs, which may not be achieved.
- (f) There may be a taxation consequence in respect of the distribution of TMK Distribution Securities to the Shareholders. Details of the general Australian taxation effect of the transaction are set out in Section 2.17 of this Explanatory Statement.
- (g) Shareholders may incur additional transaction costs if they wish to dispose of their TMK Distribution Securities (for example, brokage costs).

1.6 Future of the Company following completion of the Distribution

On completion of the Distribution, the Company will no longer have an interest in TES or the Gurvantes Project.

Following completion of the Distribution, the Company intends to continue progressing the steps for implementing the Scheme in accordance with the scheme implementation deed entered into with Strike (assuming no superior proposal emerges and the independent expert concluding, and continuing to conclude, that the proposed Scheme is in the best interests of Shareholders).

If the Scheme is implemented, Talon will become a wholly owned subsidiary of Strike and be de-listed from the ASX. In these circumstances, the Board of Talon understands that Strike will reconstitute the Board of Talon as appropriate for such an entity, and the strategic direction of Talon's operations and the development of its projects will be under the control of the board of Strike.

If however, the Scheme is not implemented, Talon will continue to operate as a standalone, ASX listed entity, with Talon's management continuing to implement the business plan and financial and operating strategies that it had in place prior to announcing the proposed Scheme on 14 August 2023.

1.7 Future of the Company if the Distribution is not approved

In the event Shareholders do not approve the Distribution, the Company will not be able to dispose of its interest in the Gurvantes Project to TMK and complete the Gurvantes Transaction, and the Distribution will not proceed. In these circumstances, Shareholders will not receive any TMK Consideration Securities.

The Scheme and the Gurvantes Transaction are not inter-conditional. Therefore, if the Scheme is not implemented, the Gurvantes Transaction (and the Distribution) may still proceed and vice versa.

If the Scheme is implemented but the Distribution is not approved, Talon will retain its interest in the Gurvantes Project and Strike will acquire all of Talon's interest in the Gurvantes Project for the Scheme Consideration, by virtue of acquiring Talon under the Scheme. However, Shareholders will not receive any additional consideration under the Scheme above the Scheme Consideration, to reflect Talon's interest in the Gurvantes Project.

If the Scheme is unsuccessful and the Distribution is not approved, Talon will continue to operate with all of its current assets, with Talon's management continuing to implement the business plan and financial and operating strategies that it had in place prior to announcing the proposed Scheme on 14 August 2023.

1.8 Future of TMK if the Distribution is approved

Following completion of the Distribution, the ongoing activities of TMK will be to:

- (a) continue to develop the Gurvantes Project, subject to any corporate, divestment or co-funding opportunities involving the Gurvantes Project that the TMK Board considers deliver better value;
- (b) pursue other opportunities in the resources sector including pursuing any acquisition opportunities that may arise; and
- (c) raise capital and potentially pursue other opportunities.

1.9 Directors' recommendation

After considering all relevant factors, the Directors unanimously recommend that Shareholders vote in favour of Resolution 1 for the following reasons:

- (a) after a full and proper assessment of all available information, the Directors believe that the proposed Distribution of the TMK Distribution Securities, following completion of the Gurvantes Transaction, is in the best interests of Shareholders and the Company;
- (b) in the opinion of the Directors, the advantages of the Distribution outweigh its disadvantages as set out in Section 1.5; and
- (c) the Directors are satisfied that the Distribution is the best option available to realise the value of the Gurvantes Project in the current circumstances, taking account of the lack of value ascribed to the Gurvantes Project under the proposed Scheme.

The Board unanimously recommends to Shareholders that the Distribution be approved. Each Director who holds or controls Shares intends to vote (or cause to

be voted) such Shares in favour of the Distribution (representing approximately 3.23% of the total Shares currently on issue as at the date of this Notice).

It should be noted that Resolution 1 is conditional upon the approval by Shareholders of Resolution 2. If Resolution 2 is not approved by Shareholders, Resolution 1 will fail.

Resolution 2 has only been included to allow for implementation of the Distribution the subject of Resolution 1.

2. RESOLUTION 1 – APPROVAL OF EQUAL CAPITAL REDUCTION AND IN-SPECIE DISTRIBUTION

2.1 General

As detailed in Section 1.3 above, the Company and TMK have entered into the Gurvantes Transaction Agreement pursuant to which, subject to satisfaction or waiver of the Conditions (including, Talon's Shareholders approving the Distribution pursuant to Resolution 1), TMK will retain the Company's 33% beneficial interest in the Gurvantes Project via the acquisition of the Company's wholly owned subsidiary, TES.

Upon Settlement of the Gurvantes Transaction, TMK will issue to the Company up to 1,100,000,000 TMK Consideration Shares and up to 550,000,000 TMK Consideration Options. Subject to the passing of Resolution 1, the Company proposes to make a pro-rata in-specie distribution of up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to Shareholders pursuant to an equal reduction of capital (**Distribution**).

As set out in Section 1.4, the final number of TMK Distribution Securities to be allocated to Shareholders is subject to any adjustment required pursuant to the Consideration Adjustment (if any).

Based on the total number of Shares currently on issue of 646,997,893, each of the Company's Shareholders will receive approximately 1.56 TMK Consideration Shares and 0.78 TMK Consideration Options for every 1 Share held on the Record Date (in each case rounded down to the nearest whole security).

The proposed Distribution will deliver to Shareholders (as at the Record Date) approximately:

- (a) a 16.46% undiluted equity interest (collectively) in TMK following completion of the Distribution;³ and
- (b) a 22.81% equity interest (collectively) in TMK assuming that all TMK Consideration Options received by Shareholders under the Distribution are subsequently exercised into TMK Shares,⁴

and assuming TMK does not issue any TMK Shares prior to the exercise of any TMK Consideration Options other than as contemplated in this Notice.

Relevant general information in respect of the Distribution is set out in Section 1 of this Notice.

³ Assuming 1,009,017,240 TMK Consideration Shares issued to Talon Shareholders.

⁴ Assuming 504,508,620 TMK Consideration Options are exercised into TMK Shares.

2.2 Timetable

The anticipated timetable for the capital reduction and in-specie distribution is set out below.

General Meeting to approve the Distribution of the TMK Distribution Securities	10:00 am (Perth time) on 1 December 2023
Completion of Gurvantes Transaction	8 December 2023
Effective date	12 December 2023
Last day for trading in "cum return of capital" securities	13 December 2023
Trading in the re-organised securities on an "ex return of capital" basis commences	14 December 2023
Record Date for the Distribution	15 December 2023
Distribution to Shareholders of the TMK Distribution Securities and dispatch of holding statements	By no later than 12:00 pm (Sydney time) on 22 December 2023

These dates are indicative only and may change without notice at the discretion of the Directors, subject to the Corporations Act, ASX Listing Rules and other applicable laws.

Specifically, it should be noted that it is intended to align the timetable for the Distribution with the timetable for the proposed Scheme to allow holders of convertible securities in Talon the opportunity to participate in the Distribution following a change of control occurring as a result of the Scheme becoming effective. Accordingly, this may be a factor the Directors also consider in determining whether to change the above timetable.

2.3 Quotation of TMK Distribution Securities

The TMK Consideration Shares and TMK Consideration Options will be listed on the ASX.

2.4 Requirements under section 256B and section 256C of the Corporations Act

The in-specie distribution of the TMK Distribution Securities to Shareholders by way of capital reduction is an equal reduction of capital under the Corporations Act. Under section 256C of the Corporations Act, an equal reduction must be approved by an ordinary resolution passed at a general meeting of the Company.

Section 256B of the Corporations Act provides that the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to the Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act.

For the reasons set out in this Explanatory Statement, the Directors are of the view that the proposed capital reduction is fair and reasonable to Shareholders and that the reduction of capital will not prejudice the Company's ability to pay its creditors.

2.5 ASX Listing Rule 7.17

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities in another entity, must offer those securities pro rata or in such other way as, in the ASX's opinion, is fair and reasonable in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The Distribution satisfies the requirements of ASX Listing Rule 7.17 because the issue of TMK Distribution Securities is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the TMK Distribution Securities accrues.

2.6 The effect of the proposed equal reduction of capital on the Company

If the Distribution is approved, the share capital and net assets of the Company will be reduced by the value of the TMK Distribution Securities held by the Company. A valuation of the TMK Distribution Securities as at the date of this Notice is provided at section 1.5 of this Explanatory Memorandum.

The value of the TMK Distribution Securities, and therefore the reduction in the share capital and net assets of the Company, is calculated based upon the quoted price per TMK Share and TMKOB Option on the ASX, which is likely to change between the date of this Notice and the date of the Distribution. Subject to the passing of Resolution 1, the Company will advise Shareholders of the value of the reduction of capital per Share as at the date of the Distribution.

A pro forma statement of financial position of the Company as at 30 June 2023 is contained in Schedule 3 which shows the financial impact of the capital reduction on the Company.

2.7 The effect of the proposed equal reduction of capital on Shareholders

Capital structure and ratio of Distribution

The TMK Distribution Securities will be distributed to Eligible Shareholders (or the Nominee on behalf of the Ineligible Foreign Shareholders) on a pro-rata basis, with fractional entitlements to be rounded down to the nearest whole TMK Consideration Share and TMK Consideration Option. Eligible Shareholders will not be required to pay any additional consideration for the TMK Distribution Securities. The terms of the capital reduction are the same for each Shareholder (subject to Section 2.11).

As at the date of this Notice, the Company has 646,997,893 Shares, 12,000,000 Options and 12,500,000 Performance Rights on issue.

No additional securities will be issued as a result of the Distribution.

The Directors propose to distribute up to 1,009,017,240 TMK Consideration Shares and up to 504,508,620 TMK Consideration Options to the Eligible Shareholders (or the Nominee in the case of Ineligible Foreign Shareholders) on the Record Date. Based on 646,997,893 Shares being on issue on the Record Date, the ratio for distribution will be approximately up to 1.56 TMK Consideration Shares and up to 0.78 TMK Consideration Options for every Share held by Shareholders on the Record Date.

Assuming that all Options on issue in Talon are exercised and that all Performance Rights on issue in Talon vest and convert into Shares prior to the Record Date, there will be 671,497,893 Shares on issue on the Record Date. Accordingly, in these

circumstances the ratio for distribution will instead be approximately up to 1.50 TMK Consideration Shares and up to 0.75 TMK Consideration Options for every Share held by Shareholders on the Record Date.

Specifically, it should be noted that if the Scheme proceeds and a court makes an order approving the Scheme under section 411(4)(b) of the Corporations Act, all unvested Performance Rights on issue will automatically vest in accordance with their terms and the resulting Shares on conversion will be issued to holders prior to the record date for the Scheme. This could occur prior to the Record Date for the Distribution.

Shareholders should be aware that the exact number of TMK Distribution Securities to be distributed under the Distribution will depend on the number of Shares on issue as at the Record Date and as calculated by the Company's share registry, Computershare. In addition, the final number of TMK Distribution Securities to be allocated to Shareholders is subject to any adjustment required pursuant to the Consideration Adjustment (if any) as set out in Section 1.4.

Financial impact

Schedule 3 contains a pro forma statement of financial position as at 30 June 2023 for each of the Company and TMK showing the financial impacts of the Gurvantes Transaction and the Distribution on the Company and TMK (as applicable).

Following the Distribution, the number of Shares held by Shareholders in the Company will not change, and Shareholders will retain their current percentage shareholding interest in the Company. However, if the Distribution is implemented, the book value of the Shares is expected to be less than the book value of the Shares prior to the Distribution because, after the Distribution, the Company will no longer have an interest in TES or the Gurvantes Project. The decrease in book value per Company Share, based on the Company having 646,997,893 Shares on issue as described above, is equal to the valuation of the TMK Distribution Securities, which is provided at Section 1.5 of this Explanatory Memorandum.

The rights attaching to Shares will not be altered by the Distribution.

Taxation implications

A general guide to the Australian taxation implications of the capital reduction (and the Distribution in general) is set out in Section 2.17. This guide is expressed in general terms and is not intended to provide specific tax advice in respect of the individual circumstances of any Shareholder, and Shareholders should not rely on this guide in substitution for specific tax advice on their own affairs. Shareholders should obtain professional advice as to the taxation consequences of the capital reduction in their specific circumstances.

Given the capital reduction is equal and the Company will still have positive net assets following the Distribution, the Directors consider the capital reduction is fair and reasonable to Shareholders as a whole.

2.8 The effect of the proposed equal reduction of capital on Option holders

In order to be entitled to TMK Distribution Securities pursuant to the Distribution, Option holders must exercise their Options and be registered on the Company's share register as the holder of the Shares issued on exercise on the Record Date.

In accordance with the terms and conditions of the existing Options, the number of Options on issue following the Distribution will remain the same, but the exercise

price of each Option will be reduced by the amount of capital returned in relation to each Share. The value of the return of capital per Share as at the date of this Notice is provided at Section 1.5 of this Explanatory Memorandum. However, the value of the return of capital per Share is based upon the quoted price per TMK Share and TMKOB Option on the ASX which is likely to change between the date of this Notice and the date of the Distribution. Subject to Shareholders passing Resolution 1 and the Gurvantes Transaction being completed, the Company will update Shareholders of the value of the return of capital per Share as at the date of the Distribution and the impact on the exercise price of each Option remaining on issue at the time of completion of the Distribution.

As at the date of this Notice the Company has the following unlisted Options on issue:

Number of Options	Exercise Price Pre Distribution	Indicative Exercise Price Post Distribution ¹	Expiry Date
5,000,000	\$0.20	\$0.18	5 May 2025
2,000,000	\$0.20	\$0.18	4 July 2024
3,000,000	\$0.12	\$0.10	28 February 2024
2,000,000	\$0.26	\$0.24	12 June 2028

Notes:

- The reduction in the exercise price of unlisted Options on issue as at the date of this Notice is calculated based on the quoted TMK Share price and TMKOB Option price on the ASX as at the date of this Notice, with the value of the capital reduction detailed at Section 1.5, being \$0.019 per Share. This capital reduction value is likely to change at the date of the Distribution which will affect the reduction in the exercise price of unlisted options on issue.

2.9 Capital structure of the Company

The Distribution itself will not have any impact on the number of securities on issue in Talon. However, if the Scheme becomes effective prior to the Record Date it is expected that all Performance Rights on issue will automatically vest and be converted to Shares prior to the Record Date.

Below is a table showing the Company's capital structure pre and post the Gurvantes Transaction and the Distribution (assuming that all convertible securities on issue in Talon are converted to Shares prior to the Record Date so that these holders can participate in the Distribution).

	Shares	Options	Performance Rights
Number on issue at the date of this Notice	646,997,893	12,000,000 ¹	12,500,000
Number on issue on completion of the Distribution ²	671,497,893	Nil	Nil

Notes:

- Comprising:
 - 5,000,000 unquoted Options exercisable at \$0.20 on or before 5 May 2025;
 - 2,000,000 unquoted Options exercisable at \$0.20 on or before 4 July 2025;
 - 3,000,000 unquoted Options exercisable at \$0.12 on or before 28 February 2024; and

- (d) 2,000,000 unquoted Options exercisable at \$0.26 on or before 12 June 2028.
2. Assumes that all Options are exercised prior to the Record Date and all Performance Rights vest and convert into Shares prior to the Record Date.

2.10 Capital Structure of TMK

Below is a table showing the capital structure of TMK pre and post Distribution and assuming the exercise of all TMK Consideration Options.

	TMK Shares	TMK Options	Performance Rights ⁴
Number on issue at the date of this Notice	5,030,579,300	423,052,867 ¹	122,000,000
Number to be issued under the Gurvantes Transaction	1,100,000,000	550,000,000	-
Number on issue following completion of the Gurvantes Transaction ²	6,130,579,300	973,052,867	122,000,000
Number on issue following exercise of the TMK Consideration Options ³	6,680,579,300	423,052,867	122,000,000

Notes:

- Comprising:
 - 262,052,867 TMKOB Options (exercisable at \$0.025 on or before 30 April 2026);
 - 75,000,000 unquoted Options exercisable at \$0.008 on or before 11 February 2025; and
 - 86,000,000 unquoted Options exercisable at \$0.025 on or before 30 April 2026.
- Assuming 1,100,000,000 TMK Consideration Shares and 550,000,000 TMK Consideration Options are issued in accordance with the Gurvantes Transaction Agreement.
- Assuming 550,000,000 TMK Consideration Options are exercised into TMK Shares.
- Comprising Class A to Class H performance rights subject to various difference performance milestones.

2.11 Ineligible Foreign Shareholders

The distribution of TMK Distribution Securities under the reduction of capital and in-specie distribution to Shareholders with registered addresses outside Australia is subject to legal and regulatory requirements in those relevant overseas jurisdictions.

The Company has determined that it would be unreasonable to transfer TMK Distribution Securities under the Distribution to those Shareholders on the Record Date with an address outside Australia and New Zealand having regard to:

- the number of Shareholders with addresses outside these countries;
- the number and value of TMK Distribution Securities those Shareholders would otherwise have been entitled to; and
- the cost of complying with the legal requirements, and requirements of regulatory authorities, in each of the countries concerned.

Shareholders who have a registered address outside Australia and New Zealand as at the date of this Notice are able to update their registered address on the Company's share register prior to the Record Date by either contacting their broker or for issuer sponsored holders contacting the Company's share registry, Computershare on 1300 850 505 (within Australia) or +61 (03) 9415 4000 (outside Australia).

The in-specie distribution will be made to Talon's New Zealand resident Shareholders in reliance on the *New Zealand Financial Markets Conduct (Incidental Offers) Exemption Notice 2021*.

If a Shareholder's registered address remains outside Australia and New Zealand as at the Record Date they will be treated as an Ineligible Foreign Shareholder for the purposes of the Distribution, unless otherwise determined by the Company at its absolute sole discretion.

Ineligible Foreign Shareholders on the Record Date will not be transferred the TMK Distribution Securities. Instead, the TMK Distribution Securities to which Ineligible Foreign Shareholders would have otherwise been entitled will be transferred to the Nominee to be held on their behalf, pending a sale opportunity, which may include the sale of the securities on ASX or another prescribed financial market.

The Nominee will sell those TMK Distribution Securities at such price and on such terms as the Nominee determines in good faith and at the risk of Ineligible Foreign Shareholders. The Nominee will deal with the Ineligible Foreign Shareholders' TMK Distribution Securities on a best efforts only basis with a view to delivering value to the Ineligible Foreign Shareholder. None of the Nominee, Talon or TMK accept any liability to the Ineligible Foreign Shareholders for any loss that may be suffered as a result of the sale of the TMK Distribution Securities, including in connection with foreign exchange rates.

Following sale of the TMK Distribution Securities, the Nominee will then pay the net proceeds from the sale of any such TMK Distribution Securities to the Ineligible Foreign Shareholder (after deducting any applicable brokerage, duty and other selling costs, taxes and charges) rounded down to the nearest cent.

As the return of capital and in-specie distribution is being represented and satisfied by the distribution of TMK Consideration Securities and the market price of TMK's securities may vary from time to time (assuming a liquid market is available), there is no guarantee as to the value that might be realised from the sale of the TMK Distribution Securities by the Nominee, and the net proceeds of sale to such Ineligible Foreign Shareholders may be more or less than the notional dollar value of the reduction of capital.

2.12 Directors' interests

The table below sets out the number of securities in the Company held by the Directors at the date of this Notice and also the number of TMK Consideration Shares and TMK Consideration Options they are likely to have an interest in if Resolution 1 is passed and implemented:

Director	Shares	Options	Performance Rights	Shares (on a fully diluted basis)	Approximate Number of TMK Consideration Shares each Director will receive ¹	Approximate Number of TMK Consideration Options each Director will receive ¹
Greg Columbus ²	2,413,794	2,000,000	2,000,000	6,413,794	9,637,600	4,818,800
Colby Hauser ³	6,033,742	-	5,000,000	11,033,742	16,579,703	8,289,851
David Casey ⁴	10,381,896	2,000,000	-	12,381,896	18,605,488	9,302,744
Matt Worner ⁵	2,076,667	2,000,000	-	4,076,667	6,125,748	3,062,874
Total	20,906,099	6,000,000	7,000,000	33,906,099	50,948,539	25,474,269

Notes:

1. Assuming the ratio for the Distribution will be 1.50 TMK Consideration Shares and 0.75 TMK Consideration Options for every Share held by Shareholders on the Record Date, and assuming that all Options on issue in Talon are exercised and that all Performance Rights on issue in Talon vest and convert into Shares prior to the Record Date.
2. Mr Columbus' Relevant Interest in Talon securities includes 2,413,794 Talon Shares, 1,000,000 Class AB Talon Performance Rights, 1,000,000 Class AC Talon Performance Rights and 2,000,000 Talon Options (exercisable at \$0.26 on or before 12 June 2028) held indirectly through Discovery Investments Pty Ltd, an entity controlled by Mr Columbus.
3. Mr Hauser's Relevant Interest in Talon securities includes 6,033,742 Talon Shares, 2,500,000 Class Q Performance Rights and 2,500,000 Class S Performance Rights held directly by Mr Colby Todd Hauser <Aurora Investment Trust>, Mr Hauser is the trustee and beneficiary of the trust.
4. Mr Casey's Relevant Interest in Talon securities includes 10,381,896 Talon Shares and 2,000,000 Talon Options (exercisable at \$0.20 on or before 4 July 2024) held indirectly through Hayrow Pty Ltd <David Casey Superannuation Fund> and D.A. Casey & Associates Pty Limited <David Casey Family A/C>. Mr Casey is a director of the trustee, Hayrow Pty Ltd, and a beneficiary of the trust. Mr Casey is a director of the trustee, D.A. Casey & Associates Pty Limited, and a beneficiary of the trust.
5. Mr Worner's Relevant Interest in Talon securities includes 2,076,667 Talon Shares and 2,000,000 Talon Options (exercisable at \$0.12 on or before 28 February 2024) held directly by Mr Matthew McNeill Worner <MM Worner Family A/C>. Mr Worner is the trustee and beneficiary of the trust.

None of the Directors have an interest in any securities in TMK at the date of this Notice, other than Colby Hauser who has an interest in 177,222 TMK Shares.

2.13 Directors' remuneration

In accordance with the Constitution, the Shareholders have approved an aggregate amount of up to \$400,000 per annum to be paid as non- executive Directors' fees.

Directors have received the following remuneration for the preceding two financial years (excluding superannuation entitlements and non-cash or equity benefits):

Director	Financial Year ended 31 December 2022	Financial Year ended 31 December 2021
Greg Columbus ¹	-	-
Colby Hauser ²	\$244,565	-
David Casey ³	\$58,568	\$278,217
Matt Worner ⁴	\$77,074	\$118,528
Douglas Jendry ⁵	\$48,000	\$48,000
Stephen Jenkins ⁶	\$10,000	\$40,000

Notes:

1. Appointed 3 April 2023.
2. Appointed 8 March 2022.
3. Transitioned from Managing Director/CEO to Non-Executive Director on 1 January 2022.
4. Transitioned from Executive Director to Non-Executive Director on 1 July 2022.
5. Resigned 30 May 2023.
6. Resigned 23 February 2022.

2.14 Information on TMK

(a) Overview

TMK was incorporated on 26 September 2007 in Western Australia. TMK is an Australian based resources company listed on the ASX and is focused on the Gurvantes Project.

The TMK Board of Directors presently comprises of:

Brendan Stats - *Chief Executive Officer*

Brendan is a Geologist with fifteen years of experience in the Natural Resources industry. He holds a Bachelor of Science (BSc, Geology (hons)) from the University of Melbourne.

Brendan has been on the ground living or working in Mongolia since 2011 with a particular focus and expertise on coal projects located within the South Gobi basin. Brendan's role as CEO of TMK is to lead the Project development through the early stages of exploration and evaluation.

Brett Lawrence - *Non-Executive Director*

Mr Brett Lawrence has 15 years of diverse experience in the oil and gas industry. Mr Lawrence worked with Apache Energy for over eight years, performing roles in drilling engineering, reservoir engineering, project development and commercial management before seeking new venture opportunities with ASX listed companies.

Mr Lawrence was recently the Managing Director of ASX listed Macro Energy Limited. Brett holds a Master of Petroleum Engineering, a Bachelor of Engineering (Mining) and Bachelor of Commerce (Finance) from Curtin University in Western Australia. Mr Lawrence currently also holds a board position as a non-executive Director of Calima Energy Limited (ASX: CE1).

Tim Wise - *Non-Executive Director*

Mr Tim Wise (BSc) is a corporate executive with more than 25 years experience in the growth of early stage public and private businesses, providing strategic advice to a broad range energy and industrial related companies. Mr Wise is the founder and former CEO of The Tap Doctor, and Kalina Power (ASX:KPO).

He is a director of entX Limited (appointed February 2019) and Environmental Clean Technologies Limited (ASX:ECT) (appointed September 2021).

Gema Gerelsaikhan - *Non-Executive Director*

Ms Gerelsaikhan has more than ten years of experience in marketing/communications and business development in real estate, mining and hospitality sectors. Previously she was Director of Communications / Marketing at Shangri-La Hotel, Ulaanbaatar. She also headed the Singapore and Hong Kong offices of Asia Pacific Investment Partners (APIP) as Chief Marketing & Business Development Officer.

Prior to joining APIP, Ms Gerelsaikhan was Business Analyst at SouthGobi Resources, a TSX & HKEx listed coal mining company (TSX:SGQ & HKEx: 1878). She is a founding member of both Mongolian Chamber of Commerce in Hong Kong, as well as Mongolian Chamber of Trade and Commerce in Singapore (currently serving as President). She holds Master's and Bachelor's degree in Economics and Business Administration from Roskilde University in Denmark

Prof John Warburton - *Non-Executive Director*

Professor Warburton was appointed to the board of TMK Energy Limited in March 2023. John is a Geoscientist with 40 years of professional oil and gas experience in operated and non-operated conventional and unconventional petroleum discovery, development and in business growth.

John's career includes 14 years of senior technical and leadership roles at BP. He was Executive General Manager for Exploration and New Business at Eni in Pakistan, and until March 2018 John was Chief of Geoscience & Exploration Excellence at Oil Search Ltd.

He was appointed to the board of Empire Energy Group Limited in February 2019 where he continues as a Non-Executive Director. John has been a Director of Empire Energy's wholly owned Northern Territory subsidiary, Imperial Oil & Gas Pty Limited, since its foundation in 2011 and was its Chief Executive Officer from 2011 to 2014 when he secured the company's proven gas-bearing acreage. He continues to serve as a Director of Imperial.

John previously served as a Non-Executive Director of Senex Energy Limited in the six years before takeover by POSCO/Hancock Prospecting.

(b) TMK's ASX waivers and applications

TMK has obtained ASX confirmation that Chapter 11 of the ASX Listing Rules does not apply to the Gurvantes Transaction.

TMK will seek shareholder approval pursuant to Listing Rule 7.1 to issue the TMK Consideration Securities to Talon, subject to and in accordance with the Gurvantes Transaction Agreement.

2.15 TMK quoted securities and securities price history

TMK, being admitted to the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to TMK with the ASIC may be obtained for a fee from, or inspected at, an office of the ASIC.

Announcements released by TMK to ASX can be accessed at the ASX announcement platform available on ASX's website (www.asx.com.au, ASX: TMK).

For the information of Shareholders, the highest, lowest and last recorded sale prices of TMK's Shares as traded on ASX during the 12 months immediately preceding the date of this Notice were:

	Price	Date
Highest	\$0.025	9 November 2022
Lowest	\$0.009	27 October 2023
Last	\$0.009	27 October 2023

The highest, lowest and last recorded sale prices of TMKOB Options as traded on ASX during the 12 months immediately preceding that date of this Notice were:

	Price	Date
Highest	\$0.005	27 July 2023 and various dates in May 2023 and June 2023
Lowest	\$0.003	11 October 2023 and various dates between 25 September and 5 May 2023
Last	\$0.003	11 October 2023

The TMK Distribution Securities comprise TMK Consideration Shares (fully paid ordinary shares in the capital of TMK) and TMK Consideration Options (being the same class as an existing class trading under ASX: TMKOB).

The material rights and liabilities attaching to TMK Consideration Shares are set out in Schedule 4 and the TMK Consideration Options will be issued on the terms and conditions set out in Schedule 5.

2.16 Risk factors

On completion of the Distribution, the Shareholders will become direct shareholders in TMK and should be aware of the general and specific risks that may affect TMK and the value of its securities. These risk factors are outlined in Schedule 6.

2.17 Tax consequences

The Australian tax consequences pertaining to Shares in the Company and associated with the return of capital (and the Distribution in general), may in general terms be summarised as follows:

Introduction and scope

This Section outlines the likely Australian income tax implications for certain Shareholders of the transfer by the Company to them of TMK Distribution Securities as a consequence of the Distribution.

The information outlined in this Section is limited solely to the Australian income tax implications of the Distribution for Australian residents who are individuals, companies, trusts and complying superannuation funds that hold their Shares on capital account. This Section does not provide information relevant to Shareholders who:

- (a) hold their Shares on revenue account (for example, Shareholders who are share traders and certain institutional investors);
- (b) hold their Shares under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes;
- (c) may be subject to special rules, such as banks, insurance companies, tax exempt organisations, certain trusts, superannuation funds (unless otherwise stated) or dealers in securities;
- (d) are partnerships or individuals who are partners of such partnerships;
- (e) are under a legal disability;
- (f) are subject to the "taxation of financial arrangement" rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**);
- (g) are 'temporary residents' as that term is defined in section 995-1(1) of the Tax Act;
- (h) changed their residence whilst holding their Shares;
- (i) are subject to the Investment Manager Regime under Subdivision 842-I of the Tax Act in relation to their Shares;
- (j) will become subject to the Controlled Foreign Company rules contained in Part X of the *Income Tax Assessment Act 1936* (Cth) in relation to the TMK Distribution Securities; or
- (k) are not residents of Australia for income tax purposes.

The information outlined in this Section is based on the income tax law at the date of this Notice. Any changes in the tax law or interpretation of the tax law subsequent to the date of this Notice may alter the information contained therein.

This information is not intended to provide an exhaustive or definitive statement as to all the possible tax outcomes for Shareholders. Accordingly the income tax implications for a particular Shareholder may differ from those detailed in this Section, depending on their individual circumstances. Shareholders should not rely on the information outlined in this Section as it is only general in nature. The views

expressed in this Section are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders.

It is recommended that all Shareholders should, in considering the implications to them of the Distribution, obtain independent tax advice regarding the income tax implications specific to their circumstances.

Summary of the Distribution

Shareholders are being asked to approve the Distribution the subject of Resolution 1. Under the Distribution, Eligible Shareholders will:

- (a) keep their existing Shares; and
- (b) receive 1.50 TMK Consideration Shares and 0.75 TMK Consideration Options for every Share held on the Record Date (in each case rounded down to the nearest whole security) (assuming all Options are exercised into Shares and all Performance Rights vest and convert into Shares prior to the Record Date), subject to any adjustment required pursuant to the Consideration Adjustment (if any).

The Distribution may contain multiple entitlements (the **Distribution Entitlement**). This may consist of a return of share capital component (the **Capital Reduction Entitlement**) and possibly a dividend component (the **Distribution Dividend Entitlement**). The amount of the Distribution Entitlement of each Shareholder will be satisfied by the Company by the transfer of the TMK Distribution Securities on the basis of 1.50 TMK Consideration Shares and 0.75 TMK Consideration Options for every Share held on the Record Date (in each case rounded down to the nearest whole security) (assuming all Options are exercised into Shares and all Performance Rights vest and convert into Shares prior to the Record Date), subject to any adjustment required pursuant to the Consideration Adjustment (if any).

Demerger Tax Relief and Class Ruling Application

The Company considers that it is highly unlikely that the Distribution could satisfy the requirements for tax relief under Division 125 of the Tax Act on the basis the Commissioner of Taxation (**Commissioner**) is likely to see the Distribution forming part of a broader arrangement which would include the Scheme.

That being said, the Company is in the process of seeking class ruling from the Commissioner confirming certain tax implications relating to the Distribution.

The Company is also endeavouring to obtain an indicative view from the Commissioner before the Distribution is carried out, with the final class ruling being published by the Australian Taxation Office (**ATO**) shortly after implementation.

The class ruling application is principally concerned with (i) confirming that demerger tax roll-over relief will not be available in respect of the Distribution; and (ii) confirming the Australian income tax consequences for certain Shareholders of receiving the Distribution.

It is possible that the ATO or Commissioner do not provide an indicative view, nor confirmation of the tax treatment of the Distribution prior to completion of the Distribution. The Company intends to proceed with the Distribution, subject to Shareholder approval being obtained and the Gervantes Transaction completing, regardless of the taxation outcome to the Company and Shareholders resulting from the Distribution as advised by the ATO.

In this regard, the Company therefore makes the following general comments on the possible Australian income tax implications of the Distribution for an Australian resident Shareholder who holds their Shares on capital account.

Implications for Shareholders

The following is an overview of the Australian income tax implications that should arise as a consequence of the Distribution for an Australian resident Shareholder who holds Shares on capital account on the basis the Distribution does not satisfy the requirements for demerger tax relief under Division 125 of the Income Tax Assessment Act.

Capital Gain/Loss	A capital gain should arise for a Shareholder as a result of the return of capital under the Distribution to the extent that the Capital Reduction Entitlement for a Share exceeds the capital gains tax (CGT) cost base of that Share. A capital loss will not arise.
CGT Cost Base	Shareholders should reduce the CGT cost base of their Shares by the Capital Reduction Entitlement, and should receive a CGT cost base in the TMK Distribution Securities that is equal to the Capital Reduction Entitlement.
Dividend	<p>The Distribution Dividend Entitlement should be assessable as an unfranked dividend to Shareholders and will, generally speaking, be subject to income tax at the Shareholder's applicable marginal rate. In addition, the Commissioner may deem some or all of the Capital Reduction Entitlement to also be a dividend (discussed below).</p> <p>For the avoidance of doubt the Company does not have available franking credits to attach to any Distribution Dividend Entitlement.</p>

The income tax legislation includes a provision that enables the Commissioner to determine that some or all of the Capital Reduction Entitlement is an unfranked dividend for income tax purposes. This determination can be made if the Commissioner considers the circumstances relating to the Distribution are such that the Capital Reduction Entitlement is paid to a Shareholder in whole or part in substitution for a taxable dividend. Therefore, the portion of the Capital Reduction Entitlement may be deemed by the Commissioner to also be an unfranked dividend in addition to the Distribution Dividend Entitlement.

2.18 Lodgement with ASIC

The Company has lodged with ASIC a copy of this Notice of Meeting and the Explanatory Statement in accordance with section 256C(5) of the Corporations Act. The Company has also lodged with ASIC a copy of the Prospectus that accompanies this Notice at the same time the Notice of Meeting was lodged with ASIC.

ASIC and its officers take no responsibility for the contents of this Notice or the merits of the transaction to which this Notice relates.

If Resolution 1 is passed, the reduction of capital is required to take effect in accordance with a timetable approved by ASX. Please refer to Section 2.2 for the proposed indicative timetable for completion of the Distribution, which is subject to change by the Company and any requirements of the ASX Listing Rules and the Corporations Act.

2.19 Disclosure to the ASX and ASIC

As an entity with Shares quoted on the Official List of the ASX, the Company is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Company may be obtained for a fee from, or inspected at, an office of ASIC or can be accessed at either the ASX announcements platform or the Company's website.

2.20 No Financial Product or Investment Advice

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the TMK Consideration Shares and TMK Consideration Options. It has been prepared without taking into account the objectives, financial situation, taxation position or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation, taxation position and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor TMK is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of the TMK Distribution Securities under the Distribution (whether the regime is provided for by law or otherwise).

2.21 Other legal requirements

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 1 of the Notice of Meeting constitutes an "offer" to transfer TMK Consideration Shares and TMK Consideration Options to Shareholders pursuant to the Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and no relief has been obtained by the Company, the Company has prepared the Prospectus, which contains information in relation to TMK.

The Prospectus accompanies this Notice of Meeting and has been lodged with ASIC at the same time as this Notice of Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in its entirety, and in conjunction with this Notice of Meeting. The TMK Consideration Securities will be issued by TMK to the Company pursuant to a cleansing notice or prospectus (if required) in accordance with the Gurvantes Transaction Agreement.

2.22 Other material information

There is no information material to the making of a decision by Shareholders whether or not to approve the Resolutions (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Statement, the accompanying Prospectus and information the Company has previously disclosed to Shareholders.

As noted above, it should be noted that Resolution 1 is conditional upon the approval by Shareholders of Resolution 2. If Resolution 2 is not approved by Shareholders, Resolution 1 will fail.

Resolution 2 has only been included to allow for implementation of the Distribution the subject of Resolution 1.

3. RESOLUTION 2 – MODIFICATION OF CONSTITUTION

3.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 2 is a special resolution which will enable the Company to amend its existing Constitution and adopt the amended constitution in its new form (**Proposed Constitution**).

The Board of Talon considers that the following amendments of the Constitution should be made to ensure that the Distribution can be implemented:

- (a) inclusion of a specific reference to a reduction of capital effected by an in-specie distribution;
- (b) inclusion of a statement that, on occurrence of an in-specie distribution, the Shareholders are deemed to have agreed to become shareholders of the relevant company and to be bound by the relevant constitution (in the case of the Distribution, being respectively, the TMK Consideration Shares and TMK's constitution); and
- (c) inclusion of provisions that will, in the case of the Distribution, empower the Company or any of the Directors as the agent of each Shareholder to execute any transfer of TMK Consideration Securities, or any other document required to give effect to the distribution of TMK Consideration Securities to that Shareholder.

As such Resolution 2 seeks the approval of Shareholders to modify the Constitution by inserting a new clause 90A as set out in Section 3.2 below.

The proposed amendments are required in order to facilitate the Distribution, the subject of Resolution 1.

Shareholders should note Resolution 1 is conditional upon the approval by Shareholders of Resolution 2. If Resolution 2 is not approved by Shareholders, Resolution 1 will fail.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company and can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

3.2 Proposed amendments to the Constitution

Currently, the Constitution does not expressly state that the Company may reduce its share capital by a reduction of capital in accordance with Division 1 of Part 2J.1 of the Corporations Act. Nevertheless, the provisions of the Corporations Act apply.

The Company is seeking Shareholder approval to modify the Constitution to clarify the Company's powers by the insertion of a new clause 90A as follows:

90A. Reductions of capital

90A.1 *Subject to the Corporations Act and the ASX Listing Rules, the Company may reduce its capital on any terms and at any time.*

90A.2 *The Company may reduce its capital in any way, including, without limitation, by any or all of the payment of cash, the issue of Shares, the grant of options or other securities, the distribution or transfer of shares or any other securities in any other body corporate or the distribution or transfer of any other assets.*

90A.3 *If a reduction of capital of the Company includes an issue or transfer of shares or any other securities in a body corporate, each Member:*

(a) *agrees to become a member of that body corporate and agrees to be bound by the constitution of that body corporate; and*

(b) *in the case of a transfer, appoints the Company and each Director as its agent to execute an instrument of transfer or other document required to transfer those shares or other securities in a body corporate to that Member, including to register a transfer in the name of a Member or a person who will hold those shares or other securities on trust for the benefit of a Member.*

No other changes to the Constitution are proposed.

3.3 Recommendation of the Board

Each Director recommends that Shareholders vote in favour of Resolution 2.

GLOSSARY

\$ means Australian Dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

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

Board means the board of directors of the Company.

Chair means the chair of the Meeting.

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

Constitution means the constitution of the Company.

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

Directors means the directors of the Company.

Distribution has the meaning set out in Section 2.1.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date, other than an Ineligible Foreign Shareholder.

Explanatory Statement means this explanatory statement which accompanies the Notice.

Farm-in Agreement means the farm-in agreement between Telmen and TEM covering the Gurvantes Project dated 11 February 2022.

Ineligible Foreign Shareholder means a Shareholder with a registered address outside of Australia and New Zealand and any other jurisdiction determined by the Company which is not prohibited and unduly onerous or impractical to distribute TMK Distribution Securities.

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

Gurvantes XXXV Coal Seam Gas Project or **Gurvantes Project** has the meaning set out in Section 1.1.

Gurvantes Transaction has the meaning set out in Section 1.1.

Gurvantes Transaction Agreement has the meaning set out in Section 1.1.

Nominee means an entity nominated by the Company to sell or hold the TMK Distribution Securities that would otherwise have been issued to the Ineligible Foreign Shareholders under the Distribution.

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

Option means an option to acquire a Share.

Performance Right means a right to acquire a Share upon certain performance vesting conditions being satisfied.

Prospectus has the meaning given in the Important Information Section.

Proxy Form means the proxy form accompanying the Notice.

Record Date means the record date for the Distribution as set out in the timetable in Section 2.2.

Relevant Interest has the meaning given to it in sections 608 and 609 of the Corporations Act.

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

Schedule means a schedule of this Explanatory Statement.

Scheme has the meaning given in Section 1.1.

Scheme Consideration has the meaning given in Section 1.1.

Section means a section of this Explanatory Statement.

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

Shareholder means a holder of a Share.

Strike means Strike Energy Limited (ACN 078 012 745).

TEM means Talon Energy Mongolia LLC (registration number 6765076).

TES means Talon Energy Pte. Ltd. (UEN 202 122 994K).

TMK means TMK Energy Limited (ACN 127 735 442).

TMKOB Option means an option to acquire a TMK Share, listed on the ASX with the code TMKOB.

TMK Board means the board of directors of TMK.

TMK Consideration Options has the meaning set out in Section 1.3.

TMK Consideration Securities has the meaning set out in Section 1.3.

TMK Consideration Shares has the meaning set out in Section 1.3.

TMK Directors means the directors of TMK.

TMK Distribution Securities has the meaning set out in Section 1.3.

TMK Group means TMK and each of its subsidiaries from time to time.

TMK Shares means fully paid ordinary shares in the capital of TMK.

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

SCHEDULE 1 – OVERVIEW OF THE GURVANTES PROJECT

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

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

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

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

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

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

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

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

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

Notes to table above:

1. Gas volumes are expressed in billions of cubic feet (Bcf) at standard temperatures and pressure bases.
2. There is no low estimate Contingent Gas Resource for the 750 – 1,000 meters depth range as of 31 October 2022, due to lack of data.
3. The low estimate and best estimate for the Upper Coal Seam at these depths, as of 31 October 2022, are zero due to lack of pilot wells and conclusive permeability data.

4. Sales gas determined from 3% inerts and 1% condensate shrinkage with a conversion rate of 1.09 PJ/Bcf based on Snow Leopard well data.

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

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

Notes to table above:

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

Information relating to resource estimates

Unless otherwise stated, references in this Scheme Booklet to the Gurvantes XXXV contingent and prospective resources estimates are set out in the ASX announcements dated 9 November 2022 entitled 'Maiden Contingent CSG Resource Estimate – Gurvantes XXXV' and 18 August 2021 entitled 'Gurvantes XXXV Maiden Prospective Resource';

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

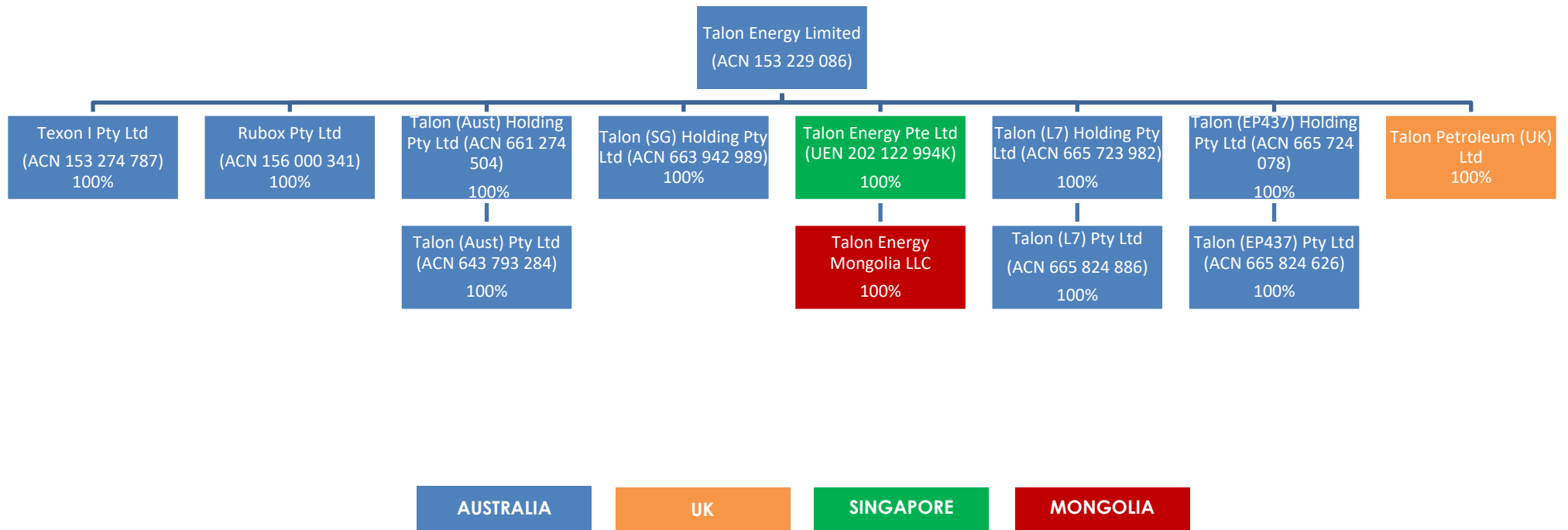
Talon prepares its reserves and resources estimates in accordance with the SPE-PRMS. Unless otherwise stated, all references to reserves and resources quantities in this Scheme Booklet are Talon's net share. Reserves are aggregated by arithmetic summation by category and as a result, proved reserves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

The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These

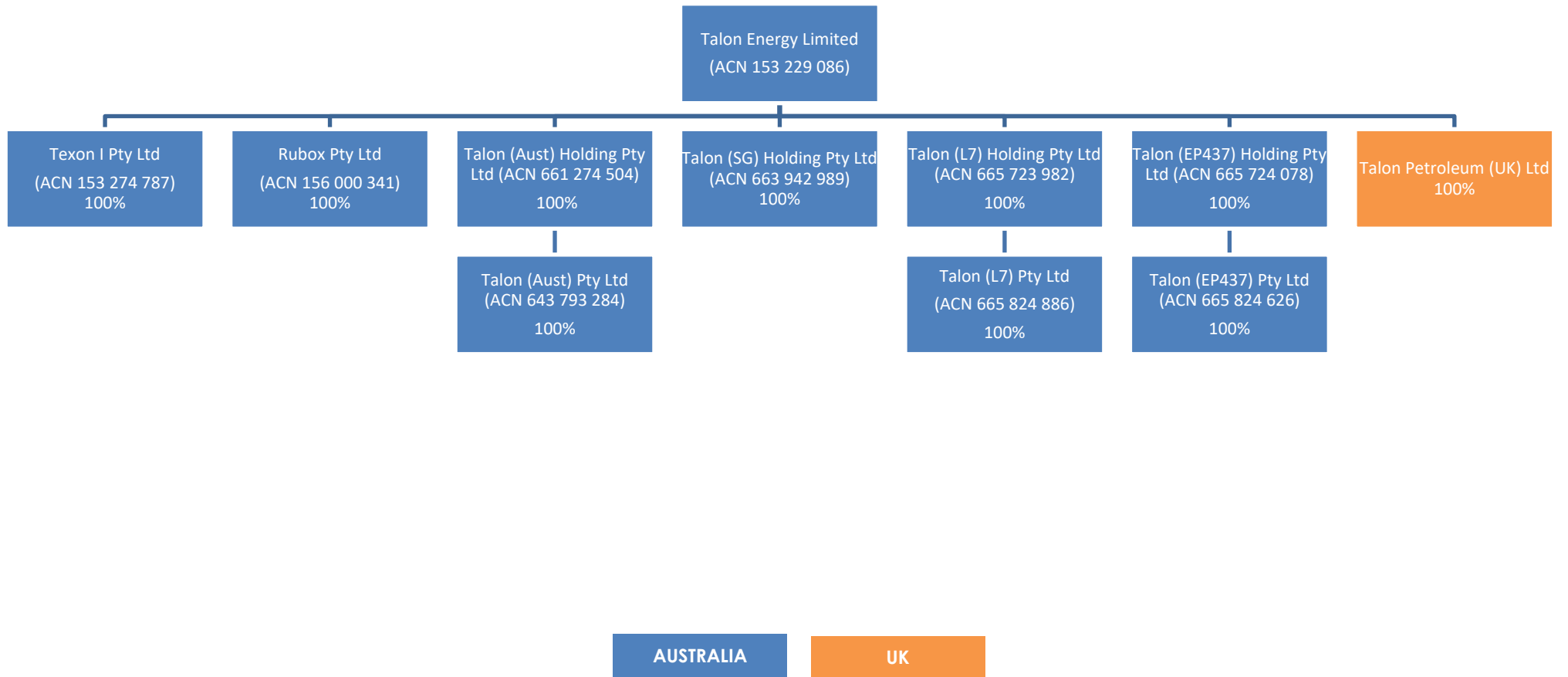
estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

SCHEDULE 2 – CORPORATE STRUCTURE PRE AND POST GURVANTES TRANSACTION AND DISTRIBUTION

Pre-Gurvantes Transaction



Post-Gurvantes Transaction



SCHEDULE 3 – FINANCIAL INFORMATION

Part 1 – Financial Information of Talon Energy

TALON ENERGY LIMITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (30 JUNE 2023)				
	Note	Prior to Gurvantes Transaction and Distribution (Audit Reviewed)	Pro adjustments for Transaction and Distribution	Post Gurvantes Transaction and Distribution
		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1, 2	9,153,974	-1,159,444	7,994,530
Trade and other receivables	1	328,927	-4,000	324,927
Prepayments		53,830	0	53,830
Security Deposit		5,740	0	5,740
Investments - TMK	4	0	931,035	931,035
Total current assets		9,542,471	-232,410	9,310,062
NON CURRENT ASSETS				
Exploration & evaluation assets	1, 3	11,703,973	-9,139,635	2,564,338
Oil & Gas Properties		23,047,813	0	23,047,813
Property, plant and equipment	1	202,389	-202,389	0
Total non current assets		34,954,175	-9,342,024	25,612,151
TOTAL ASSETS		44,496,646	-9,574,434	34,922,212
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	1	2,319,547	-77,279	2,242,268
Provisions		12,885	0	12,885
Deferred Consideration		915,041	0	915,041
Total current liabilities		3,247,473	-77,279	3,170,194
NON CURRENT LIABILITIES				
Provisions		2,738,848	0	2,738,848
Total non current liabilities		2,738,848	0	2,738,848
TOTAL LIABILITIES		5,986,321	-77,279	5,909,042

TALON ENERGY LIMITED PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (30 JUNE 2023)

	Note	Prior to Gurvantes Transaction and Distribution (Audit Reviewed)	to Gurvantes Transaction and Distribution	Pro adjustments for Transaction and Distribution	Post Gurvantes Transaction and Distribution
		\$		\$	\$
NET ASSETS	1	38,510,325		-9,497,155	29,013,170
CONTRIBUTED EQUITY					
Issued share capital	2,4,5,6	91,353,741		-12,612,716	78,741,026
Reserves		4,705,345		0	4,705,345
Accumulated losses	1,3	-57,548,761		3,115,561	-54,433,200
TOTAL EQUITY		38,510,325		-9,497,155	29,013,170

Notes

1. Includes the impact of de-recognising the Company's interest in TES and TEM, including de-recognising the Company's proportional consolidation of its 33% beneficial interest in the Gurvantes Project.
2. Assumes the cash component of the Gurvantes Transaction is satisfied in whole, and as such no adjustment is made to the TMK Consideration Securities in accordance with the Consideration Adjustment (see Section 1.3 for further details).
3. Proceeds, net of transaction costs and capitalised exploration and evaluation expenditure, is recognised as accumulated losses (through the statement of profit or loss and other comprehensive income).
4. Assumes that Talon retains a portion of the TMK Consideration Securities, some of which may be distributed to Talon's advisers to satisfy certain transaction costs.
5. Assumes the net in-specie distribution amount is recognised against issued share capital as a return of capital.
6. Assumes a TMK Share price of \$0.011 and TMKOB Option price of \$0.003.

Part 2 – Financial Information of TMK

TMK PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (30 JUNE 2023)				
	Note	TMK Group Audited for the period ended 30-Jun-23 \$	Acquisition of 33% Interest Pro-forma adjustments \$	Pro-forma Consolidated Unaudited 30-Jun-23 \$
Current assets				
Cash & cash equivalents	2,3,4	5,191,207	833,846	6,025,053
Trade & other receivables		1,528,264	-	1,528,264
Other current assets		38,938		38,938
Total current assets		6,758,409	833,846	7,592,255
Non-current assets				
Investment in Associate		449,753	-	449,753
Deferred exploration and evaluation assets	1,2,3	753,814	12,916,154	13,669,968
Property Plant and Equipment		517,523	-	517,523
Total non-current assets		1,721,090	12,916,154	14,637,244
Total assets		8,479,499	13,750,000	22,229,499
Current liabilities				
Trade & other payables		354,875	-	354,875
Provisions		23,102		23,102
Total current liabilities		377,977	-	377,977
Non current liabilities				
Restoration Provision		-	-	-
Borrowings		-	-	-
Total non current liabilities		-	-	-
Total liabilities		377,977	-	377,977
Net assets		8,101,522	13,750,000	21,851,522
Equity				
Issued Share Capital	1	17,521,582	13,750,000	31,271,582
Reserves		3,472,426	-	3,472,426
Accumulated losses	2,3	(12,892,486)	-	(12,892,486)

TMK PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION (30 JUNE 2023)

	Note	TMK Group Audited for the period ended 30-Jun-23 \$	Acquisition of 33% Interest Pro-forma adjustments \$	Pro-forma Consolidated Unaudited 30-Jun-23 \$
Total equity		8,101,522	13,750,000	21,851,522

Notes

1. Issue of 1.1 billion TMK Consideration Shares valued at \$0.0125 (being one TMK Share valued at \$0.011 plus 0.5 TMK Listed Option valued at \$0.003).
2. Receipts of \$680,000 in full and final satisfaction of all remaining 2023 payment obligations.
3. Purchase of Talon Energy Pte Ltd and Talon Energy Mongolia LLC.

SCHEDULE 4 – MATERIAL RIGHTS AND LIABILITIES ATTACHING TO TMK CONSIDERATION SHARES

The following is a summary of the more significant rights and liabilities attaching to the TMK Shares currently on issue. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders of TMK. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to TMK Shares are set out in TMK's constitution, a copy of which is available for inspection at the TMK's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the TMK.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of the TMK.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the shareholders entitled to the dividend which shall be payable on all shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such shares.

The Directors may from time to time pay to the shareholders any interim dividends as they may determine. No dividend shall carry interest as against the TMK. The Directors may set aside out of the profits of the TMK any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the TMK may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the TMK may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on shares which are participating shares in the dividend reinvestment plan, less any amount which the TMK shall either pursuant to the constitution or any law be entitled or obliged to retain, be applied by the TMK to the payment of the subscription price of shares.

(d) **Winding-up**

If the TMK is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the TMK, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the TMK are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new shares is under the control of the Directors of the TMK. Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, the constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the TMK may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the TMK is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the constitution can only be amended by a special resolution passed by at least three quarters of shareholders present

and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

SCHEDULE 5 – TERMS AND CONDITIONS OF TMK CONSIDERATION OPTIONS

The terms and conditions of the TMK Consideration Options are set out below:

(a) **Entitlement**

Each TMK option entitles the holder to subscribe for one (1) TMK Share upon exercise of the TMK option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each TMK option will be \$0.025 (**Exercise Price**).

(c) **Expiry Date**

Each TMK option will expire at 5:00pm (AWST) on 30 April 2026 (**Expiry Date**). A TMK option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each TMK option being exercised in cleared funds (**Exercise Date**).

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

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of TMK option specified in the Notice of Exercise and for which cleared funds have been received by TMK; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the TMK options.

(h) **Shares issued on exercise**

Shares issued on exercise of the TMK options rank equally with the then issued shares of TMK.

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

A TMK option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the TMK option can be exercised.

(l) **Transferability**

The TMK options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 6 – RISK FACTORS

The business, assets and operations of TMK will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as an exhaustive list of the risks faced by TMK or by investors in TMK. The below risk factors, and others not specifically referred to below, may in the future materially affect the financial performance of TMK and the value of TMK securities.

The TMK Distribution Securities carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX.

Company specific risks:

Risk Category	Risk
Conditional Proposal	<p>The Gurvantes Transaction is conditional upon the Conditions being satisfied or waived. The Conditions are set out in Section 1.3.</p> <p>There is no certainty that the Conditions will be satisfied. In the event that these Conditions are not met, the Gurvantes Transaction and Distribution will not proceed.</p>
Value of TMK Consideration Securities not certain	<p>The value of the TMK Consideration Securities will depend on the price at which TMK Shares and TMKOB Options trade on ASX and is not fixed.</p> <p>The price of TMK Shares and TMKOB Options may rise or fall as a result of a number of factors, including the financial and operating performance of TMK and general market conditions.</p> <p>If the price of TMK Shares and/or TMKOB Options falls, the value of the TMK Consideration Securities received by Shareholders via the Distribution will decline.</p> <p>In addition, on completion of the Distribution, Shareholders may prefer not to maintain an investment in TMK and elect to trade their TMK Consideration Securities received via the Distribution. Consequently, there may be an increase, or a perception that there will be an increase, in the number of TMK Shares and/or TMKOB Options being offered for sale on market which may in turn put downward pressure on the TMK Share price and/or TMKOB Option price.</p>
Additional requirements for capital	<p>TMK's capital requirements depend on numerous factors. TMK may require further financing to effectively implement its business and operational plans in the future or to take advantage of opportunities for acquisition, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which TMK may incur. Any additional equity financing may be dilutive to TMK's existing shareholders and any additional debt financing, if available, may be on terms that are not favourable to TMK or involve restrictive covenants, which limit TMK's operations and business strategy. If TMK is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration</p>

Risk Category	Risk
	<p>programmes as the case may be. There is however no guarantee that TMK will be able to secure any additional funding or be able to secure any additional funding on terms favourable to TMK.</p>
<p>Country Risk</p>	<p>TMK has a significant exposure to Mongolia including exposure to various levels of political, economic, and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties include, but are not limited to, currency exchange rates, high rates of inflation, labour unrest, social unrest, civil disobedience, renegotiation or nullification of the Gurvantes Project, licences, permits and contracts, changes in taxation policies, changing political conditions, war and civil conflict, lack of law enforcement, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. Changes to oil and gas exploration policies or shifts in political attitude in Mongolia may adversely affect TMK's operations and may have a material adverse effect on TMK's overall financial performance and prospects. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people and water use. Failure to comply strictly with applicable laws, regulations and local practices relating to exploration or production activities, could result in loss, reduction, or expropriation of interests. The legal system in Mongolia may be less developed than more established countries, which may result in risks such as:</p> <ul style="list-style-type: none"> (a) political difficulties in obtaining effective legal redress in the courts whether in respect of a breach of law or regulation, or in an ownership dispute; (b) a higher degree of discretion on the part of governmental agencies; (c) the lack of political or administrative guidance on implementing applicable rules and regulations; (d) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and (e) relative inexperience of the judiciary and court in such matters. <p>There can be no assurance that joint ventures, licences (or licence applications), permits (or permit applications) or other legal arrangements will not be adversely affected by the actions of the government authorities or others and the effectiveness of the enforcement of such arrangements cannot be assured.</p>
<p>Permit Grant and Maintenance Risk</p>	<p>TMK's exploration activities are dependent upon the grant, or, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents. The grant or maintenance of licences and obtaining renewals often depends on TMK being successful in obtaining the required regulatory approvals for its proposed activities. There can be no assurances that TMK will be successful in obtaining renewals of existing acreage in the future.</p>

Risk Category	Risk
	<p>The lease, licences or permits might also contain conditions relating to operations including, but not limited to, environmental management issues, occupational health and safety, operating procedures and plant and equipment design specifications. Such conditions or regulations might be subject to change from time to time and might impact the cost base and hence profitability of a particular project.</p> <p>The Gurvantes Project requires TMK, via its wholly owned subsidiary Telmen Resource LLC, to meet certain annual expenditure commitments to retain the Gurvantes Project during the exploration phase. TMK, through Telmen Resource LLC, may be prevented from achieving these annual expenditure commitments for unforeseen reasons outside the control of TMK or due to lack of funding. If this were to occur, the Gurvantes Project may be cancelled or terminated prior to the Gurvantes Project expiry date, which may have a material adverse effect on TMK's overall financial performance.</p>
Coal seam gas dewatering process	<p>Coal seam gas resources, if discovered, usually require dewatering before they enter the gas production phase. There can be no guarantee that the dewatering of the formations that allow gas to flow will occur in a timely fashion to allow commercial gas production to commence. Additionally, the process of dewatering may produce large volumes of water and there are costs associated with water disposal which may have an adverse effect on the commerciality of the coal seam gas resource. The Gurvantes Project is one of the earlier coals seam gas exploration licenses to be awarded in Mongolia under its Petroleum Law of 2014 and the regulations with respect to water disposal are not yet fully developed. Should Mongolia not adopt current industry best practice regulations with respect to water disposal, there may be an adverse impact on the value of TMK's assets and future financial performance if TMK proceeds with drilling and if successful, a subsequent dewatering process.</p>
Infrastructure Risk	<p>TMK's future performance is likely to be impacted by its ability to access infrastructure, including various equipment and facilities required for the production, processing and commercialisation of TMK's assets and product transportation routes, including access to pipelines and associated infrastructure, including power distribution infrastructure. The ability of TMK to access infrastructure economically or at all is largely outside of the control of TMK and therefore may have an adverse impact on TMK's future performance.</p> <p>The Company gives no guarantees that TMK will have continued access to the infrastructure needed for TMK's activities or that such infrastructure will not be subject to unexpected issues which could adversely affect the operations and financial performance of TMK.</p>
Climate risk	<p>There are a number of climate-related factors that may affect the operations and proposed activities of TMK. The climate change risks particularly attributable to TMK include:</p>

Risk Category	Risk
	<p>(a) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. TMK may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact TMK and its profitability. While TMK will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that TMK will not be impacted by these occurrences; and</p> <p>(b) climate change may cause certain physical and environmental risks that cannot be predicted by TMK, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns.</p> <p>All these risks associated with climate change may significantly change the industry in which TMK operates.</p>
<p>Coronavirus (COVID-19)</p>	<p>The outbreak of the coronavirus disease (SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2), coronavirus disease 2019 or COVID 19, including any future resurgence or evolutions or mutations thereof or any related or associated epidemic, pandemic or disease outbreak) (COVID-19) may continue to impact global economic markets. While COVID-19 is not currently materially affecting TMK's operations, with the potential for further outbreaks and new strains of the virus, the ongoing nature and extent of the effect of the outbreak on the performance of the Company remains unknown.</p> <p>TMK's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact TMK's operations and are likely to be beyond the control of TMK.</p> <p>The COVID-19 pandemic may also give rise to issues, delays or restrictions in relation to land access and TMK's ability to freely move people and equipment to and from exploration projects and may cause delays or cost increases. The effects of COVID - 19 on TMK's Share price and global financial markets generally may also affect TMK's ability to raise equity or debt or require TMK to issue capital at a discount, which may in turn cause dilution to shareholders.</p>
<p>Substitution of Oil and Gas Products as Energy Sources</p>	<p>There are several alternative energy sources to oil and gas products. These include renewable energy (i.e., wind, solar or hydroelectric), nuclear energy, geothermal and biomass. If the costs and commercial prices of such alternative energy sources fall or there is a significant shift in consumer sentiment towards such sources, this may have a significant effect upon TMK's overall financial performance and ability to operate in the oil and gas industry.</p>

Industry specific risks:

Risk Category	Risk
<p>Commodity Price Volatility</p>	<p>It is anticipated that any future revenues of TMK, other than sales of assets, will be derived from the sale of oil and/or natural gas. The demand for, and price of, oil and natural gas is dependent on a variety of factors beyond the control of TMK, including supply levels of the product, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.</p> <p>The market price of hydrocarbon products is volatile and outside the control of TMK. Oil and gas prices have fluctuated widely in recent years. If the price of hydrocarbons should drop significantly and remain depressed, the economic prospects of the projects which TMK has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of hydrocarbon products are discovered, a profitable market may exist for their sale.</p> <p>The marketability of hydrocarbons is also affected by numerous other factors beyond the control of TMK, including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products, the effect of which cannot be accurately predicted. Restrictions on TMK's ability to market production from projects that TMK has an interest in may have a material adverse effect on TMK's overall financial performance.</p>
<p>Exploration success</p>	<p>The Gurvantes Project is at an early stage of exploration. There can be no assurance that exploration within the Gurvantes Project area will result in the discovery of an economic coal seam gas deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited, particularly given the lack of infrastructure in the region.</p> <p>The future exploration activities of TMK may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of TMK.</p>
<p>Drilling</p>	<p>Oil and gas drilling activities are subject to numerous risks, many of which are likely beyond TMK's control. TMK's drilling operations may be curtailed, delayed or cancelled due to a number of factors including weather conditions, mechanical difficulties, shortage or delays in the availability or delivery of rigs and/or other equipment and compliance with governmental requirements. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by TMK. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. While drilling may yield some hydrocarbons, the Company makes no</p>

Risk Category	Risk
	guarantee that the discovery will be sufficiently productive to justify commercial development or cover operating costs.
Commercialisation of Discoveries	It may not always be possible for TMK to participate in the exploitation of successful discoveries made in any areas in which TMK has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as TMK. Such further work may require TMK to meet or commit to financing obligations for which it may not have planned.
Environmental	<p>TMK's operations will be subject to environmental laws and regulations, including but not limited to, those governing the management of waste, the protection of water and air quality, the discharge of materials into the environment, and the preservation of natural resources which may impact and influence TMK's operations. The government and other authorities that administer and enforce environmental laws and regulations determine these requirements. The cost and complexity of complying with the applicable environmental laws and regulations may prevent TMK from being able to develop potentially economically viable petroleum reserves.</p> <p>If TMK fails to comply with environmental laws and regulations regarding the discharge of oil, gas, or other materials into the air, soil or water it may be subject to liabilities to the government and third parties, including civil and criminal penalties. TMK may also become liable for environmental damage caused by any previous owners of licence areas TMK will have an interest in. Further, TMK may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment, including production activities.</p> <p>There is no assurance that such approvals will be obtained. The Company is unable to predict the effect of additional environmental laws and regulations on TMK, which may be adopted in the future, including whether any such laws or regulations would materially increase TMK's cost of doing business or affect its operations in any area.</p>
Hydrocarbon Resource Estimate	Hydrocarbon resource estimates are expressions of judgment based on knowledge, experience, interpretation and industry practice. Estimates that were valid when made may change significantly when new information becomes available. In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should TMK encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then resource estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect TMK's operations. Where possible, TMK may need to seek to have any such

Risk Category	Risk
	estimates verified or produced by an independent party with sufficient expertise in their chosen field.
Regulation	TMK's oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. TMK's failure to comply with such rules and regulations can result in substantial penalties. Permits may be required in some of the areas in which TMK operates for drilling operations, drilling bonds and the filing of reports concerning operations and other requirements are imposed relating to the exploration and production of oil and gas. TMK will be required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which will impose a substantial rehabilitation obligation on TMK, which may have a material adverse effect on TMK's financial performance.

General risks:

Risk Category	Risk
Market Conditions	<p>Share market conditions may affect the value of TMK's shares regardless of TMK's operating performance. Share market conditions are affected by many factors such as:</p> <ul style="list-style-type: none"> (a) general economic outlook; (b) introduction of tax reform or other new legislation; (c) interest rates and inflation rate; (d) changes in investor sentiment toward particular market sectors; (e) the demand for, and supply of, capital; and (f) terrorism or other hostilities. <p>The market price of TMK's shares (and the market price of TMKOB Options) can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. The Company does not warrant the future performance of TMK's shares or TMKOB Options, or any return on an investment in TMK.</p>
Competition Risk	<p>TMK operates in a competitive and dynamic market. TMK will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than TMK and, as a result, may be in a better position to compete for future business opportunities and respond to the introduction of new technologies or technological advancements relating to drilling or other relevant operations (common in the oil and gas industry). Many of TMK's competitors not only explore for and produce oil and gas, but also carry out refining operations and market petroleum and other products on a worldwide basis. There can be no assurance that TMK will compete effectively with these companies and other industry participants and thereby be successful in acquiring additional oil and gas properties on reasonable commercial terms. The industry</p>

Risk Category	Risk
	<p>in which the Company will be involved is subject to domestic and global competition.</p> <p>Although TMK will undertake all reasonable due diligence in its business decisions and operations, TMK will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of TMK's projects and business.</p>
<p>Reliance on key personnel</p>	<p>The responsibility of overseeing the day-to-day operations and the strategic management of TMK depends substantially on its directors and any senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on TMK if one or more of these employees cease their employment.</p> <p>TMK may not be able to replace its directors or senior management or key personnel with persons of equivalent expertise and experience within a reasonable period of time or at all and TMK may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of TMK.</p>
<p>Economic conditions and other global or national issues</p>	<p>General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on TMK's exploration, development and production activities, as well as on its ability to fund those activities. If activities cannot be funded, there is a risk that the Gurvantes Project may have to be surrendered or not renewed.</p> <p>General economic conditions may also affect the value of TMK and its market valuation regardless of its actual performance.</p> <p>Specifically, it should be noted that the current evolving conflict between Ukraine and Russia is impacting global macroeconomics and markets generally. The nature and extent of the effect of this conflict on the performance of TMK and the value of its shares remains unknown. TMK's share price may be adversely affected in the short to medium term by the economic uncertainty caused by the conflict between Ukraine and Russia and overall impacts on global macroeconomics. Given the situation is continually evolving, the outcomes and consequences are inevitably uncertain.</p>
<p>Exchange Rate and Fluctuations risks</p>	<p>TMK's oil and gas projects are currently, located in Mongolia, and Australia. As a result, the majority of cash flows, expenses, capital expenditure and commitments will be denominated in United States dollars and the local Mongolian currency (Tugriks). To the extent TMK may become involved in petroleum production, the revenue derived through the sale of commodities will expose the potential income of TMK to commodity price and exchange rate risks through the translation or repatriation of foreign currencies to Australian Dollars.</p>
<p>Dividends</p>	<p>Any future determination as to the payment of dividends by TMK will be at the discretion of TMK's directors and will depend on the financial condition of TMK, future capital requirements and</p>

Risk Category	Risk
	general business and other factors considered relevant by TMK's directors. Neither TMK nor the Company gives any assurance in relation to the payment of dividends or franking credits attaching to dividends.
Insurance	<p>TMK intends to insure its operations in accordance with industry practice. However, in certain circumstances TMK's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of TMK.</p> <p>Insurance of all risks associated with oil and production is not always available and where available the costs can be prohibitive.</p>
Force Majeure	TMK's projects now or in the future may be adversely affected by risks outside the control of TMK including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.
Taxation	The acquisition and disposal of securities in TMK will have tax consequences, which will differ depending on the individual financial affairs of each investor. Each Shareholder should seek and rely on its own professional taxation advice, specific to its particular circumstances, in relation to the taxation consequences of the proposed transaction. Neither the Company, TMK, nor any of their respective officers or advisers, accepts liability or responsibility with respect to such consequences.
Litigation Risks	TMK is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, TMK may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on TMK's operations, reputation, financial performance and financial position. TMK is not currently engaged in any litigation.

Speculative nature of investment

The directors and management of TMK will, to the best of their knowledge, experience and ability (in conjunction with senior management) endeavour to anticipate, identify and manage the risks inherent in the activities of TMK, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of TMK and its business operations. The ability of TMK's directors and management to do so may be affected by matters outside their control and no assurance can be given that TMK's directors and management will be successful in these endeavours.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by TMK or TMK shareholders. The above risk factors, and others not specified, may in the future materially affect the financial performance of TMK and the value of TMK securities.



Talon Energy Ltd
ABN 88 153 229 086

TPDRM

MR RETURN SAMPLE
123 SAMPLE STREET
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Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Wednesday, 29 November 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I N D

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Talon Energy Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Talon Energy Ltd to be held at 1202 Hay Street, Emerald House, West Perth, WA 6005 on Friday, 1 December 2023 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Approval of equal capital reduction and in-specie distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Modification of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

