



# ASX ANNOUNCEMENT

8 DECEMBER 2023

## Gurvantes Transaction Update

- **Transaction to consolidate 100% of the ownership of the Gurvantes XXXV Project with TMK now complete following Talon and TMK shareholder approvals and completion of residual conditions precedent**
- **Record Date for the Gurvantes Distribution is expected to be 15 December 2023**
- **Distribution to Talon shareholders of the TMK Distribution Securities is expected by no later than 12:00 pm (Sydney time) on 22 December 2023**

Talon Energy Limited (ASX: TPD) (**Talon**) is pleased to announce that it has successfully completed the transaction today with TMK Energy Limited (**TMK**) to consolidate 100% ownership of the Gurvantes XXXV Coal Seam Gas (**CSG**) Project in the South Gobi Basin of Mongolia.

### Gurvantes Distribution

As announced on 11 October 2023, Talon 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, Talon Energy Pte. Ltd. (a company incorporated in Singapore) (**Gurvantes Transaction**).

Following final settlement adjustments, TMK issued Talon 1,092,000,000 TMK Shares and 546,000,000 TMK Listed Options at settlement.

Talon will now proceed to undertake an in-specie distribution (**Gurvantes Distribution**) of 1,001,017,240 TMK Shares and 500,508,620 TMK Listed Options (together, **TMK Distribution Securities**) to eligible Talon shareholders on the record date.

90,982,760 TMK Shares and 45,491,380 TMK Listed 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 in accordance with arrangements with those advisers.

At settlement, Talon transferred a funding contribution payment of \$600,000 to TMK, as contemplated for under Gurvantes Transaction Agreement.

The TMK Shares and TMK Listed Options to be distributed in specie to Talon shareholders under the Gurvantes Distribution currently implies<sup>1</sup>:

- Approximately \$0.016 per Talon share;
- Approximately 1.511 TMK Shares per 1 TPD share held;
- Approximately 0.755 TMK Listed Options per 1 TPD share held.

### ATO Ruling

Talon is currently engaging with the Australian Taxation Office (**ATO**) with the intention of obtaining a Class Ruling which will be issued to confirm certain income tax implications associated with the distribution for Talon's shareholders on the record date. Specifically, Talon is seeking the Commissioner of Taxation's views on:

- The application of the demerger roll-over provisions, where it is expected that relief will not be available upon the distribution of TMK securities;
- The capital gains tax implications of receiving TMK securities for Talon shareholders who hold their Talon shares on capital account; and
- The extent to which the Commissioner of Taxation will seek to deem any part of the distribution as a dividend for Australian income tax purposes.

Based on the transaction timeline, it is expected that the Class Ruling will be received from the ATO after the distribution has been completed and will therefore be separately communicated in due course.

### Indicative Timetable

The expected key dates for the Gurvantes Distribution are set out in the table below:

Event	Indicative Timing
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 Gurvantes Distribution	15 December 2023
Gurvantes Distribution to Talon 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 2001* (Cth), ASX Listing Rules and other applicable laws. Specifically, it should be noted that it is intended to align the timetable for the Gurvantes Distribution with the timetable for the proposed scheme of arrangement under which Strike Energy Limited will acquire all the issued shares in Talon (**Scheme**) to allow holders

<sup>1</sup> Based on the last closing price of TMK shares of \$0.009 per share and TMKOB of \$0.003. Based on Talon's ordinary shares of 662,497,893 assuming conversion of 12,500,000 performance rights expected to convert on completion of the Scheme with Strike. Assumes 1,001,017,240 TMK Shares and 500,508,620 TMK Listed Options are distributed in specie to Talon shareholders.

of convertible securities in Talon the opportunity to participate in the Gervantes 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.

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

For further information, please contact:

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