



# INVESTOR WEBINAR:

SCHEME IMPLEMENTATION DEED UPDATE

17 AUGUST 2023

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# RECOMMENDED TRANSACTION WITH STRIKE ENERGY

## OVERVIEW

<b>Strike Energy Limited (ASX:STX) (Strike) Offer</b>	<ul style="list-style-type: none"> <li>Talon has entered into a <b>binding Scheme Implementation Deed</b> with Strike under which Strike will acquire all the issued shares in Talon</li> <li>On implementation of the scheme Talon shareholders will receive: <ul style="list-style-type: none"> <li><b>0.4828 new Strike shares</b> for each Talon share held (Talon shareholders will own <b>11% of the merged company</b> on a pro-forma basis); and</li> <li>Potentially <b>Shares in SpinCo</b> assuming the successful demerger of Gurvantes XXXV (Mongolian Project)*</li> </ul> </li> </ul>
<b>Attractive Premium</b>	<ul style="list-style-type: none"> <li>Based on Strike's closing price on 11 August 2023, the offer represents an implied offer price of A\$0.212 per Talon share for Talon's Perth Basin assets, a <b>29.3% premium to Talon's 30-day VWAP</b>, 26.1% to Talon's 60-day VWAP, and 21.4% to Talon's closing share price as at 11 August 2023</li> <li>This excludes any potential value that may be realized through the completion of the Mongolian Project demerger*</li> </ul>
<b>Mongolian Demerger</b>	<ul style="list-style-type: none"> <li>It is proposed that Talon will seek to demerge the Mongolian Project to allow Talon shareholders to <b>retain an ownership interest</b> in Talon's Mongolian Project along with A\$850,000 cash (net of costs)*</li> <li>The Mongolian demerger is expected to be implemented by way of <b>an in-specie distribution of shares in SpinCo</b> to Talon shareholders</li> </ul>
<b>Recommendation</b>	<ul style="list-style-type: none"> <li>Each of the directors of Talon has committed to <b>vote in favour</b> of the Scheme in respect of the shares they control in the absence of a superior proposal and subject to the independent expert concluding, and continuing to conclude, that the Scheme is in the <b>best interests of Talon shareholders</b></li> </ul>
<b>Next Steps</b>	<ul style="list-style-type: none"> <li>Talon shareholders do not need to take any action at this time</li> <li>Talon shareholders will be <b>asked to vote and approve the scheme at the scheme meeting</b> which is expected to be held in early <b>December 2023</b></li> <li>A scheme booklet will be dispatched to Talon shareholders in advance of the Scheme Meeting</li> </ul>

# INDICATIVE TIMETABLE

## Proposed Merger Timetable

Announcement of Transaction:	14 August 2023
First Court hearing:	end of October 2023
Scheme meeting:	early December 2023
Second Court date:	mid December 2023
Effective date:	mid December 2023
Record date:	7.00pm (Perth time) on two business days after the Effective Date
Implementation date:	end December 2023

\*These dates are indicative and subject to change.

# TALON'S CURRENT PORTFOLIO

Assets are demarcated into two regions

## Mongolia

South Gobi Basin  
Gurvantes XXXV  
33% TPD



Proposed Demerger\*

## Western Australia

Perth Basin  
Walyering  
45% TPD



North Perth Basin  
L7 / EP437  
25% TPD



Central Perth Basin  
Condor  
100% TPD



\*subject to transfer

Proposed Merger



# BENEFITS TO TALON SHAREHOLDERS OF THE TRANSACTION

- 1

Attractive Premium

  - The all-scrip acquisition by Strike represents an **attractive premium** to Talon shareholders
    - 29.3% to Talon’s 30-day VWAP, 26.1% to Talon’s 60-day VWAP, and 21.4% to Talon’s closing share price as at 11 August 2023
- 2

Potential to retain interest in Mongolian Project

  - Subject to successfully executing the intended demerger, Talon shareholders **retain an interest in the Mongolian Project**
    - via a separate shareholding in an entity with exposure to the 33% interest in the Mongolian Gurvantes XXXV Project\*
- 3

Stronger Balance Sheet and Access to Liquidity

  - The merged entity will have a **strong balance sheet**, with expected cash flow, as well as access to financing
    - Will be able to fund development and exploration projects, reducing the reliance on additional equity capital
- 4

Diverse Perth Basin Portfolio with High Impact Growth

  - By becoming a shareholder in Strike, Talon shareholders will **gain exposure to a more diverse portfolio of assets** in the Perth Basin
    - combination of near-term cash-flow and a strong pipeline of development and exploration assets
- 5

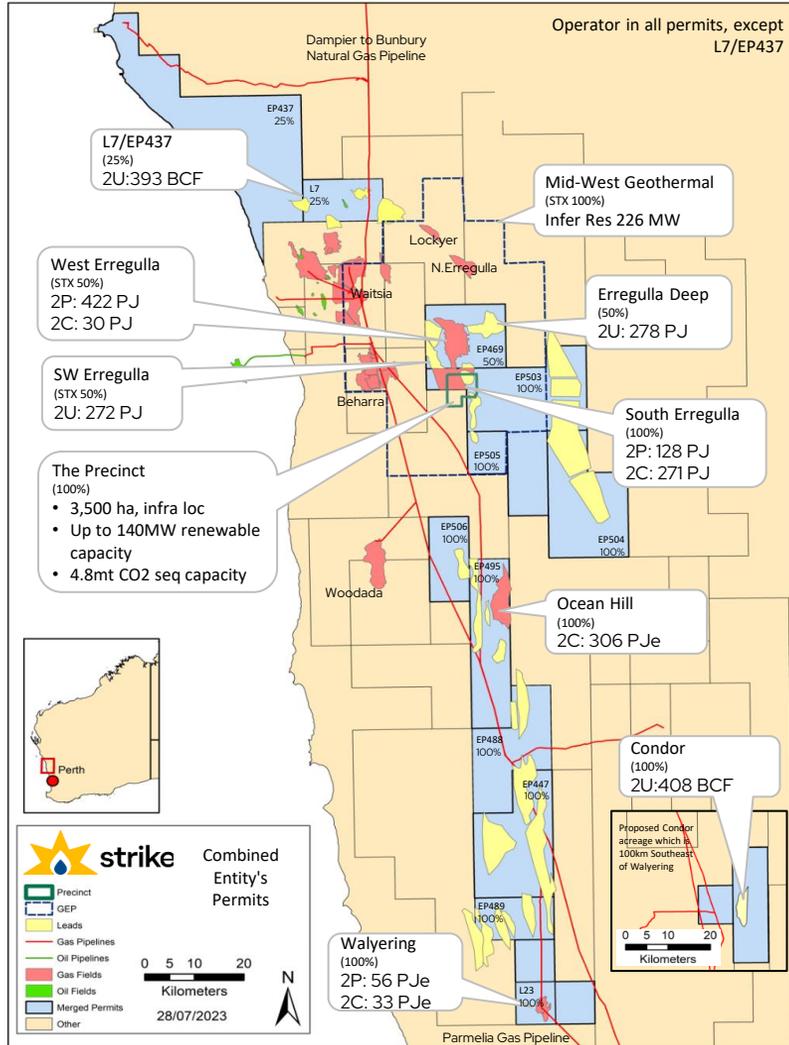
Corporate and Operational Synergies

  - Talon shareholders would get exposure to the value created from **corporate and operational synergies**
- 6

Potential Rollover Relief on Strike Consideration

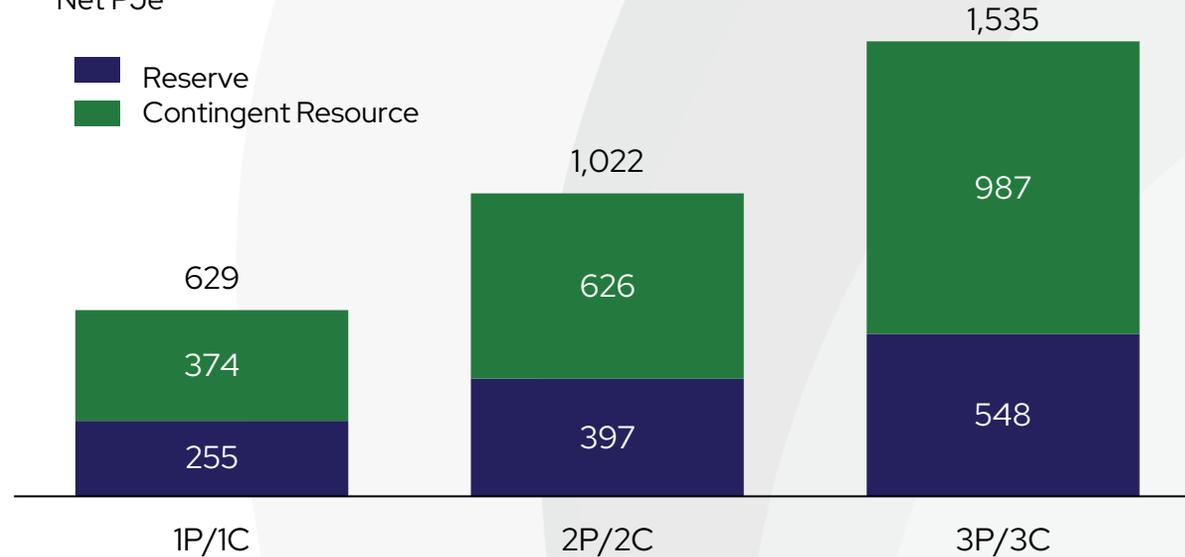
  - Talon shareholders may be eligible for scrip-for-scrip **capital gains tax rollover relief** in relation to the consideration being offered by Strike

# POTENTIAL DIVERSE EXPOSURE IN THE PROLIFIC PERTH BASIN



- The largest combined Reserve & Resource position in the highly attractive Perth Basin
- 100% ownership and operatorship across ten permits, and 50% ownership and operatorship at West Erregulla and 25% ownership, non-operated, in L7/EP437.
- Positioned to be a major producer of energy in the fast evolving and increasingly priced WA energy market

**The Combined Entity's Independently Certified Perth Basin Reserves & Resources\***  
Net PJe

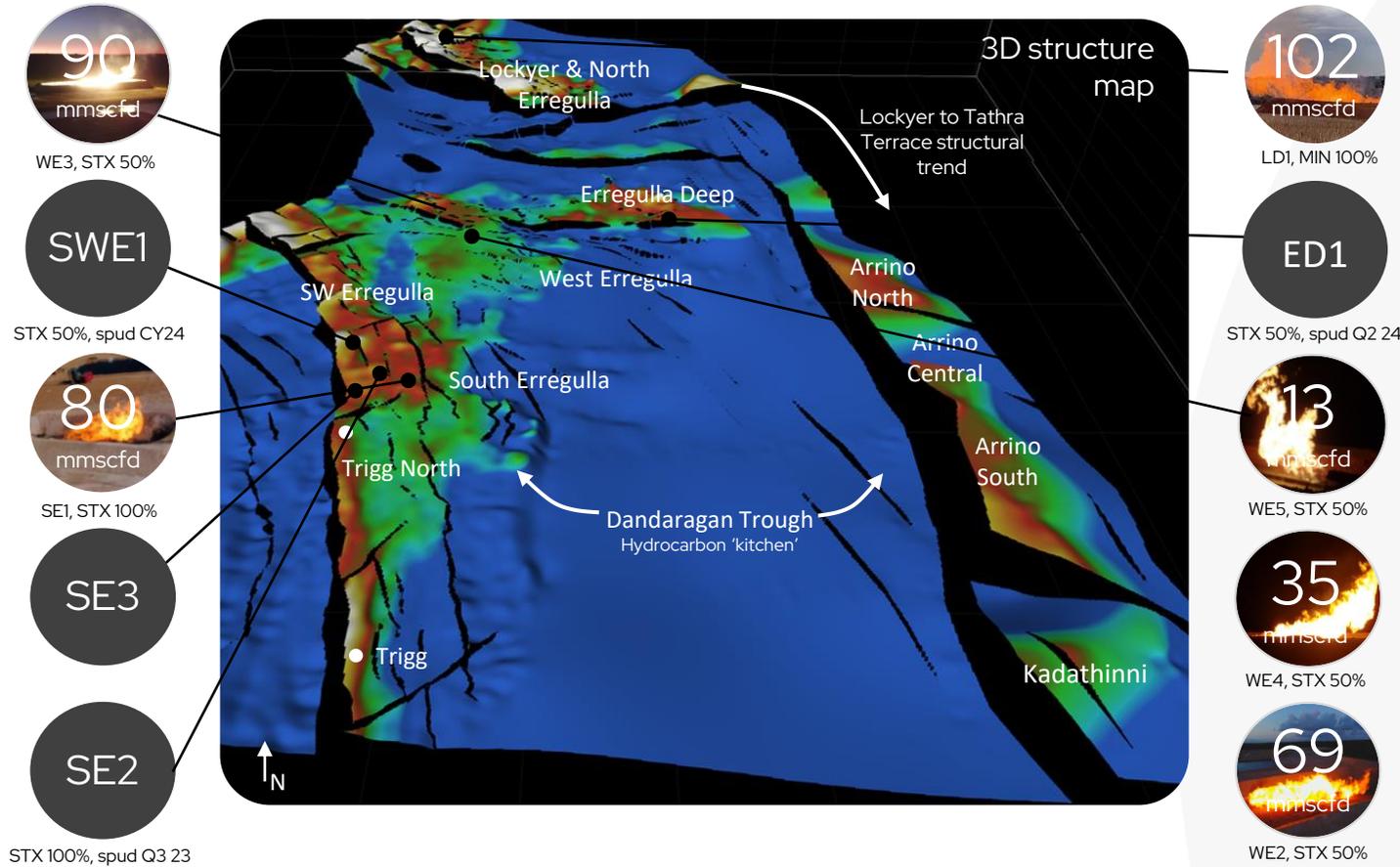


\*Refer to slide 12 for reserves and resources information

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

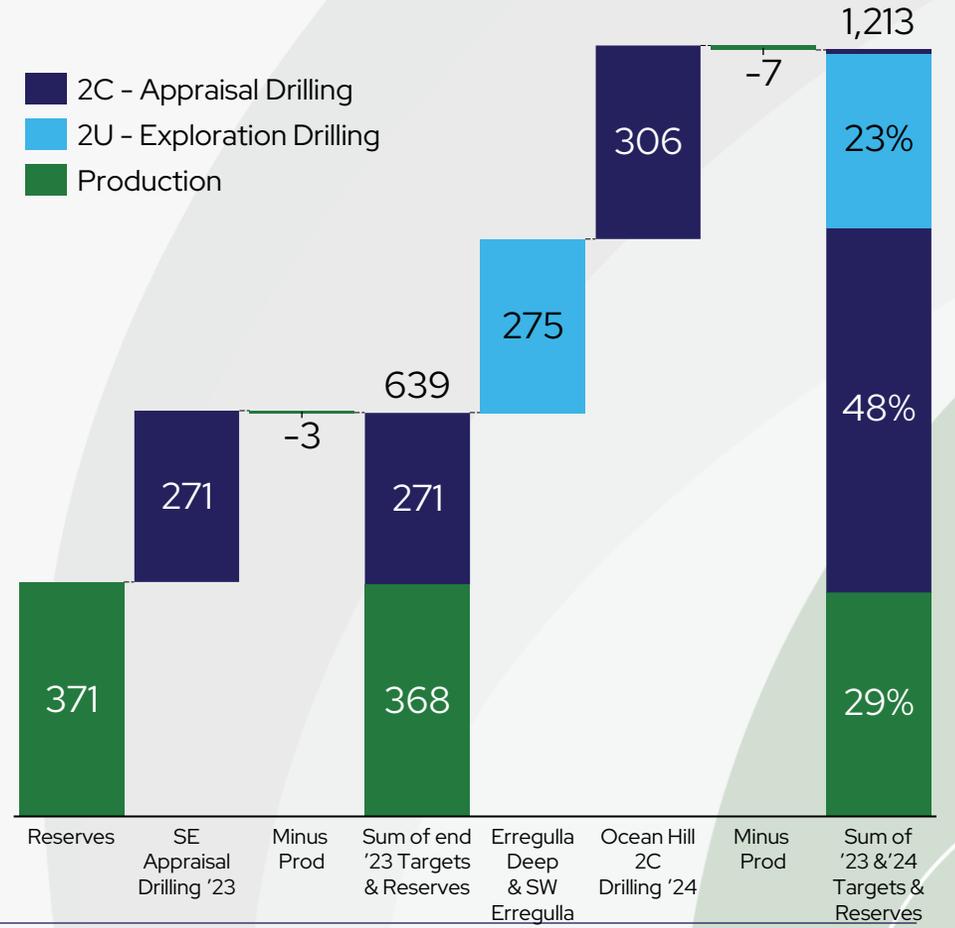
# POTENTIAL EXPOSURE TO HIGH IMPACT DRILLING CAMPAIGN

## Permian 2023-2024 Drilling Campaign



## Exposure to Strike's Upcoming Drilling Campaign Starting Q3/23

Reserves and Resources Volumes are PJ estimates



# WALYERING: IMMINENT CASHFLOW

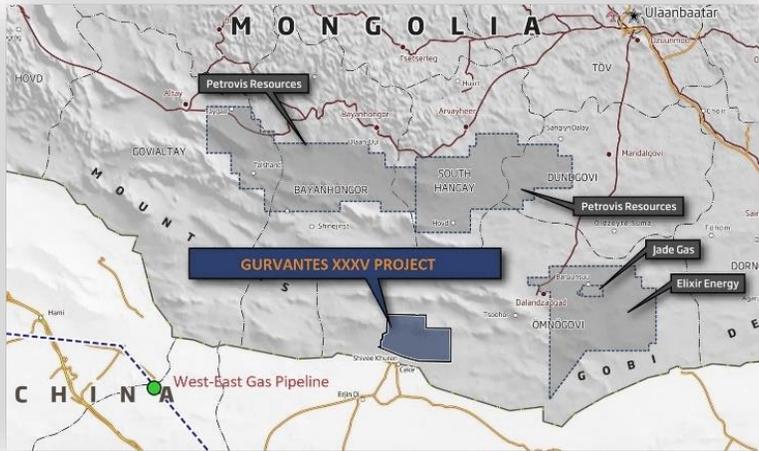
## Progress Update

- First gas expected in Q3 2024
- Mechanical completion imminent with all major infrastructure constructed
- Commissioning process and commercial production operations to follow after permissions from the regulator
- The combined company will have the capacity to generate initial annualised cashflow of A\$82m from Walyering alone\*
- The strength of the Strike balance sheet removes any funding risk for Talon shareholders



# RETAINING EXPOSURE TO UPSIDE IN MONGOLIA

Proposed demerger of our interest in the Gurvantes Project to potentially allow shareholders to retain an ownership interest in the asset\*



## World class discovery in first exploration campaign

- TMK Energy (67%, operator) Talon Energy (33%)
- **8400km<sup>2</sup>** permit located in South Gobi Basin, one of the most prospective CSG basins in the world
- Closest project to Chinese Energy Market
- Independently certified (NSAI) contingent resource (2C), the **largest to date in Mongolia** (1C - 398 / **2C - 1,214** / 3C - 2,361 Bcf)
  - 100% drilling success with strong results observed across all technical parameters:
    - ✓ Coal Thickness ✓ Gas Content ✓ Permeability

## Pilot Well Program commenced to test commerciality

- 3 Well Pilot program to test commerciality of discovery
  - Lucky Fox 1,2 & 3 – all wells have been successfully drilled to a total depth of ~400 metres
  - All wells intersected ~60 metres of coal over the production interval (upper coal seam)
- Gas flowing consistently from all three wells and being flared continuously
- Production Test will continue into Q3-Q4 2023

# CONCLUSION

- ✓ Compelling implied premium of 29.3% premium to the 30-day VWAP.
- ✓ Combined entity will have significant near-term cash flows from Walyering and a strong balance sheet that will fund a broader portfolio of Perth Basin developments.
- ✓ Fully funded for near term high-impact appraisal and exploration opportunities.
- ✓ Significant ongoing corporate costs will be eliminated by removing the joint venture structure.
- ✓ Talon will explore opportunities for shareholders to retain upside from the Gurvantes Project via an in-specie distribution or similar (subject to shareholder and other necessary approvals)\*.





## QUESTIONS?

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# STRIKE'S AND TALON'S PROJECT INFORMATION

## Strike Reserves and Resource

Information in this presentation relating to the Reserve and Resource Estimates for:

- The West Erregulla Project is set out in the STX ASX announcement dated 27th July 2022 entitled "West Erregulla Reserves Upgraded by 41%". Strike equity interest is 50% and Warrego equity interest is 50%.
- The South Erregulla Project is set out in STX ASX announcement dated 28th September 2022 entitled "Independent Certification of South Erregulla Kingia Gas Discovery". Strike equity interest is 100%.
- The Walyering Reserve and Resource Estimate is set out in STX ASX announcement dated 21 July 2022 entitled "Independent Certification of Walyering Reserves". Strike equity interest is 55%.
- The Oceanhill 2C Contingent Resource is set out in STX ASX announcement dated 10 October 2022 entitled "Independent Certification of Ocean Hill Gas Resource". Strike equity interest is 100%.
- The Erregulla Deep & Southwest Erregulla 2U Prospective Resource is set out in STX ASX announcement dated 16 December 2022 entitled "Strike to test Southwest Erregulla and Erregulla Deep Prospective Resource". Strike equity interest is 50%.
- the Mid-West Geothermal Project inferred resource is set out in STX ASX announcement dated 5th May 2022 entitled "Mid West Geothermal Power Project Inferred Resource Statement".
- the South Erregulla Contingent Storage Resource Estimate is set out in STX ASX announcement dated 15th June 2023 entitled "South Erregulla Update".

This reserves and resources estimates must, therefore, be read in conjunction with the full text of the STX and TPD ASX releases referred to. The Reserves and Resources are unrisks.

Strike is unaware of any new information that materially impacts the information in these releases and confirms that all the material assumptions and technical parameters underpinning the estimates in the above releases continue to apply and have not materially changed.

Talon has not conducted due diligence in relation to Strike' petroleum estimates and has not independently verified all such information and expressly disclaims any responsibility for it, to the maximum extent permitted by law. No representation or warranty, express or implied, is made as to the fairness, currency, accuracy, adequacy, reliability or completeness of Strike' petroleum estimates. Given Talon has not independently validated Strike' petroleum estimates, it should not be regarded as reporting, adopting or otherwise endorsing those estimates.

## Talon's Resources

Information in this presentation relating to the Resource Estimates for:

- The Condor Prospective Resource Estimate is set out in TPD ASX announcement dated 17 March 2021 entitled "Maiden Best (P50) Resource of 408 Bcf at Condor".
- The L7 & EP437 Prospective Resource Estimate is set out in TPD ASX announcement dated 27 March 2023 entitled "Preliminary prospective resource estimate complete on L7 Perth Basin permit".
- The Gurvantes Contingent Resource is set out in TPD ASX announcement dated 9 November 2022

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

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

## Cautionary statement on prospective resources

Prospective resources are those quantities of hydrocarbons which are estimated as of a given date to be potentially recoverable from undiscovered accumulations by the application of future development projects. These estimates have both an associated risk of discovery and a risk of development. The prospective resources shown in this presentation are probabilistically determined and unrisks and should not be construed as reserves or contingent resources; they represent exploration opportunities and quantify the development potential in the event a hydrocarbon discovery is made. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

## Precinct development

The proposed Low Carbon Mid-West Precinct development will be contingent on, among other things, successfully re-zoning the land for the intended renewable and industrial uses, obtaining all other required regulatory approvals, licences and authorisations and, in the case of the renewable uses, securing renewables developer(s) on terms acceptable to Strike.