

Talon Transaction

Strike Energy Limited (Strike - ASX: STX) has recently been engaged with Talon Energy Limited (Talon - ASX: TPD) on a proposal for Strike to acquire all of the shares in Talon Energy Limited by way of Scheme of Arrangement at an agreed exchange ratio of 0.4828 new Strike shares per Talon share plus the retention of the Mongolian assets by the Talon shareholders via a demerger or sale. At the request of Talon, the proposal was to also include an interim funding facility of up to \$6 million to be available to fund Talon's capital requirements through the scheme process.

The parties agreed to enter into a period of confidential negotiations for the proposed transaction and to allow Strike to complete limited financial, legal and technical due diligence. Following the findings of Strike's financial and technical due diligence and resultant negotiation of the finance facility, the parties were unable to reach mutually agreeable terms to proceed. As a result, Strike's Board of Directors have ceased engagement and will continue to operate the Walyering L23/EP447 Joint Venture in the normal course of business as part of Strike's leading Perth Basin exploration, appraisal and development program.

This announcement is authorised by Stuart Nicholls, Managing Director & Chief Executive Officer of Strike in accordance with the Company's Continuous Disclosure Policy.

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