



30th October 2023

2023 General Meeting – Important Information

Dear Shareholder,

TMK Energy Limited (ABN 66 127 735 442) (**Company**) is convening its General Meeting of shareholders on Thursday 30th November 2023 at 10.00am (AWST) (**Meeting**) at Emerald House, 1202 Hay Street, West Perth, Western Australia.

The notice convening the Meeting (**Notice**) and other meeting documents are available online at <https://www.tmkenergy.com.au/asx-announcements/> and the Company's ASX page at <https://www.asx.com.au/markets/company/tmk>. You will not receive a paper copy of the Notice unless you have elected to receive one. You can request a paper copy by contacting the Company Secretary, Dougal Ferguson at info@tmkenergy.com.au.

The Notice (including the accompanying Explanatory Statement) sets out important details regarding the resolution that will be put to shareholders at the Meeting. You should read the Notice and all accompanying materials carefully and in their entirety.

If you are unable to attend the Meeting, you may appoint a proxy to attend and vote on your behalf by following the instructions on the proxy form included in the Notice. Proxy appointments must be received by 10.00 am (AWST) on Tuesday 28th November 2023.

If you are in doubt as to how you should vote, you should seek independent advice from your accountant, solicitor or other professional adviser before voting.

Should you wish to discuss the matter in the Notice, please do not hesitate to contact the Company Secretary, Dougal Ferguson at info@tmkenergy.com.au.

By Authority of the Board

Dougal Ferguson
Company Secretary
TMK Energy Limited



For personal use only

TMK ENERGY LIMITED
ACN 127 735 442
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00 am (WST)
DATE: Thursday, 30 November 2023
PLACE: 1202 Hay Street
WEST PERTH WA 6005

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

This Notice should be read in its 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 4:00pm (WST) on Tuesday, 28, November 2023.

BUSINESS OF THE MEETING

AGENDA

1. **RESOLUTION 1 – APPROVAL TO ISSUE CONSIDERATION SHARES AND OPTIONS TO TALON**

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 1,100,000,000 Shares and up to 550,000,000 Options to Talon on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusion Statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 1 – Approval to issue Consideration Shares and Options to Talon

A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in Talon) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

To vote by proxy, please complete 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 Shareholder 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.

Voting in person

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

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

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. RESOLUTION 1 – APPROVAL TO ISSUE CONSIDERATION SHARES AND OPTIONS TO TALON

1.1 Background

As announced by the Company on 11 October 2023, the Company has entered into an agreement (**Heads of Agreement**) with Talon Energy Limited (ASX:TPD) (**Talon**) pursuant to which the Company has agreed to acquire, and Talon has agreed to sell the entire issued capital of Talon Energy Pte Ltd (UEN 202 122 994K) (**TES**), a wholly owned subsidiary of Talon (the **Acquisition**).

TES, through its wholly-owned subsidiary Talon Energy Mongolia LLC (**TEM**), has earned the right to a 33% interest in the Gurvantes XXXV Coal Seam Gas Project in the South Gobi Basin of Mongolia (**Project**). The Project is currently the subject of a joint venture and farm-in agreement between the Company (67%) and Talon (33%) (**Farm-in Agreement**).

1.2 Heads of Agreement

The material terms of the Heads of Agreement are outlined below.

Consideration

In consideration for the Acquisition, the Company will issue:

- (a) up to 1,100,000,000 Shares to Talon (**Consideration Shares**); and
- (b) up to 550,000,000 TKMOB quoted Options (**Consideration Options**), in the same class as the Company's currently quoted Options (ASX:TMKOB),

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

Talon funding obligation

In full and final settlement of all obligations of Talon (and its subsidiaries) to contribute any funding for expenditure or other commitments under the Farm-In Agreement and all ancillary agreements relating to the joint venture of the Project from 1 September 2023 until settlement of the Heads of Agreement (**Settlement**), Talon will pay the Company:

- (a) \$850,000 in cash; less
- (b) costs incurred in connection with the disposal of Talon's interest in the Project or the transaction and certain other costs and funding provided for the benefit of Talon's Mongolian operations and assets, including the Project, by Talon during the disposal/scheme process,

(the **Funding Contribution Payment**).

The Funding Contribution Payment will be payable by Talon at Settlement.

The parties have agreed that, in the event that the Funding Contribution Payment equals less than A\$680,000 (**Funding Contribution Minimum**), then:

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

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

- (b) the number of Consideration Options will be proportionately reduced on the basis of 0.5:1 (being, half a Consideration Option for every 1 Consideration Share) (rounded up in the case of a fractional entitlement),

(the **Consideration Adjustment**).

Proposed in-specie distribution of Consideration Securities to Talon shareholders

Under the Heads of Agreement, it is proposed that 1,009,017,240 Consideration Shares and 504,508,620 Consideration Options will be distributed to shareholders of Talon by way of an in-specie pro-rata distribution following Settlement, subject to the approval of Talon's shareholders. The balance of the Consideration Shares and Consideration Options (being 90,982,760 Consideration Shares and 45,491,380 Consideration Options) will be retained by Talon, some of which may be distributed to Talon's advisers.

Talon has entered into a binding scheme implementation deed with Strike Energy Limited (ASX:STK) (**Strike**) under which Strike will acquire all of the issued shares of Talon by way of scheme of arrangement. Talon's intended in-specie distribution of the Consideration Securities to its shareholders will be completed prior to completion of the proposed scheme of arrangement with Strike.

Voluntary escrow and orderly sale

Under the terms of the Heads of Agreement, Consideration Shares to be allocated to certain individuals (**Escrowed Shareholders**) under Talon's proposed in-specie distribution will be subject to voluntary escrow until 30 June 2024 (**Escrow Period**).

In addition, following the Escrow Period, for such time as an Escrowed Shareholder holds more than 5,000,000 Consideration Shares and wishes to dispose of any Consideration Shares after the Escrow Period, the Escrowed Shareholder must:

- (a) provide written notice to the Company of any intention to dispose of any Consideration Shares held by that Escrowed Shareholder (**Disposal Notice**) which must specify the number of 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 the Company has received the Disposal Notice (**Notice Period**).

During the Notice Period, the Company 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 have agreed that the Company can do all things it requires to ensure the Escrowed

Shareholders comply with the orderly market provisions above, including instructing the Company's share register to place a temporary holding lock on the Consideration Shares held by an Escrowed Shareholder during any period of non-compliance by that Escrowed Shareholder.

In addition to the agreed escrow arrangements with the Escrowed Shareholders, Talon has agreed to use reasonable endeavours to procure that any Talon shareholders, who at Settlement will be entitled to 5,000,000 or more Consideration Shares, enter into a voluntary escrow deed whereby:

- (a) 100% of the Consideration Shares held by that Talon shareholder will be escrowed from Settlement until 31 March 2024;
- (b) 75% of the Consideration Shares held by that Talon shareholder will be escrowed from Settlement until 30 June 2024;
- (c) 50% of the Consideration Shares held by that Talon shareholder will be escrowed from Settlement until 30 September 2024; and
- (d) 25% of the Consideration Shares held by that Talon shareholder will be escrowed from Settlement until 31 December 2024.

Conditions Precedent

The Heads of Agreement is subject to the following conditions:

- (a) **TMK Shareholder approval:** the Company obtaining approval from its Shareholders for the issue of the Consideration Securities;
- (b) **TPD Shareholder approval:** Talon obtaining approval from its shareholders to complete the in-specie distribution of the Consideration Securities to its shareholders; and
- (c) **Approvals:** the parties obtaining all necessary corporate, governmental, regulatory and third-party approvals, consents and waivers to allow the parties to lawfully complete the Acquisition and the transactions contemplated by the Heads of Agreement,

(Conditions).

If any of the Conditions are not satisfied (or waived) on or before 1 December 2023 (**End Date**), then either Talon or the Company may terminate the Heads of Agreement by notice in writing to the other party.

Other terms and conditions

In addition to the terms and conditions outlined above, the Heads of Agreement includes terms and conditions considered standard for share sale agreements, including representations and warranties and indemnities provided by each party for the benefit of the other party.

1.3 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Consideration Securities to Talon falls within exception 17 of Listing Rule 7.2. It therefore requires the approval of Shareholders under Listing Rule 7.1.

1.4 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Consideration Securities to Talon. In addition, the issue of the Consideration Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Consideration Securities to Talon. In this case, the Company will not be able to satisfy a Condition of the Heads of Agreement. In these circumstances, if the Condition is not satisfied by the Company by the End Date, Talon shall have a right to terminate the Heads of Agreement, unless revised terms of the consideration are agreed to by the parties.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Consideration Securities to Talon.

1.5 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the Consideration Securities will be issued to Talon. As noted in Section 1.2, Talon intends to undertake a pro-rata in-specie distribution of a certain number of the Consideration Securities to Talon shareholders, subject to Talon obtaining shareholder approval;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the recipients will be:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) the maximum number of securities to be issued is:
 - (i) 1,100,000,000 Consideration Shares; and
 - (ii) 550,000,000 Consideration Options,
- (d) the Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Consideration Options to be issued will be issued on the same terms as the Company's existing quoted TMKOB Options (ASX:TMKOB), exercisable at \$0.025 on or before 30 April 2026. Full terms and conditions of the TMKOB Options are set out in Schedule 1;
- (f) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any

ASX waiver or modification of the Listing Rules) and it is intended that issue of the Consideration Securities will occur on the same date;

- (g) the Consideration Securities will be issued at a nil issue price, in consideration for the Acquisition;
- (h) the purpose of the issue of the Consideration Securities is to satisfy the Company's obligations under the Heads of Agreement;
- (i) the Consideration Securities are being issued to Talon under the Heads of Agreement. A summary of the material terms of the Heads of Agreement is set out in Section 1.2; and
- (j) the Consideration Securities are not being issued under, or to fund, a reverse takeover.

GLOSSARY

\$ means Australian dollars.

Acquisition means the Company's acquisition of Talon's 33% interest in the Project pursuant to the Heads of Agreement.

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

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

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

Consideration Options means up to 550,000,000 TMKOB Options proposed to be issued to Talon in consideration for the Acquisition.

Consideration Securities means the Consideration Shares and the Consideration Options.

Consideration Shares means up to 1,100,000,000 Shares proposed to be issued to Talon in consideration for the Acquisition.

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Farm-in Agreement has the meaning given to it in Section 1.1.

Heads of Agreement has the meaning given in Section 1.1.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

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

Option means an option to acquire a Share.

Project means the Gurvantes XXXV Coal Seam Gas Project (67% TMK/33% TPD) in the South Gobi Basin of Mongolia.

Proxy Form means the proxy form accompanying the Notice.

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

Section means a section of the Explanatory Statement.

Settlement means settlement of the Heads of Agreement.

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

Shareholder means a registered holder of a Share.

Talon means Talon Energy Limited (ACN 153 229 086).

TEM means Talon Energy Mongolia LLC.

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

TMKOB Options means the Company's quoted Options trading under the ASX code TMKOB.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF TMKOB OPTIONS

1. **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. **Exercise Price**

Subject to paragraph 9, the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).

3. **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 April 2026 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. **Exercise Period**

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

5. **Notice of Exercise**

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

6. **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 Option being exercised in cleared funds (**Exercise Date**).

7. **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) 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 Options.

If a notice delivered under 7(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the

Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

8. **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

9. **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an 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.

10. **Participation in new issues**

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

11. **Change in exercise price**

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

12. **Transferability**

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



TMK Energy Limited | ABN 66 127 735 442

Proxy Voting Form

If you are attending the Meeting in person, please bring this with you for Securityholder registration.

Your proxy voting instruction must be received by **10.00am (AWST) on Tuesday, 28 November 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, all Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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