



QUARTERLY ACTIVITIES REVIEW

For the period ending 30 June 2014

Talga Resources Ltd

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Corporate Information

ASX Code TLG

Shares on issue 124.6m

Options (listed) 7.75m

Options (unlisted) 6.25m

Company Directors

Keith Coughlan

Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director

SUMMARY

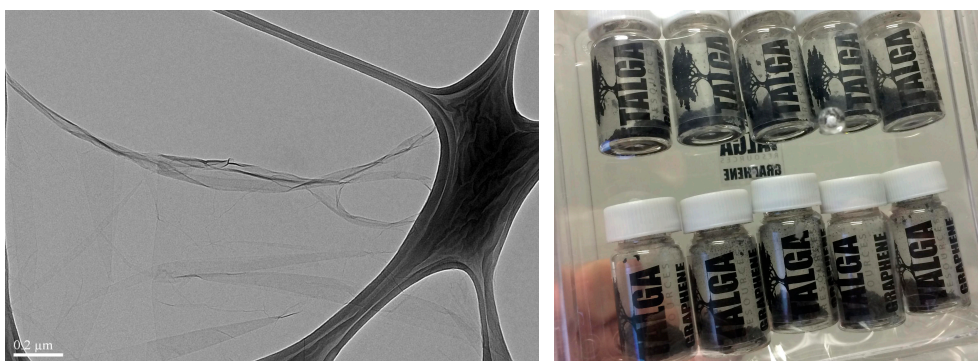
Talga Resources Ltd (ASX: TLG) ("Talga" or "the Company") is pleased to summarise activities for the quarter ending 30 June 2014.

Work in the quarter successfully continued the transformative strategy commenced early in 2014, based around early development of the wholly-owned Nunasvaara graphite-graphene project in north Sweden, and culminated in the post quarter historic first sale of graphene to a German technology group.

Highlights included:

- Rapid acceleration of dual graphite-graphene development program with key work commenced in Perth to further develop and upscale the new metallurgical pathway for Nunasvaara
- Scoping study and test mining preparations commenced including key staffing and consultancy appointments
- Underwritten non-renounceable entitlement offer taken up by 82% of shareholders, and separate placement to professional and sophisticated investors, raised a total of \$3.1 million – defying challenging capital raising conditions for resource juniors and fully funding next major milestones
- Reflected in further share price appreciation over the quarter – from 17c (April 1) to 39c (June 30). Evidence of strengthened financial support amid firmer and sustained market recognition of graphite-graphene global potential
- Design and permitting commenced on test mining program to extract a bulk ore sample from Nunasvaara in order to test by mid-2015, dual graphite/graphene production through a pilot plant
- Strong acceptance of the Company's project credentials from presentations to key investors and potential project partners and customers in Europe and the UK
- Post-quarter historic first sale of Talga graphene batch to German technology group

Fig 1. Nunasvaara graphene under microscope (L) and graphene nanoplatelet samples (R)



 ASX Code: TLG

SWEDEN GRAPHITE PROJECTS

Talga wholly owns five graphite projects located in the Fennoscandian Shield of northern Sweden, a historic graphite producing area of Europe. Work by Talga has defined two mineral resources¹ for graphite at the Nunasvaara and Raitajärvi graphite projects (see Fig 2 for location and Appendix 1 for resource details).

Vittangi Graphite Project - Nunasvaara Deposit (Talga 100%)

Background

Nunasvaara is the highest grade graphite resource in the world defined under JORC or NI43-101 codes (Ref: Technology Metals Research Advanced Graphite Projects Index, updated 18 July 2014) and is favourably located 3 km from a sealed highway and 20 km from rail direct to major graphite and graphene markets in Europe. The project's JORC resource¹ estimate totals **7.6 million tonnes at 24.4% graphite ("Cg")** (see Appendix 1 and ASX:TLG 8 November 2012) and less than 10% of the mapped outcropping graphite unit has been drilled to date (see ASX:TLG 15 November 2012).

At Nunasvaara Talga's work to date has demonstrated that high quality graphene can be produced directly from raw ore in the same single step process that liberates graphite but without expensive and destructive crushing, grinding, flotation, leaching or purification. The products therefore retain a state of high quality but can potentially be produced in bulk scale at low cost. Graphene is renowned as the world's strongest material, a million times thinner than paper but 200 times stronger than steel. Discovered only ten years ago it is a material with an extremely wide range of applications that are in the early stages of commercialisation.

Economic Studies

During the period the scoping study commenced in 2013 was re-commissioned and expanded to include the new dual graphite-graphene production route. Globally renowned mining industry consultants Snowden's were engaged during the period to complete the expanded study and associated financial modeling. Open pit modeling and mine planning are largely complete. Independent Metallurgical Operations P/L is developing the study's processing and engineering routes. While the focus of the program is on upscaling the process and defining the economic parameters required by the scoping study, the graphene produced during the metallurgical stages can be made available for commercial purposes.

Test Mining/Pilot Plant

Though the focus of economic studies is on full scale production it is recognised that an interim test mining program is required to assess the novel mining and processing techniques proposed. During the period Talga commenced permitting for a test mining program to extract a bulk ore sample from Nunasvaara in the site of historic test pits and test dual graphite/graphene production through a nearby pilot plant to be constructed and commissioned by Talga. The program will confirm the extraction techniques and processing methodology work on a larger scale (nominal 5 tonnes/hr) and provide significant size samples of graphite and graphene for economic evaluations. The Company has recruited a new Permitting and

Fig 2. Talga Resources project locations in north Sweden.



Development Manager, and Group Geologist and has appointed the Swedish arm of global consultancy, Golder Associates, to complete key components of the sample program. It is aimed to have application for a 5,000 tonne bulk sample granted by Q1 2015 towards construction and operation in early Q3 2015. Several potential sites for the pilot plant were reviewed and visited during the quarter.

Graphene Commercial Activities

During the latter part of the period the Company undertook various customer development initiatives within the European research and commercial markets, and as a result, subsequent to the period, the Company announced its first sale of graphene produced from Nunasvaara. The sale, on a non-exclusive basis, was made to Germany's Norderstedt-based Microdrop Technologies GmbH, a leading international provider of Nano-to-3D printing Solutions. (see ASX TLG: 23 July 2014). The Company is encouraged by this first sale of its graphene and looks forward to exploring further commercial opportunities during its ongoing development phase.

Exploration

During the period an existing set of airborne electromagnetic ("EM") survey data covering the Vittangi project was acquired and analysed. This led to a number of new target zones with potential to be identical or similar to that hosting the Nunasvaara resource being identified. Several exploration licences were applied over these targets, fieldwork commenced and further analysis of the new and historic data was ongoing at the end of the period.

Raitajärvi Graphite Project (Talga 100%)

The Raitajärvi deposit hosts an Indicated and Inferred resource¹ (JORC 2004) of **4.3Mt @ 7.1% Cg** (graphitic carbon) for 307,300 tonnes contained graphite (see Appendix 1 for resource details).

Table 1. Raitajärvi average graphite flake size

| < 100µm | 100-200µm | 200-400µm | >400µm |
|---------|-----------|-----------|--------|
| 13% | 38% | 38% | 11% |

The near-surface deposit contains 87% coarse crystalline flake graphite on average (See Table 1) and previous metallurgical work demonstrates a typically commercial grade of concentrate can be formed from 90%C and up to 99%C purity. A significant portion of Raitajärvi graphite is the 'large' and 'jumbo' size fraction described in industry as premium products due to suitability for the production of lithium-ion battery electrodes.

There is excellent potential for the deposit size to be increased in future as it remains open in all directions and less than 25% of the deposit's electromagnetic signature is drill tested to date. However the current resource may suit development as it is exceptionally well located adjacent to a sealed highway and grid power, with towns, railways and port nearby.

Fieldwork was not undertaken at Raitajärvi during the period but it is intended to test drillcores from the higher grade zones of the resource in future for potential to produce graphene products along side large flake graphite.

Other Graphite Projects

During the period an existing set of airborne EM (electromagnetic) survey data covering the Jalkunen project (see Fig 2) was acquired and analysed. Jalkunen contains abundant graphite occurrences evidenced by historic mines, drilling, rock and trench sampling. Talga geologists have developed an interpretation that the Jalkunen belt graphite mineralisation may be closely related to the Vittangi belt in origin, and therefore may be amenable to producing graphene via the same process as Nunasvaara. During the period fieldwork commenced assessing a number of target zones and as a result several exploration licences were applied for while further analysis of the new and historic data was ongoing at the end of the period.

Minimal work was undertaken during the period on the Company's other graphite projects in Sweden.

SWEDEN COPPER-GOLD PROJECTS

Kiskama Project (Talga 100%)

Talga wholly owns several copper-gold prospects in Sweden with the most advanced being the Kiskama project (see Fig 3). At Kiskama mineralisation comprises copper and iron sulphide-magnetite-hematite as breccia infill and has been described as a shear-hosted iron-oxide copper-gold "IOCG" style deposit. Episodic drilling by the Swedish Geological Survey took place during the early 1970's to late 1980's and significant, shallow, wide intercepts of copper-gold were returned (For details see ASX:TLG 10 Feb 2014).

Talga considers the historic work leaves considerable potential for mineralised zones to be more extensive than previously assumed, both in width/length and grade. Additionally the intercepts to date are highly encouraging in grade with context of nearby mills, proximity to bulk scale transport and the presence of other minerals in the system that may add economic credits such as iron, cobalt and nickel that are reported in historical literature. Quality joint venture partners are being sought for Kiskama but in the interim Talga may consider some minor drilling to advance the project, keep it in good standing and check-assay some sections.

SWEDEN IRON PROJECTS

Vittangi and Masugnsbyn Iron Projects (Talga 100%)

The Vittangi and Masugnsbyn iron projects host combined total (JORC 2004) Indicated and Inferred resources¹ of **235.6 Mt @ 30.7% Fe** (iron) in skarn-style near surface magnetite deposits (see Figure 1 for location and Appendix 2 for resource details).

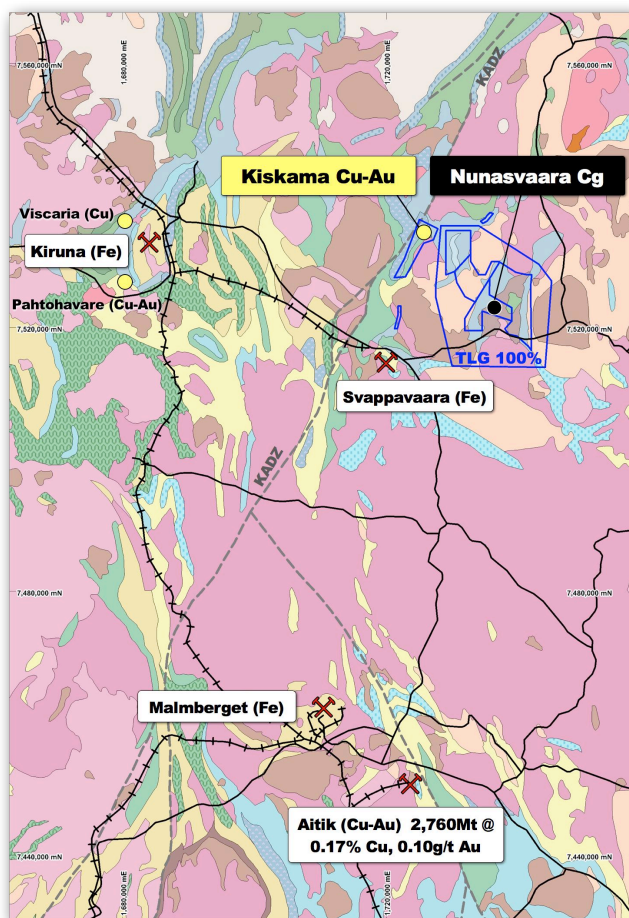
Work during the quarter on the Company's iron ore assets in Sweden was restricted in order to minimise expenditure. Discussions with several potential partners or buyers of the iron projects were advanced during the period. These discussions are still at a preliminary stage and any outcome of these negotiations will be announced to market once confirmed.

GOLD PROJECTS - AUSTRALIA

Talga Talga, Warrawoona, Mosquito Creek (Pilbara) and Bullfinch (Yilgarn) Gold Projects (Talga 100%)

Work during the quarter on the Company's gold exploration assets in Western Australia was restricted to minimal field work in order to maintain statutory expenditure requirements. At Bullfinch several exploration licences were pegged over adjacent target zones and extensions of known high grade gold mineralisation. Discussions with several potential partners or buyers of all the gold projects were advanced during the period but no definitively timed outcomes exist. All discussions are at a preliminary stage and any outcome will be announced once confirmed.

Fig 3 Kiskama project geology map showing Talga tenements (blue), infrastructure and selected mines, mills and deposits.



CORPORATE

Fund Raising

Talga Managing Director, Mr Mark Thompson commenting on the June quarter:

"This has been an extremely constructive quarter for the Company. Following the success of the fully underwritten rights issue to shareholders concurrent with a placement to professional and sophisticated investors, the Company raised A\$3.1million (before costs) via the issue of 15.51 million ordinary shares (together with 7.75 million free attaching Listed Options) at 20.0 cents per ordinary share. The Company is delighted by the support of its investors and the near 100% increase in its share price since the raising. The funds raised will enable the Company to fast-track its work program by strongly capitalising the next stages of project development including moving more rapidly into trial mining and pilot plant stages and completing metallurgical and other testwork required for a dual graphite/graphene preliminary economic study of the Nunasvaara project in northern Sweden."

As at 30 June, Talga held cash reserves of \$4.3 million.

Investor and Corporate Relations Activities

During the quarter, Talga Managing Director, Mr Mark Thompson, attended and presented at the the RIU Resources Round-Up in Sydney and the 2nd Graphene Applications and Commercialisation Conference in Manchester, UK. The presentations from both conferences were well received and can be found on the Company's website at www.talgaresources.com (see ASX:TLG 13 May 2014 & 13 June 2014).

General Meeting of Shareholders

On 23 June 2014, the Company held a meeting of its shareholders where shareholders approved (amongst other matters) the issue of Shares to Mr Mark Thompson under the Talga Management Incentive Equity Plan and Options to Keith Coughlan to Grant Mooney as Director incentive remuneration.

Following this shareholder approval, the Company issued 4 million ordinary shares to Mark Thompson under a limited recourse loan for \$1.48 million, pursuant to the Company's Management Incentive Plan. The object of the Management Incentive Plan is to provide a mechanism by which Senior Managers and/or Directors selected by the Plan Committee may acquire Shares for the purpose of sharing in the future of the Company.

On 23 June, the Company issued 1.5 million unlisted options to Keith Coughlan and 1.0 million unlisted options to Grant Mooney. The purpose of the grant of the Options to Messrs Coughlan and Mooney is for the Company to retain non-executive directors of high calibre and to provide cost effective remuneration to Messrs Coughlan and Mooney for their ongoing commitment and contribution to the Company.

A summary of the terms of the management Incentive Plan and Unlisted Options are outlined in the Company's Notice of Meeting and Explanatory Statement dated and released 23 May 2014.

Tenement Interests

As required by ASX listing rule 5.3.3, please refer Table 1 for details of Talga's interests in mining tenements held by the Company. No joint ventures or farm-in/farm-out activity occurred during the quarter.

For further information, please contact:

Talga Resources Ltd.

Mark Thompson

Managing Director

Tel +61 (08) 9481 6667

Email admin@talgaresources.com

1 Note: This information was prepared and first disclosed under the JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

TABLE 1

Tenement Holdings

| Project/Location | Tenements | Interest at end of quarter | Acquired during quarter | Disposed during quarter |
|--------------------------------------------------------|------------------|----------------------------|-------------------------|-------------------------|
| Jalkunen Project Norrbotten County, Sweden | Jalkunen nr 1 | 100% | 100% | |
| | Jalkunen nr 2 | 100% | | |
| | Kursuvaara | 100% | | |
| | Lautakoski nr 1 | 100% | | |
| | Lautakoski nr 2 | 100% | | |
| | Lautakoski nr 3 | 100% | 100% | |
| | Nybrännan nr 1 | 100% | | |
| | Nybrännan nr 2 | 100% | | |
| | Suinavaara nr 1 | 100% | | |
| | Suinavaara nr 2 | 100% | | |
| Tiankijoki nr 1 | 100% | | | |
| Kiskama Project Norrbotten County, Sweden | Kiskama nr 1 | 100% | | |
| Masugnsbyn Project Norrbotten County, Sweden | Masugnsbyn nr 1 | 100% | | |
| | Masugnsbyn nr 2 | 100% | | |
| Pajala Project Norrbotten County, Sweden | Lehtosölkä nr 3 | 100% | | |
| | Liviövaara nr 2 | 100% | | |
| Piteå Project Norrbotten County, Sweden | Grålidén nr 2 | 100% | | |
| | Önusträsket nr 2 | 100% | | |
| Raitajärvi Project Norrbotten County, Sweden | Raitajärvi nr 5 | 100% | | |
| | Raitajärvi nr 6 | 100% | | |
| Vittangi Project Norrbotten County, Sweden | Maltosrova nr 2 | 100% | 100% | |
| | Maltosrova nr 3 | 100% | | |
| | Mörttjärn nr 1 | 100% | | |
| | Nälkävuoma nr | 100% | | |
| | Nunasvaara nr 2 | 100% | | |
| | Vathanvaara nr 1 | 100% | 100% | |
| | Vittangi nr 2 | 100% | | |
| | Vittangi nr 3 | 100% | | |
| | Vittangi nr 4 | 100% | | |
| Bullfinch Project Western Australia | E77/2139 | 100% | 100% | |
| | E77/2221 | 100% | | |
| | E77/2222 | 100% | | |
| | P77/4106 | 100% | | |
| Mosquito Creek Project Western Australia | P46/1632 | 100% | | |
| | P46/1633 | 100% | | |
| | P46/1634 | 100% | | |
| | P46/1635 | 100% | | |
| | P46/1636 | 100% | | |
| | P46/1637 | 100% | | |
| | P46/1638 | 100% | | |
| | P46/1666 | 100% | | |
| | P46/1667 | 100% | | |
| | P46/1668 | 100% | | |
| | P46/1800 | 100% | | |

TABLE 1 (continued)

Tenement Holdings

| Project/Location | Tenements | Interest at end of quarter | Acquired during quarter | Disposed during quarter |
|------------------------------------------|-----------|----------------------------|-------------------------|-------------------------|
| Talga Talga Project Western Australia | M45/618 | 100% | | |
| | P45/2689 | 100% | | |
| | P45/2690 | 100% | | |
| | P45/2691 | 100% | | |
| | P45/2746 | 100% | | |
| | P45/2747 | 100% | | |
| | P45/2774 | 100% | | |
| Warrawoona Project Western Australia | E45/3381 | 100% | | |
| | P45/2661 | 100% | | |
| | P45/2662 | 100% | | |
| | P45/2781 | 100% | | |

APPENDIX 1

Graphite Resources

Nunasvaara Mineral Resource (10% Cg lower cut-off) Nov 2012

| JORC 2004 Classification | Tonnes (Mt) | Grade %graphite |
|--------------------------|------------------|-----------------|
| Indicated | 5,600,000 | 24.6%Cg |
| Inferred | 2,000,000 | 24.0%Cg |
| Total | 7,600,000 | 24.4%Cg |

Raitajärvi Mineral Resource (5% Cg lower cut-off) Aug 2013

| JORC 2004 Classification | Tonnes (Mt) | Grade %graphite |
|--------------------------|------------------|-----------------|
| Indicated | 3,400,000 | 7.3%Cg |
| Inferred | 900,000 | 6.4%Cg |
| Total | 4,300,000 | 7.1%Cg |

APPENDIX 2

Iron Resources

| Deposit | Tonnes (Mt) | Grade %Fe | JORC 2004 Classification |
|-------------------|--------------|-------------|--------------------------|
| Vathanvaara | 51.2 | 36 | Inferred Resource |
| Kuusi Nunasvaara | 46.1 | 28.7 | Inferred Resource |
| Mänty Vathanvaara | 16.3 | 31 | Inferred Resource |
| Sorvivuoma | 5.5 | 38.3 | Inferred Resource |
| Jänkkä | 4.5 | 33 | Inferred Resource |
| Masugnsbyn | 87 | 28.3 | Indicated Resource |
| Masugnsbyn | 25 | 29.5 | Inferred Resource |
| Total | 235.6 | 30.7 | |

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Mark Thompson, who is a member of the Australian Institute of Geoscientists. Mr Thompson is an employee of the Company and has sufficient experience which is relevant to the activity which is being undertaken to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Thompson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Talga Resources Limited

ABN

32 138 405 419

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (12 Mths) \$A'000 |
|-----------------------------------------------------------------|----------------------------|-----------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for (a) exploration and evaluation | (300) | (1,375) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (299) | (965) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 1 | 2 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other: | - | - |
| R&D Rebate net of costs | (31) | 208 |
| Net Operating Cash Flows | (629) | (2,130) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (6) | (6) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | 3 |
| 1.10 Loans to other entities | - | - |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Other (provide details if material) | - | (56) |
| Net investing cash flows | (6) | (59) |
| 1.13 Total operating and investing cash flows (carried forward) | (635) | (2,189) |
| 1.13 Total operating and investing cash flows (brought forward) | (635) | (2,189) |

+ See chapter 19 for defined terms.

Appendix 5B
Talga Resources Limited – June 2014 quarterly report

| | | | |
|---------------------------------------------------|-------------------------------------------|-------|-------|
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares/options | 3,081 | 6,256 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other – Share issue costs | (46) | (317) |
| Net financing cash flows | | 3,035 | 5,939 |
| Net increase (decrease) in cash held | | 2,400 | 3,750 |
| 1.20 | Cash at beginning of quarter/year to date | 1,922 | 572 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 4,322 | 4,322 |

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|------------------------------------------------------------------|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 133 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Amount included under 1.23 includes director's remuneration.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On the 23rd June 2014, following the approval of Shareholders, the Company issued 4million ordinary shares to Mark Thompson and provided a limited recourse, interest free loan for \$1.48million, pursuant to the Company's Management Incentive Plan. The object of the Management Incentive Plan is to provide a mechanism by which Senior Managers and/or Directors selected by the Plan Committee may acquire Shares for the purpose of sharing in the future of the Company.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/a

Financing facilities available

Add notes as necessary for an understanding of the position.

| | | Amount available \$A'000 | Amount used \$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities | Nil | Nil |
| 3.2 | Credit standby arrangements | Nil | Nil |

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

| | | \$A'000 |
|--------------|-------------------------------------------|------------|
| 4.1 | Exploration and evaluation (includes R&D) | 630 |
| 4.2 | Development | - |
| 4.3 | Production | - |
| 4.4 | Administration | 258 |
| Total | | 888 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--------------------------------------------------|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 4,301 | 1,901 |
| 5.2 Deposits at call | 21 | 21 |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 4,322 | 1,922 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|------------------------------------------------------------------------|----------------------------------|----------------------------------------|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 6.2 | Vittangi Project Sweden Vittangi nr 4 Maltosrova nr 3 | Direct, applied | 0% | 100% |
| | | Direct, applied | 0% | 100% |
| | Jalkunen Project Sweden Kursuvaara Suinavaara nr 2 | Direct, applied | 0% | 100% |
| | | Direct, applied | 0% | 100% |
| | Bullfinch Project West Australia E77/2221 E77/2222 | Direct, applied | 0% | 100% |
| | | Direct, applied | 0% | 100% |

+ See chapter 19 for defined terms.

Appendix 5B
Talga Resources Limited – June 2014 quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (cents) | Amount paid up per security (cents) |
|---------------------------------------------------------------------|--------------|---------------|----------------------------------|-------------------------------------|
| 7.1 Preference⁺securities <i>(description)</i> | - | - | | |
| 7.2 Changes during quarter | - | - | | |
| 7.3 +Ordinary securities | 124,566,097 | 124,566,097 | | |
| 7.4 Changes during quarter | | | | |
| (a) Increases through issues | | | | |
| • <i>Rights Issue</i> | 10,506,008 | 10,506,008 | 20 cents | 20 cents |
| • <i>Placement</i> | 5,000,000 | 5,000,000 | 20 cents | 20 cents |
| • <i>Issue under the Talga Management Incentive Equity Plan</i> | 4,000,000 | 4,000,000 | 37 cents | 37 cents |
| (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | | | <i>Exercise price</i> | <i>Expiry date</i> |
| | 2,750,000 | - | 40 cents | 30 November 2014 |
| | 500,000 | - | 40 cents | 21 July 2015 |
| | 500,000 | - | 40 cents | 3 October 2016 |
| | 7,752,963 | 7,752,963 | 35 cents | 30 November 2015 |
| | 2,500,000 | - | 54 cents | 23 June 2019 |
| 7.8 Issued during quarter | 7,752,963 | 7,752,963 | 35 cents | 30 November 2015 |
| | 2,500,000 | - | 54 cents | 23 June 2019 |
| 7.9 Exercised during quarter | | | | |
| 7.10 Expired/Lapsed during quarter | | | | |
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Lisa Wynne
Company Secretary

Date: 31 July 2014

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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