
TALGA RESOURCES LTD

ACN 138 405 419

NOTICE OF GENERAL MEETING

TIME: 10.00 am (WST)
DATE: Friday, 11 August 2017
PLACE: City of Perth Library Auditorium
Mezzanine Level, 573 Hay St
Perth, Western Australia 6000

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9481 6667.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

TALGA RESOURCES LTD

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NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Talga Resources Ltd (**Company**) will be held at City of Perth Library Auditorium, Mezzanine Level, 573 Hay St, Perth, Western Australia on Friday 11 August 2017 at 10:00 am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

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 as Shareholders on Wednesday 9 August 2017 at 10:00 am (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Ratification of prior issue of Placement Shares

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 20,500,000 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person who participated in the issue of the Shares and their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 – Approval of potential termination benefits under the Employee Incentive Plans

To consider and, if thought fit, to pass as an ordinary resolution the following:

"That for a period commencing from the date this Resolution is passed and ending upon the expiry of all Securities issued under the Employee Incentive Plans, approval be given for all purposes including Part 2D.2 of the Corporations Act and Listing Rule 10.19 for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by an officer of the Company or any of its child entities who is entitled to participate

in a termination benefit and their respective associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

In accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Performance Rights Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement. However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

3. Resolution 3 – Approval of issue of Incentive Options to Managing Director

To consider and, if thought fit, to pass as an ordinary resolution the following:

“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, approval is given for the issue of up to 1,300,000 Options to Mark Thompson or his nominees as follows:

- (a) *650,000 Incentive Options Tranche 1; and*
- (b) *650,000 Incentive Options Tranche 2,*

on the terms and conditions in Schedule 2 and in the Explanatory Memorandum.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any Directors who are eligible to participate in the 2016 Employee Incentive Plan and their respective associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. Resolution 4 – Approval of issue of Performance Options to Managing Director

To consider and, if thought fit, to pass as an ordinary resolution the following:

“That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, approval is given for the issue of up to 1,500,000 Options to Mark Thompson or his nominees on the terms and conditions in Schedule 2 the Explanatory Memorandum.”

Voting Exclusion

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by any Directors who are eligible to participate in the 2016 Employee Incentive Plan and their respective associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibition

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD



Dean Scarparolo

Company Secretary

Dated: 6 July 2017

TALGA RESOURCES LTD

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EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at City of Perth Library Auditorium, Mezzanine Level, 573 Hay St, Perth, Western Australia on Friday 11 August 2017 at 10:00 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2:	Action to be taken by Shareholders
Section 3:	Resolution 1 - Ratification of prior issue of Placement Shares
Section 4:	Resolution 2 – Approval of potential termination benefits under the Employee Incentive Plans
Section 3:	Resolutions 3 and 4 - Approval of issue of Incentive and Performance Options to Managing Director
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Incentive and Performance Options

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and

- (c) a member of the Company 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

The Chair intends to exercise all available proxies in favour of all Resolutions.

3. Resolution 1 – Ratification of issue of Placement Shares

3.1 Background

On 5 June 2017, the Company announced that it was undertaking an equity raising comprised of a placement of Shares to raise approximately \$12,300,000 by the issue of 20,500,000 Shares at an issue price of \$0.60 per Share (**Placement Shares**). The Placement Shares were issued on 13 June 2017.

Resolution 1 seeks the approval of Shareholders pursuant to Listing Rule 7.4 for the ratification of the issue of the 20,500,000 Placement Shares.

3.2 Listing Rule 7.4

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that, where a company in general meeting ratifies the previous issue of Equity Securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1 and 7.1A), those Equity Securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Resolution 1 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.3 Specific information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders in relation to the issue of the Placement Shares:

- (a) 20,500,000 Shares were issued on 13 June 2017 as Placement Shares;
- (b) the Placement Shares were issued at an issue price of \$0.60 each;
- (c) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued to institutional and sophisticated or professional investors who are not related parties of the Company;
- (e) the Company intends to use the funds raised by the issue of the Placement Shares to assist in funding the Company's commercial, processing, product development and mineral development programs in Europe as well as for general working capital; and
- (f) a voting exclusion statement is included in the Notice.

3.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

Resolution 1 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 1.

4. Resolution 2 – Approval of potential termination benefits under the Employee Incentive Plans

4.1 General

Shareholder approval is sought for all purposes including Part 2D.2 of the Corporations Act and Listing Rule 10.19 to approve the giving of benefits under the Company's Employee Incentive Plans to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

Under the terms of the Company's Employee Incentive Plans, where a participant ceases employment or office before the vesting of their Equity Securities, the Board possesses the discretion to determine, that some or all of their Equity Securities will not lapse. The Board's current intention is to only exercise this discretion:

- (a) where the person leaves employment or office without fault on their part; and
- (b) so as only to preserve that number of unvested Equity Securities as are pro-rated to the date of leaving.

The exercise of this discretion by the Board may constitute a "benefit" for the purposes of section 200B of the Corporations Act and Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Employee Incentive Plans who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Equity Securities under either of the Employee Incentive Plans at the time of their leaving.

4.2 Value of the termination benefits

The value of the termination benefits that the Board may give under the Employee Incentive Plans cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Equity Securities that will vest. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Equity Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Equity Securities that the participant holds at the time they cease employment or office.

4.3 Corporations Act

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies. Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

4.4 Listing Rules

Listing Rule 10.19 provides that, without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

The Company's equity interests as set out in its latest accounts given to ASX (being the accounts for the half-year ended 31 December 2016) was \$9,806,625, 5% of which is \$490,331. Although the Board considers it unlikely that the value of the termination benefits may exceed this 5% threshold, due to the uncertainty regarding the value of the benefits at the time such benefits may crystallise, it is prudent to obtain Shareholder approval for the purposes of Listing Rule 10.19. Accordingly, Shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

4.5 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 2.

5. Resolutions 3 and 4 – Approval of issue of Incentive and Performance Options to Managing Director

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to grant 1,500,000 Options (**Performance Options**) to Managing Director Mr Mark Thompson in accordance with the 2016 Employee Incentive Plan. The Performance Options are proposed to be issued in recognition for past performance by Mark Thompson in exceeding short term targets as provided in his employment contract, and are not subject to additional vesting conditions.

In addition, the Company has also agreed, subject to obtaining Shareholder approval, to grant a total of 1,300,000 Options (**Incentive Options**) to Mark Thompson in accordance with the 2016 Employee Incentive Plan. The Incentive Options are proposed to be issued as a long-term incentive to retain and align the Managing Director in achieving specified performance milestones within a specified performance period. The Incentive Options are subject to vesting conditions as follows:

- (a) 650,000 Incentive Options vest upon the Company achieving a Market Capitalisation of \$200 million for a period of 60 consecutive days, on or before the date which is three years from the date of issue (**Incentive Options Tranche 1**); and
- (b) 650,000 Incentive Options vest upon the Company achieving a Market Capitalisation of \$250 million for a period of 60 consecutive days, on or before the date which is three years from the date of issue (**Incentive Options Tranche 2**).

The Performance Options will vest upon shareholder approval at an exercise premium of 145% of the Company share price on their date of issue and the Incentive Options have an exercise

price of nil. Both the Performance Options and Incentive Options have an expiry date of three years from their date of issue.

The terms and conditions of the 2016 Employee Incentive Plan are summarised in Schedule 1 of the Notice of Annual General Meeting announced by the Company on 21 October 2016.

5.2 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Section 211 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an employee or officer of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).

Although the Directors (other than Mr Thompson) consider that the issue of the Performance Options and Incentive Options may be reasonable in the circumstances, the Board has resolved to seek Shareholder approval under Chapter 2E as a matter of good corporate governance.

5.3 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below.

(a) **Identity of the related party to whom Resolutions 3 and 4 permit financial benefits to be given**

The Performance Options and Incentive Options will be issued to Mark Thompson who is the Managing Director of the Company.

(b) **Nature of the financial benefit**

Resolution 3 seeks approval from Shareholders to allow the Company to issue up to 1,300,000 Options to Mark Thompson (or his nominees) (the Incentive Options).

Resolution 4 seeks approval from Shareholders to allow the Company to issue up to 1,500,000 Options to Mark Thompson (or his nominees) (the Performance Options).

The Performance and Incentive Options are proposed to be issued under the 2016 Employee Incentive Plan, and the terms and conditions in Schedule 2.

The Shares to be issued upon the exercise of the Performance and Incentive Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

An independent valuation of the Performance and Incentive Options was provided by BDO. The Performance Options were valued using a trinomial single barrier option pricing model. The Incentive Options were valued using the Black & Scholes option pricing model.

The valuation was based on the following assumptions:

Underlying Security value	Performance Options	Incentive options Tranche 1	Incentive options Tranche 2
Valuation Date	3 July 2017	3 July 2017	3 July 2017
Exercise Price	\$0.914 ¹	Nil	Nil
Barrier price	N/A	\$0.988	\$1.235
Life of Options (from date of issue)	36 months	36 months	36 months
Volatility	70%	15%	15%
Risk free rate	1.94%	1.94%	1.94%
Indicative value per option ^{2,3}	\$0.234	\$0.114	\$0.019
Indicative total value of options	\$351,000	\$74,100	\$12,350

Notes:

1 - The exercise price for the Performance Options is based on 145% of the \$0.63 closing value of the Company's share price on 3 July 2017.

2 - The accounting treatment of the "value" of the Performance and Incentive Options is theoretical and particularly technical in nature. The current tax treatment of the Performance Options results in a value of Nil.

3 - The market price per share used in the calculation is based on the \$0.63 closing value of the Company's share price on 3 July 2017.

(d) **Dilution**

The issue of the Performance and Incentive Options will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Incentive Options are exercised into Shares. The potential dilutionary effect is summarised below.

Options	Dilutionary effect
Performance Options	0.74%
Incentive Options Tranche 1	0.32%
Incentive Options Tranche 2	0.32%
Total dilution	1.36%

The above table assumes the current share capital structure as at the date of this notice of meeting and that no Shares are issued other than the Shares issued on exercise of the Options.

(e) **Past and current remuneration**

The remuneration and emoluments from the Company to Mark Thompson for the 2016/17 financial year and the proposed remuneration and emoluments from the Company to Mark Thompson for the 2017/18 financial year are set out below:

	2016/17 financial year	2017/18 financial year
Short term benefits ¹	\$390,281	\$361,011
Superannuation	\$19,615	\$20,049
Share based payments ²	\$ NIL	\$376,200
TOTAL	\$409,896	\$757,260

Notes:

1. Short term benefits includes salary and non-monetary salary (including the net movement of the balance of accrued annual and long-service leave entitlements).
2. The 2017/18 amount relates to the proposed Performance and Incentive Options the subject of this meeting. The accounting treatment of the "value" of the share based payments (\$351,000 for Performance Options and \$25,200 for Incentive Options) is theoretical and particularly technical in nature. The current tax treatment of the Performance Options results in a value of Nil.

(f) **Existing relevant interests**

At the date of this Notice, Mark Thompson has a relevant interest in the following securities of the Company:

- (i) 14,270,788 Shares (includes 4,000,000 Shares issued pursuant to Shareholder approval obtained on 23 June 2014, for which a limited recourse, interest free loan applies under the former Talga Management Incentive Equity Plan. The loan amount equals the number of Shares issued at the closing price on the day of issue. The Shares themselves ultimately need to be paid for (approximately \$1.5 million) to settle the outstanding loan amount. Mr Thompson is personally liable for the loan and he cannot sell the Shares without triggering the need to repay the loan).
- (ii) 8,067,697 Options, comprised of:
 - (A) 3,567,697 quoted Options, exercisable at \$0.45 each on or before 31 December 2018; and
 - (B) 4,500,000 unquoted Options, exercisable at \$0.60 each on or before 4 October 2018.

(g) **Trading history**

The trading history of the Shares on ASX over the 12 months before the date of this Notice is summarised below:

Director	Price	Date
Highest	\$0.87	26 April 2017
Lowest	\$0.24	11 August 2016
Last	\$0.64	5 July 2017

(h) **Primary purpose**

The primary purpose of the grant of the Performance Options to Mark Thompson is to recognise the past performance by Mark Thompson in exceeding short term targets as provided in his employment contract.

The primary purpose of the grant of the Incentive Options to Mark Thompson is to provide a performance linked incentive component in the remuneration package for Mark Thompson to retain his services and reward performance exceeding growth targets that are in the interests with those of the Shareholders.

(i) **Director recommendations**

The Directors, other than Mark Thompson who declines to make a recommendation to Shareholders in relation to Resolutions 3 and 4 due to his material person interest in the outcome of the Resolutions, recommend that Shareholders vote in favour of Resolutions 3 and 4 for the following reasons;

- (i) through Mark Thompson's leadership, he has created and overseen the development of the Company throughout an intense period of growth and technological advancement over the last 2 years which has been reflected in the Company's share price
- (ii) accordingly, the grant of the Incentive Options is a reasonable benefit to recognise the past performance by Mark Thompson in exceeding short term targets as provided in his contract of employment;
- (iii) if all the Performance Options are exercised, based on the assumption of an exercise price of \$0.914 (as noted in 3.3(c) above), the Company will receive \$1,371,000;
- (iv) the grant of the Incentive Options will further align the interests of Mark Thompson with those of Shareholders to increase shareholder value;
- (v) the issue of the Incentive Options provides Mr Thompson with incentives to focus on superior performance in creating shareholder value;
- (vi) the grant of the Performance and Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mark Thompson; and
- (vii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance or Incentive Options upon the terms proposed.

(j) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 4.

5.4 Listing Rule 10.14

Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Resolutions 3 and 4 are being put to Shareholders to seek approval for the issue of the Performance and Incentive Options to Mark Thompson pursuant to Listing Rule 10.14.

5.5 Specific information required by Listing Rule 10.15

Pursuant to, and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance and Incentive Options:

- (a) the Performance and Incentive Options will be issued under the 2016 Employee Incentive Plan to Mark Thompson (or his nominees);
- (b) the maximum number of Performance and Incentive Options to be issued to Mark Thompson (or his nominees) is 2,800,000, comprised of:
 - (i) 1,500,000 Performance Options; and
 - (ii) 1,300,000 Incentive Options, comprised of:
 - (A) 650,000 Incentive Options Tranche 1; and
 - (B) 650,000 Incentive Options Tranche 2;
- (c) the Performance Options will be issued at an exercise premium of 145% of the Company share price on their date of issue, the Incentive Options will be issued for nil consideration and, (all options) otherwise, on the terms and conditions of the 2016 Employee Incentive Plan and Schedule 2;
- (d) since the 2016 Employee Incentive Plan was adopted by Shareholders on 25 November 2016:
 - (i) 2 million Options have been issued to a person referred to in Listing Rule 10.14, namely Terry Stinson (such Options being issued with an issue price of nil, an exercise price of \$0.60 and an expiry date of 8 February 2020); and
 - (ii) 2 million Options have been issued to a person who is not referred to in Listing Rule 10.14;
- (e) the persons referred to in Listing Rule 10.14 entitled to participate in the 2016 Employee Incentive Plan are all of the current Directors, namely, Mark Thompson, Terry Stinson, Grant Mooney and Stephen Lowe;
- (f) no loan has been provided to Mark Thompson in relation to the issue of the Performance or Incentive Options;
- (g) the Performance and Incentive Options will be issued no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules); and
- (h) a voting exclusion statement is included in the Notice.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

2016 Employee Incentive Plan means the 'Talga Resources Ltd Employee Securities Incentive Scheme' approved at the Shareholder meeting held on 25 November 2016.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Talga Resources Ltd (ACN 138 405 419).

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

Director means a director of the Company.

Employee Incentive Plans means:

- (a) the 2016 Employee Incentive Plan; and
- (b) the performance rights plan approved at the Shareholder meeting held on 3 August 2015.

Equity Security has the meaning given to that term in the Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Incentive Options has the meaning given in Section 5.1.

Incentive Options Tranche 1 has the meaning given in Section 5.1.

Incentive Options Tranche 2 has the meaning given in Section 5.1.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Market Capitalisation means the number of Shares on issue multiplied by the daily volume weighted average price of Shares traded on ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of general meeting.

Option means the right to acquire one Share in the capital of the Company.

Optionholder means the holder of an Option.

Performance Options has the meaning given in Section 5.1

Placement Shares has the meaning given in Section 3.1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

Trading Day has the meaning given to that term in the Listing Rules.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Terms and Conditions of Incentive and Performance Options

The following terms and conditions apply to the Incentive and Performance Options:

1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

2. Exercise Price, Expiry Date and Vesting Condition

The Options have the exercise prices, expiry dates and vesting conditions specified below:

Options	Exercise Price	Expiry Date	Vesting Condition
Performance Options	145% of the prevailing share price at their date of issue	3 years from date of issue	N/A
Incentive Options Tranche 1	Nil	3 years from date of issue	The Company achieving a Market Capitalisation of \$200 million for a period of 60 consecutive days.
Incentive Options Tranche 2	Nil	3 years from date of issue	The Company achieving a Market Capitalisation of \$250 million for a period of 60 consecutive days.

3. Exercise period

An Option is exercisable if both the following conditions are satisfied:

- (a) The Option has vested in accordance with clause 2 at the time of exercising the Option; and
- (b) the Option is exercised on or before 5:00pm WST on the Expiry Date.

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company Secretary of the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised (if any). Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

5. Shares issued on exercise

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

6. Quotation of Shares on exercise

Application will be made by the Company to ASX, on the business day the Shares are issued, for quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

Within 15 Trading Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) issue the Shares pursuant to the exercise of the Options;
- (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. 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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities (or a share split or similar recapitalisation) to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

10. Adjustment for Share consolidations

If the Company undertakes a consolidation of Shares:

- (a) the number of Shares which must be issued on the exercise of an Option will be reduced by multiplying it by the ratio of the number of Shares in issue immediately after the share consolidation to the number of Shares in issue immediately before the share consolidation; and
- (b) no change will be made to the Exercise Price.

11. Adjustment for entitlements issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.

12. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

13. Quotation of the Options

The Options will be unquoted.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

ACN: 138 405 419

REGISTERED OFFICE:
 SUITE 3, LEVEL 1
 2 RICHARDSON STREET
 WEST PERTH WA 6005

SHARE REGISTRY:
 Security Transfer Australia Pty Ltd
All Correspondence to:
 PO BOX 52
 Collins Street West VIC 8007
 Suite 913, Exchange Tower
 530 Little Collins Street
 Melbourne VIC 3000
 T: 1300 992 916 F: +61 8 9315 2233
 E: registrar@securitytransfer.com.au
 W: www.securitytransfer.com.au

«EFT_REFERENCE_NUMBER»

«Holder_name»
 «Address_line_1»
 «Address_line_2»
 «Address_line_3»
 «Address_line_4»
 «Address_line_5»

«Company_code» «Sequence_number»

Code:

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE ONLINE	Lodge your proxy vote securely at www.securitytransfer.com.au 1. Log into the Investor Centre using your holding details. 2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.	<input type="text" value="«ONLINE»"/>
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SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am WST on Friday 11 August 2017 at The City of Perth Library Auditorium, Mezzanine level, 573 Hay St, Perth, Western Australia 6000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS Where I/We have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 2, 3 and 4 (except where I/we have indicated a different voting intention below) even though resolutions 2, 3, and 4 are connected directly or indirectly with a member of the Key Management Personnel which includes the Chair.

RESOLUTION	For	Against	Abstain*
1. Ratification of prior issue of Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Approval of potential termination benefits under the Employee Incentive Plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of issue of Incentive Options to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of issue of Performance Options to Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>	<input style="width: 100%; height: 20px;" type="text"/>
Sole Director & Sole Company Secretary	Director	Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Wednesday 9 August 2017.



My/Our contact details in case of enquiries are:

Name:

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Number:

(

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

5. 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 of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 52 Collins Street West VIC 8007
Street Address	Suite 913, Exchange Tower 530 Little Collins Street Melbourne VIC 3000
Telephone	1300 992 916
Facsimile	+61 8 9315 2233
Email	registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

