

20 October 2015

Dear Option Holder

**YOUR 35c OPTIONS TO ACQUIRE TALGA RESOURCES LTD SHARES
EXPIRE SOON**

We write to you as a registered holder of listed options (“Options”) in Talga Resources Ltd (TLGO) to provide initial notice that the **Options are due to expire on 30 November 2015.**

Why you should consider exercising your Options:

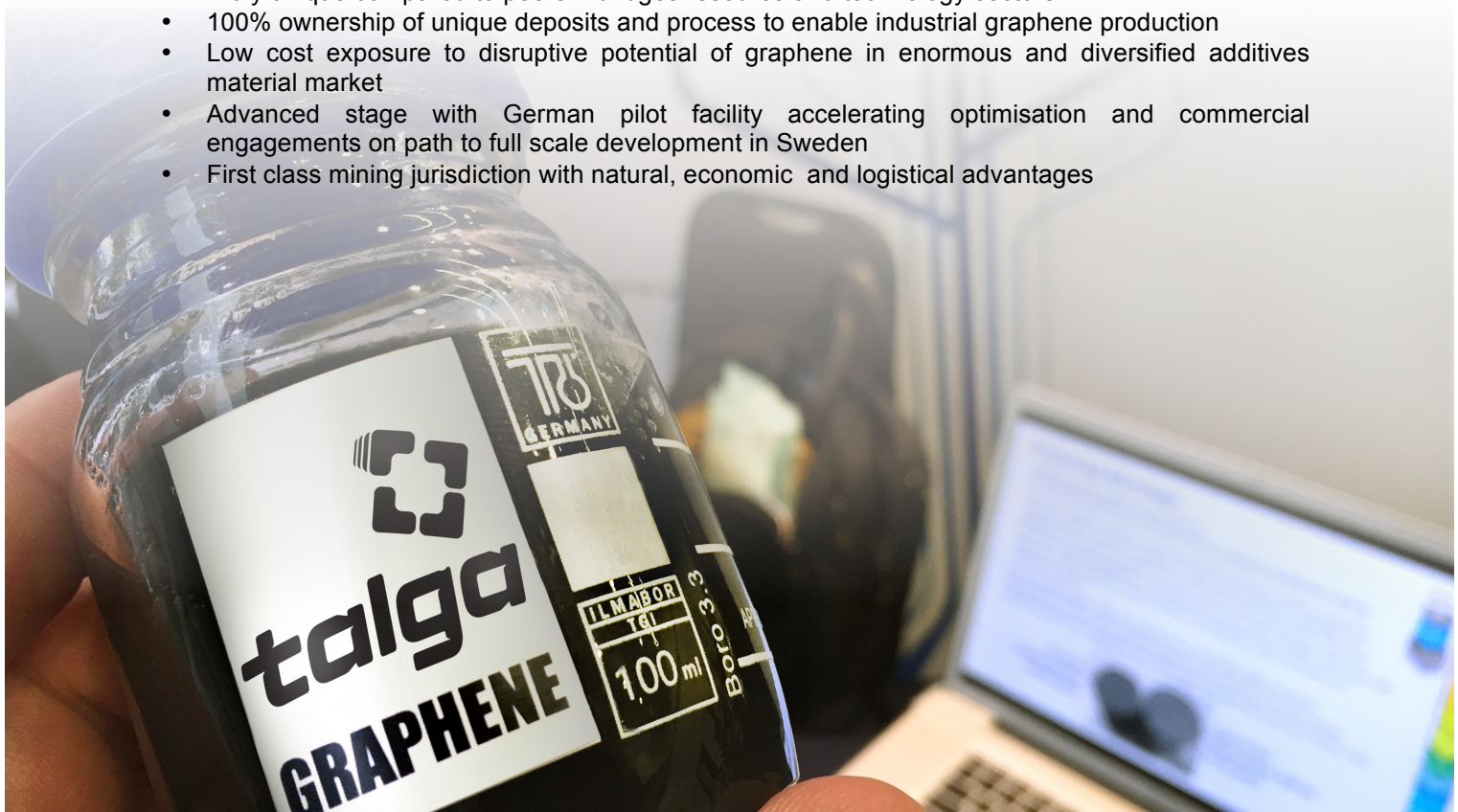
- Options were issued 1 for 2 as a free attaching incentive to the June 2014 Entitlement Issue to shareholders and closed above the exercise price on 19 October 2015;
- The Entitlement Issue was priced at 20 cents per share and the share price has appreciated considerably since then including a trading high of \$0.50 on 9 March 2015;
- Your Company has achieved multiple significant development milestones since the entitlement issue and is well positioned for a range of near term commercial successes; and
- Opportunity to support your investment and secure your equity level.

Key Developments since the issue of Options:

- Raw ore to graphene process advanced from laboratory to pilot scale
- First trial mining permitted and completed in Sweden
- German pilot facility secured and commissioned
- High purity graphene and graphite demonstrated in testwork
- Increased graphite resources by greater than 300%
- First patents applied and commercial collaborations commenced

Talga Investment Highlights:

- Truly unique compared to peers – bridges resource and technology sectors
- 100% ownership of unique deposits and process to enable industrial graphene production
- Low cost exposure to disruptive potential of graphene in enormous and diversified additives material market
- Advanced stage with German pilot facility accelerating optimisation and commercial engagements on path to full scale development in Sweden
- First class mining jurisdiction with natural, economic and logistical advantages



Courses of Action

Your Option holding may be exercised in whole or in part by payment of \$0.35 for each option by no later than 30 November 2015. If payment is not received by 5:00pm (WST) on 30 November 2015 the Options will lapse and all rights under the options will cease at that time.

Some of the courses of action available to you as a holder of these soon to expire Options are:

- a) **Exercise the Options on or before Monday 30 November 2015.**
- b) Sell your Options. **Quotation of the options will cease at the close of trading on Friday 23 November 2015.**
- c) Do nothing (ie, allow your options to expire). If you do not exercise or sell your Options they will expire on 30 November 2015 and your right to subscribe for ordinary shares in Talga Resources Ltd at \$0.35 per share will lapse.

There is no obligation on Option holders to exercise their Options. However, under paragraph 6.1 of Appendix 6A of the Australian Securities Exchange (**ASX**) Listing Rules, the Company is required to advise Option holders of the information contained in this notice.

The market sale price of ordinary shares in TALGA RESOURCES LTD on ASX was \$0.39 cents on Monday 19 October 2015, being the last trading day in Perth prior to the date of this notice.

During the three (3) months preceding the date of this notice:

- the highest market sale price of ordinary shares on ASX was \$0.44 cents on 6 October 2015; and
- the lowest market sale price of ordinary shares on ASX was \$0.28 cents on 26 August 2015, 2 September 2015 and 9 September 2015.

How to exercise your options

If you wish to exercise your options then you must complete your "Notice of Exercise of Options" form attached to this notice and forward it together with payment of \$0.35 per option exercised **to be received no later than 5:00pm (WST) on Monday 30 NOVEMBER 2015** to the Company's share registry, being:

Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR 770 Canning Highway
APPLECROSS WA 6153

Cheques should be made payable to "TALGA RESOURCES LTD" in Australian dollars only and should be crossed "Not negotiable". Payment can also be made via BPAY (see details in Notice of Exercise of Options form).

Note, you do not need to return the exercise form if you are paying via BPAY, however the payment must still be received no later than 5:00pm (WST) on Monday 30 November 2015.

If you have any further questions please do not hesitate to contact our Registry either by telephone, facsimile or email as detailed below:

SHARE REGISTRY

Security Transfer Registrars Pty Ltd

All Correspondence to: PO BOX 535, APPLECROSS WA 6953

Tel (08) 9315 2333 Fax (08) 9315 2233

EMAIL: registrar@securitytransfer.com.au

Yours faithfully



DEAN SCARPAROLO

COMPANY SECRETARY

NOTICE OF EXERCISE OF OPTIONS

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.

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

TALGA RESOURCES LTD

ACN: 138 405 419

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd

All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

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

«Company_code»«Sequence_number»«Address_unknown»

ASX Code:

Holder Number:

Number of Options:

Amount Payable:

Number of Ordinary shares to be issued on full exercise of options:

NOTICE OF EXERCISE OF OPTIONS EXPIRING MONDAY 30 NOVEMBER 2015 @ \$0.35 EACH

I/We the above named being the registered holder of Options hereby exercise such Options to subscribe for:

NUMBER OF NEW ORDINARY FULLY PAID SHARES	AMOUNT ENCLOSED @ \$0.35 PER SHARE
<input type="text"/> . <input type="text"/> . <input type="text"/>	\$ <input type="text"/> . <input type="text"/> . <input type="text"/> . <input type="text"/>



I/We hereby authorise you to place my/our name(s) on the register of members in respect of the number of New Shares allotted to me/us, and I/we agree to accept such Shares subject to the Rules of the Constitution of the Company.

My/Our contact details in case of enquiries are:

NAME

EMAIL ADDRESS @

TELEPHONE

PAYMENT INFORMATION	PAYMENT INFORMATION
 <p>CHEQUE / MONEY ORDER All cheques (expressed in Australian currency) are to be made payable to TALGA RESOURCES LTD and crossed "Not Negotiable". Cheque/Money order payments must be received by 5.00pm on 30 November 2015. Do not forward cash as receipts will not be issued. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.</p>	 <p>Billor code: 159483 Ref: EFT_REFERENCE_NUMBER</p> <p>BPAY@ this payment via internet or phone banking. Your BPAY@ reference number is unique to this offer and is not to be used for any other offer.</p> <p>Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the expiry date. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the expiry date. It is the Applicant's responsibility to ensure funds are received by the expiry date.</p>

* You do not need to return this form if you have made payment via BPAY.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director & Company Secretary	Director/Company Secretary	Director

REGISTRY DATE STAMP

E & O.E.