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**TALGA RESOURCES LTD  
AND CONTROLLED ENTITIES  
ABN 32 138 405 419**

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**INTERIM REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**TALGA RESOURCES LTD**  
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**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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**DIRECTORS**

Keith Coughlan (Chairman)  
Mark Thompson (Managing Director)  
Grant Mooney (Non-Executive Director)  
Stephen Lowe (Non-Executive Director)

**COMPANY SECRETARY**

Dean Scarparolo

**REGISTERED OFFICE &  
PRINCIPAL PLACE OF BUSINESS**

Suite 3, First Floor  
2 Richardson Street  
WEST PERTH WA 6005  
Phone: +618 9481 6667  
Facsimile: +618 9322 1935

**EMAIL & WEBSITE**

Email: [admin@talgaresources.com](mailto:admin@talgaresources.com)  
Website: [www.talgaresources.com](http://www.talgaresources.com)

**ABN**

32 138 405 419

**SECURITIES EXCHANGE LISTING**

The Company is listed on Australian Securities  
Exchange Limited

Home Exchange: Perth  
ASX Codes: TLG (Shares)

**SHARE REGISTRY**

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
APPLECROSS WA 6153  
Telephone: (08) 9315 2333  
Facsimile: (08) 9315 2233

**AUDITORS**

Stantons International  
Level 2  
1 Walker Avenue  
WEST PERTH WA 6005

**TALGA RESOURCES LTD  
DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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The Directors present their report on Talga Resources Ltd for the half-year ended 31 December 2015.

**BOARD OF DIRECTORS**

The names of the Talga Resources Ltd ("Company") directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

<b>Directors</b>	<b>Position</b>
Keith Coughlan	Non-Executive Chairman
Mark Thompson	Managing Director
Grant Mooney	Non-Executive Director
Stephen Lowe*	Non-Executive Director

\* Stephen Lowe was appointed 17 December 2015.

**REVIEW OF OPERATIONS**

During the period the Company focused on advancing its 100% owned graphite projects in Sweden. Amongst other developments, Talga made a transition from test mining to test processing. Highlights include:

Commercial and Corporate

- Mr Stephen Lowe joined the Board and a north America-based strategic business development manager, Mr Michael Lew, was appointed as a consultant;
- Execution of \$AUD1.0 million (maximum) Option Agreement for the sale of three of its four Australian gold assets to Beatons Creek Gold Pty Ltd;
- Formal partnering agreements executed with UK based graphene functionalisation company, Haydale Graphene Industries Plc and global industrial conglomerate the Tata Group. Both for the supply of test materials and collaborative research;
- Range of agreements concluded with market leading participants spanning the battery, coatings, construction, medical and sporting goods sectors;
- Admission to the €1 billion funded EU Graphene Flagship alongside Bosch and LEGO;
- November 2015 listed options fully underwritten to \$2.3 million;
- Successful international presentations and marketing leading to pipeline of new customers and product opportunities; and
- Advancement of gold project divestments.

Project Development

- Trial mining program completed at Vittangi graphite/graphene project
  - Ore blocks excavated and transported to German pilot test facility;
  - Trial mining programs de-risks novel mining method - no technical impediments to future trial mining campaigns;
- Phase 1 of the pilot test equipment designed, fabricated and commissioned with testwork and sample production runs ongoing;
- Phase 1 test-work samples delivered to multiple parties for ongoing commercial evaluation during and post the period end;
- Team in Germany expanded to match scale-up with a metallurgist, project chemists and a process engineer appointed with other appointments underway;

**TALGA RESOURCES LTD  
DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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- Development of Phase 2 test facility commenced with several 50kg feed exfoliation cells delivered;
- Technical University Dresden tests demonstrated graphite concentrate grades 98-99%; and
- Ongoing test programs with German universities focus on optimisation of process and a range of graphitic materials for targeted markets.

Exploration

- Maiden JORC Inferred resource at Jalkunen project (Talga's 3rd graphite resource in Sweden) - 31.5 million tonnes @14.9% graphite, trebles Talga's global graphite resource inventory;
- Exploration limited to critical path activities for future graphite mining and exploration activities in Sweden; and
- Maintenance of divestment projects.

**POST THE PERIOD**

The main activity of 2015 was building a pilot scale version of the ore-to-process supply chain and confirm the novel elements of full scale development outlined in the scoping study. The successful test mining in Sweden and establishment of the German test processing facility enables the 2016 activities to focus on:

- Ongoing development, optimisation and upscaling of the processing technology (patent pending);
- Isolation of short path-to-market applications with large volume requirements, with priority for existing additive and energy storage markets;
- Finalise agreements and transactions that support product price and volume assumptions; and
- Advance and secure industry and financial partners on product or project development;

Key developments thus far in 2016 have included:

- receipt of the balance of a \$200,000 option payment for Talga's Pilbara gold projects pursuant to the Option Agreement with Beatons Creek Gold Pty Ltd (see ASX 12th August 2015);
- Lithium ion anode test results delivering commercial grade energy capacity results over 100 cycles in a coin cell battery using Talga micrographite; and
- Delivery of graphene and graphite samples to targeted market sector leaders.

**CORPORATE**

**Annual General Meeting of Shareholders**

The Company held its 2015 Annual General Meeting on the 27 November 2015 with all resolutions passed on a show of hands except for Resolution 1, Adoption of Remuneration Report, which was passed without amendment as a result of a poll.

**Issue of securities**

During the period, the Company received \$2,699,518 from the exercise of 7,712,910 listed options at an exercise price of \$0.35 and \$75,250 from the exercise of 215,000 unlisted options at an exercise price of \$0.35.

**TALGA RESOURCES LTD  
DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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**FINANCIAL PERFORMANCE AND FINANCIAL POSITION**

The financial results of the Company for the half-year ended 31 December 2015 are:

	<b>31 December 2015</b>	<b>30 June 2015</b>
Cash and cash equivalents (\$)	5,029,224	5,672,645
Net assets (\$)	6,322,465	6,609,684

	<b>31 December 2015</b>	<b>31 December 2014</b>
Revenue (\$)	148,248	309,307
Net loss after tax (\$)	(3,921,981)	(2,532,737)
Loss per share (cents per share)	(2.8)	(2.0)
Dividend (\$)	-	-

**DIVIDENDS**

No dividend has been paid during or is recommended for the half-year ended 31 December 2015.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the half-year ended 31 December 2015 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



Mark Thompson  
Managing Director  
Perth, Western Australia  
15 March 2016

15 March 2016

Board of Directors  
Talga Resources Limited  
Suite 3, 2 Richardson Street  
WEST PERTH WA 6005

Dear Sirs

**RE: TALGA RESOURCES LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Talga Resources Limited.

As Audit Director for the review of the financial statements of Talga Resources Limited for the period ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Martin Michalik**  
**Director**

**TALGA RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	31 December 2015 \$	31 December 2014 \$
Revenues from ordinary activities		48,248	46,268
Other Income		100,000	263,039
Expenses			
Exploration and evaluation expenditure		(398,056)	(1,529,006)
Trial mining Sweden		(477,235)	-
Research and development operations Germany		(662,424)	-
Administration expenses		(711,567)	(409,734)
Director fees and employee benefits expenses		(562,857)	(204,606)
Depreciation expense – office equipment		(14,584)	(9,209)
Foreign exchange loss		(804)	(425)
Exploration acquisition cost write off		(250,000)	-
Share based payments	6	(992,702)	(689,064)
<b>(Loss) before income tax expense</b>		<b>(3,921,981)</b>	<b>(2,532,737)</b>
Income tax expense		-	-
<b>Net (loss) attributable to members of the parent entity</b>		<b>(3,921,981)</b>	<b>(2,532,737)</b>
<b>Other comprehensive income / (loss):</b>			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	6	17,968	(45,442)
<b>Total period other comprehensive income/(loss)</b>		<b>17,968</b>	<b>(45,442)</b>
<b>Total comprehensive (loss) for the period</b>		<b>(3,904,013)</b>	<b>(2,578,179)</b>
<b>Total comprehensive (loss) attributable to members of the parent entity</b>		<b>(3,904,013)</b>	<b>(2,578,179)</b>
Basic loss per share (cents per share)	3	(2.8)	(2.0)
Diluted loss per share (cents per share)	3	(2.8)	(2.0)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



**TALGA RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$	30 June 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		5,029,224	5,672,645
Trade and other receivables		93,888	159,864
Assets held for sale	4	750,000	1,000,000
<b>Total Current Assets</b>		<b>5,873,112</b>	<b>6,832,509</b>
<b>Non-Current Assets</b>			
Other receivables		102,363	20,900
Plant and equipment		248,553	52,872
Exploration and evaluation expenditure		528,270	490,551
<b>Total Non-Current Assets</b>		<b>879,186</b>	<b>564,323</b>
<b>TOTAL ASSETS</b>		<b>6,752,298</b>	<b>7,396,832</b>
<b>Current Liabilities</b>			
Trade and other payables		342,298	725,881
Provisions		87,535	61,267
<b>TOTAL LIABILITIES</b>		<b>429,833</b>	<b>787,148</b>
<b>NET ASSETS</b>		<b>6,322,465</b>	<b>6,609,684</b>
<b>Equity</b>			
Issued capital	5	23,500,503	20,876,411
Reserves	6	4,288,769	3,278,099
Accumulated losses		(21,466,807)	(17,544,826)
<b>TOTAL EQUITY</b>		<b>6,322,465</b>	<b>6,609,684</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**TALGA RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
<b>At 1 July 2014</b>	<b>15,724,298</b>	<b>(11,699,376)</b>	<b>1,741,978</b>	<b>5,766,900</b>
<b>Comprehensive income:</b>				
Loss after income tax for the period	-	(2,532,737)	-	(2,532,737)
Other comprehensive (loss) for the period	-	-	(45,442)	(45,442)
<b>Total comprehensive (loss) for the period</b>	<b>-</b>	<b>(2,532,737)</b>	<b>(45,442)</b>	<b>(2,578,179)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	10,162	-	-	10,162
Capital raising costs	(14,467)	-	-	(14,467)
Share based compensation	-	-	689,064	689,064
<b>At 31 December 2014</b>	<b>15,719,993</b>	<b>(14,232,113)</b>	<b>2,385,600</b>	<b>3,873,480</b>
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
<b>At 1 July 2015</b>	<b>20,876,411</b>	<b>(17,544,826)</b>	<b>3,278,099</b>	<b>6,609,684</b>
<b>Comprehensive income:</b>				
Loss after income tax for the period	-	(3,921,981)	-	(3,921,981)
Other comprehensive income for the period	-	-	17,968	17,968
<b>Total comprehensive (loss) for the period</b>	<b>-</b>	<b>(3,921,981)</b>	<b>17,968</b>	<b>(3,904,013)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	2,774,769	-	-	2,774,769
Capital raising costs	(150,677)	-	-	(150,677)
Share based compensation	-	-	992,702	992,702
<b>At 31 December 2015</b>	<b>23,500,503</b>	<b>(21,466,807)</b>	<b>4,288,769</b>	<b>6,322,465</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**TALGA RESOURCES LTD**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>		
Payments for exploration and evaluation	(633,960)	(1,220,666)
Payments for development	(801,506)	-
Payments for trial mining	(657,668)	-
Payments to suppliers, contractors and employees	(1,155,267)	(645,799)
Interest received	48,248	31,466
Research and development refund	-	258,668
Other income	100,000	4,371
<b>Net cash outflows from operating activities</b>	<b>(3,100,153)</b>	<b>(1,571,960)</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(149,724)	(7,340)
Other payments - security bond payments	(17,636)	-
<b>Net cash outflows from investing activities</b>	<b>(167,360)</b>	<b>(7,340)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of securities	2,774,769	30,162
Payment for costs of issue of securities	(150,677)	(51,446)
<b>Net cash inflows/(outflows) from financing activities</b>	<b>2,624,092</b>	<b>(21,284)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(643,421)</b>	<b>(1,600,584)</b>
Cash and cash equivalents at the beginning of the financial period	5,672,645	4,301,349
<b>Cash and cash equivalents at the end of the financial period</b>	<b>5,029,224</b>	<b>2,700,765</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

**TALGA RESOURCES LTD**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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**1. CORPORATE INFORMATION**

The financial report for the parent Talga Resources Ltd and its Controlled Entities, (The "Group") for the half-year ended 31 December 2015 was authorised for issue in accordance with a resolution of the directors on 11 March 2016. Talga Resources Ltd is a limited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described on page 4 of this report.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance and basis of accounting**

The half-year financial report is a general purpose financial statement, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except where applicable for financial assets that have been measured at fair value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period. All amounts are presented in Australian dollars.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Talga Resources Ltd as at 30 June 2015.

It is also recommended that the half-year financial report be considered together with any public announcements made by Talga Resources Ltd during the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period**

The Company has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The application of the new and revised Accounting Standards and Interpretations does not have a material impact on the Group.

**3. LOSS PER SHARE**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Net loss after income tax attributable to members of the Group	(3,921,981)	(2,532,737)
	<b>Number</b>	<b>Number</b>
Weighted average number of shares on issue during the financial period used in the calculation of basic loss per share	139,770,989	124,574,475

This calculation does not include shares under option that could potentially dilute basic earnings per share in the future as the Group has incurred a loss for the period.

TALGA RESOURCES LTD  
CONDENSED NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

4. ASSETS CLASSIFIED AS HELD FOR SALE

	31 December 2015 \$	30 June 2015 \$
Exploration and evaluation acquisition costs	750,000	1,000,000

On 12 August 2015 the Company entered into an agreement to grant Beatons Creek Gold Pty Ltd ("Beatons") an option to purchase all of its Australian Pilbara gold assets comprising Mosquito Creek, Talga Talga and Warrawoona. The amount above represents the carrying amount of acquisition costs relating to these gold assets. Further details of the sale can be found under Note 8 Subsequent Events.

5. ISSUED CAPITAL

(a) Issued and Fully Paid

	31 December 2015 Number	31 December 2015 \$	30 June 2015 Number	30 June 2015 \$
Ordinary shares	146,284,060	23,500,503	138,356,150	20,876,411
	<b>146,284,060</b>	<b>23,500,503</b>	<b>138,356,150</b>	<b>20,876,411</b>

(b) Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issue Price \$	\$
<b>Balance 30 June 2015</b>		<b>138,356,150</b>		<b>20,876,411</b>
Issue of shares on exercise of options	16/07/2015	215,000	0.35	75,250
Issue of shares on exercise of options	4/11/2015	304,987	0.35	106,745
Issue of shares on exercise of options	16/11/2015	548,165	0.35	191,858
Issue of shares on exercise of options	2/12/2015	1,919,322	0.35	671,763
Issue of shares on exercise of options	7/12/2015	4,940,436	0.35	1,729,153
Less transaction costs	-	-	-	(150,677)
<b>Balance 31 December 2015</b>		<b>146,284,060</b>		<b>23,500,503</b>

6. RESERVES

	31 December 2015 \$	30 June 2015 \$
<b>OPTION RESERVE</b>		
<b>Balance at the beginning of the period</b>	<b>3,491,975</b>	<b>1,938,186</b>
Options issued during the period	992,702	1,553,789
<b>Balance at the end of the period</b>	<b>4,484,677</b>	<b>3,491,975</b>

The option reserve records funds received for options issued and items recognised as expenses on valuation of share options issued. The option reserve is also used to recognise the fair value of Management Incentive Plan Shares issued with an attaching limited recourse employee loan which for accounting purposes are treated as options.

6. RESERVES (Continued)

	31 December 2015 \$	30 June 2015 \$
<b>FOREIGN CURRENCY RESERVE</b>		
Balance at the beginning of the period	(213,876)	(196,208)
Movement during the period	17,968	(17,668)
<b>Balance at the end of the period</b>	<b>(195,908)</b>	<b>(213,876)</b>
<b>Total Reserves</b>	<b>4,288,769</b>	<b>3,278,099</b>

7. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker. The term 'chief operating decision maker' identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the operating segments of an entity. The Company's Board is the the chief operating decision maker as it relates to segment reporting.

The Group operates in three operating and geographical segments, being graphite exploration and evaluation in Sweden, gold exploration and evaluation in Australia and graphite/graphene research and development in Germany. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

(i) SEGMENT PERFORMANCE

	Sweden \$	Germany \$	Australia \$	Total \$
<b>Half-year ended 31 December 2015</b>				
Revenues from ordinary activities	-	-	48,248	48,248
Other income	-	-	100,000	100,000
<b>Total segment revenue</b>	<b>-</b>	<b>-</b>	<b>148,248</b>	<b>148,248</b>
<b>Segment expense (including write offs)</b>	<b>(834,641)</b>	<b>(666,534)</b>	<b>(320,546)</b>	<b>(1,821,721)</b>

*Reconciliation of segment result to net loss before tax*

Unallocated items:

- Administration expenses	(682,102)
- Depreciation expense	(10,043)
- Director fees and employee benefits expenses	(562,857)
- Foreign exchange loss	(804)
- Share based payments	(992,702)
<b>Net loss before tax from continuing operations</b>	<b>(3,921,981)</b>

7 SEGMENT INFORMATION (Continued)

	Sweden	Germany	Australia	Total
	\$	\$	\$	\$
<b>Half-year ended 31 December 2014</b>				
Revenues from ordinary activities	-	-	46,268	46,268
Other income	-	-	263,039	263,039
<b>Total segment revenue</b>	-	-	<b>309,307</b>	<b>309,307</b>
<b>Segment expense (including write offs)</b>	<b>(974,180)</b>	-	<b>(554,826)</b>	<b>(1,529,006)</b>

Reconciliation of segment result to net loss before tax

Unallocated items:

- Administration expenses				(409,734)
- Depreciation expense				(9,209)
- Director fees and employee benefits expenses				(204,606)
- Foreign exchange loss				(425)
- Share based payments				(689,064)
<b>Net loss before tax from continuing operations</b>				<b>(2,532,737)</b>

(ii) SEGMENT ASSETS

	Sweden	Germany	Australia	Total
	\$	\$	\$	\$
<b>As At 31 December 2015</b>				
Segment assets as at 1 July 2015	744,271	36,235	6,616,326	7,396,832
Segment asset period increases/(decreases):				
- Cash and cash equivalents	(29,193)	2,823	(617,051)	(643,421)
- Exploration and evaluation expenditure	37,723	-	-	37,723
- Assets held for sale	-	-	(250,000)	(250,000)
- Other	(39,416)	264,192	(13,612)	211,164
	713,385	303,250	5,735,663	6,752,298

Reconciliation of segment assets to total assets

Other assets				-
<b>Total assets from continuing operations</b>				<b>6,752,298</b>

SEGMENT ASSETS

	Sweden	Germany	Australia	Total
	\$	\$	\$	\$
<b>As At 30 June 2015</b>				
Segment assets as at 1 July 2014	562,677	-	5,407,634	5,970,311
Segment asset period increases/(decreases):				
- Cash and cash equivalents	82,124	36,235	1,252,937	1,371,296
- Assets held for sale	-	-	1,000,000	1,000,000
- Exploration and evaluation expenditure	(28,446)	-	(1,049,990)	(1,078,436)
- Other	127,916	-	5,745	133,661
	744,271	36,235	6,616,326	7,396,832

Reconciliation of segment assets to total assets

Other assets				-
<b>Total assets from continuing operations</b>				<b>7,396,832</b>

**TALGA RESOURCES LTD**  
**CONDENSED NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

<b>(iii) SEGMENT LIABILITIES</b>	<b>Sweden</b>	<b>Germany</b>	<b>Australia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As At 31 December 2015</b>				
Segment liabilities as at 31 December 2015	42,494	74,720	225,084	<b>342,298</b>
Reconciliation of segment liabilities to total liabilities				
Unallocated items:				
- Provision				<b>87,535</b>
<b>Total liabilities from continuing operations</b>				<b>429,833</b>

<b>SEGMENT LIABILITIES</b>	<b>Sweden</b>	<b>Germany</b>	<b>Australia</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As At 30 June 2015</b>				
Segment liabilities as at 30 June 2015	219,713	-	506,168	<b>725,881</b>
Reconciliation of segment liabilities to total liabilities				
Unallocated items:				
- Provision				<b>61,267</b>
<b>Total liabilities from continuing operations</b>				<b>787,148</b>

## **8 SUBSEQUENT EVENTS**

Other than as disclosed below, there has not been any other matter or circumstance occurring subsequent to the end of the period that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods:

- Pursuant to the agreement on 12 August 2015 with Beatons Creek Gold Pty Ltd ("Beatons") to grant an option to purchase all of Talga's Australian Pilbara gold assets ("the Projects") and the receipt of a non-refundable \$100,000 deposit, on 19 January 2016 Talga received a further \$150,000 being the balance of the option fee. Beatons now has until 11<sup>th</sup> August 2017 to exercise the Option and action the purchase of all the Pilbara projects for \$750,000, or any of the three individual projects for \$250,000 each. Talga will also be due a 2.25% gross royalty payable on the net smelter return of minerals extracted.

## **9 CONTINGENT LIABILITIES**

In the opinion of the directors, there are no contingent liabilities at 31 December 2015 and none were incurred in the interval between the period end and the date of this financial report.



**TALGA RESOURCES LTD  
DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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In accordance with a resolution of the directors of Talga Resources Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2015 and of the performance for the half-year ended on that date of the Consolidated entity; and
  - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mark Thompson  
Managing Director  
Perth, Western Australia  
15 March 2016

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
TALGA RESOURCES LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Talga Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Talga Resources Limited (the consolidated entity). The consolidated entity comprises both Talga Resources Limited (the Company) and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of Talga Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Talga Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Talga Resources Limited on 15 March 2016.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Talga Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
15 March 2016