



TALGA RESOURCES LTD
ACN 138 405 419

PROSPECTUS

THIS PROSPECTUS IS BEING ISSUED FOR A NON-RENOUNCEABLE PRO RATA OFFER TO ELIGIBLE SHAREHOLDERS ON THE BASIS OF 1 NEW QUOTED OPTION FOR EVERY 4 SHARES HELD ON THE RECORD DATE AT AN ISSUE PRICE OF \$0.02 PER OPTION, EACH WITH AN EXERCISE PRICE OF \$0.45 AND AN EXPIRY DATE OF 31 DECEMBER 2018 ("ENTITLEMENT OFFER").

THIS PROSPECTUS IS ALSO BEING ISSUED FOR THE ISSUE OF THE PLACEMENT OPTIONS.

THE ENTITLEMENT OFFER IS CONDITIONALLY AND SEVERALLY UNDERWRITTEN IN FULL BY SMEDVIG G.P. LIMITED AS GENERAL PARTNER FOR SMEDVIG PARTNERSHIP LP, KAMBERG INVESTMENTS LTD AND KEITH LIDDELL. REFER TO SECTIONS 1.8 AND 3 FOR DETAILS OF THE TERMS OF THE UNDERWRITING AGREEMENTS.

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.
IT SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR
PROFESSIONAL ADVISER WITHOUT DELAY.**

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 17 June 2016 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at Suite 3, First Floor, 2 Richardson Street, West Perth, Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 6.6).

Eligible Shareholders with registered addresses in Australia and New Zealand only can obtain an electronic copy of this Prospectus from the ASX platform at <http://www.asx.com.au>. The electronic version of this Prospectus does not include the Entitlement and Acceptance Form which accompanies the printed copy of this Prospectus to be mailed to Eligible Shareholders with registered addresses in Australia, New Zealand, Hong Kong, the People's Republic of China, the United Kingdom, Ireland, Bermuda, Jersey, the British Virgin Islands and Switzerland on or around 28 June 2016.

The Company will apply for Official Quotation by ASX of the Quoted Options offered by this Prospectus.

An investment in the Securities offered by this Prospectus is subject to the risks and uncertainties and should be considered speculative. Some of the more significant risks which affect an investment in the Company are:

- (a) mineral and exploration risk;
- (b) operating risks;
- (c) additional requirements for capital; and
- (d) licences, permits and approvals risks.

Please refer to Section 4 for further details relating to these and other risks of an investment in the Company.

Applications for Quoted Options under the Entitlement Offer can only be submitted on an original Entitlement and Acceptance Form mailed with a hard copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholders' entitlement to participate in the Entitlement Offer. If acceptance is by BPAY there is no need to return the original Entitlement and Acceptance Form.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia, New Zealand, Hong Kong, the People's Republic of China, the United

Kingdom, Ireland, Bermuda, Jersey, the British Virgin Islands and Switzerland. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offers. This does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Definitions of certain terms used in this Prospectus are contained in Section 8. All references to currency are to Australian dollars and all references to time are to WST unless otherwise indicated.

CORPORATE DIRECTORY

Directors

Keith Coughlan
Mark Thompson
Grant Mooney
Stephen Lowe

Non-Executive Chairman
Managing Director
Non-Executive Director
Non-Executive Director

Share Registry*

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233

Company Secretary

Dean Scarparolo

Registered Office

Suite 3, First Floor
2 Richardson Street
West Perth WA 6005

Tel: + 61 8 9481 6667

Fax: + 61 8 9322 1935

Email: admin@talgaresources.com

Website: www.talgaresources.com

ASX Code: TLG (Shares)

Proposed ASX Code: TLGO (Options)

Solicitors

Bellanhouse Legal
Ground Floor, 11 Ventnor Avenue
West Perth WA 6005

Underwriters

Smedvig G.P. Limited as general partner
for Smedvig Partnership LP
13 Castle Street
St Helier JERSEY JE45UT

Kamberg Investments Ltd
c/o Kestrel SA, Pausilippe
Ch. Des Trios Portes
Neuchatel SWITZERLAND 2006

Keith Liddell
Regency House, Westwood Place
Westwood Lane, Normandy
Surrey UNITED KINGDOM GU32JE

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

PROPOSED TIMETABLE FOR ENTITLEMENT OFFER

Event	Date
Lodgement of Appendix 3B and Prospectus with ASX Notice of Entitlement Offer sent to Optionholders	20 June 2016
Notice of Entitlement Offer sent to Shareholders	21 June 2016
Expected allotment of Placement Shares Shares quoted on an "EX" basis	22 June 2016
Record Date for determining Entitlements	23 June 2016
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	28 June 2016
Last day to extend the offer closing date	4 July 2016
Closing Date of Entitlement Offer (5pm WST)*	7 July 2016
Securities quoted on a deferred settlement basis	8 July 2016
Notification of Shortfall	12 July 2016
Settlement of Underwritten Securities Anticipated date for issue of the Securities Deferred settlement trading ends	14 July 2016
Anticipated date for commencement of Securities trading on a normal settlement basis	15 July 2016

* The Directors may extend the Entitlement Offer Closing Date by giving at least three (3) Business Days' notice to ASX prior to the Entitlement Offer Closing Date. As such the date the Securities issued under the Entitlement Offer are expected to commence trading on ASX may vary.

LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf on your board, it gives me great pleasure to offer you this opportunity to increase your investment in Talga through participation in this 1 for 4 entitlement issue (**Entitlement Offer**) of new Talga quoted options (**Quoted Options**).

On 20 June 2016, Talga will announce a capital raising of approximately \$10 million through a placement to a small group of strategic institutional and sophisticated investors (**Placement**) which will settle on or about 22 June 2016. This Placement utilises the Company's placement capacity under Australian Securities Exchange (**ASX**) Listing Rules 7.1 and 7.1A. The Entitlement Offer, structured with a nominal option issue price, has been designed as a loyalty reward for existing supportive shareholders to complement the Placement.

Talga intends to raise approximately \$0.9 million (before direct offer costs) through the issue of approximately 45,463,769 Quoted Options priced at \$0.02 each. The Entitlement Offer is being made on the basis of one (1) Quoted Option for every four (4) ordinary fully paid shares held on the Record Date. The Quoted Options will be exercisable at \$0.45 each on or before 31 December 2018. Talga will apply for official quotation of the Quoted Options on the ASX. The Entitlement Offer has been conditionally and severally underwritten in full by some of the participants of the Placement.

Together with the proceeds from the Placement, Talga intends to apply Entitlement Offer funds towards Talga's technical, commercial and mineral development programs in Germany and Sweden, as well as for general working capital. For further details on the proposed use of funds please see Section 1.5 of this Prospectus.

Your board is committed to Talga's future and eligible Directors and Management intend to take up part or all of their entitlement under the Entitlement Offer.

The Entitlement Offer is non-renounceable and therefore your entitlements will not be tradeable on ASX or otherwise transferable.

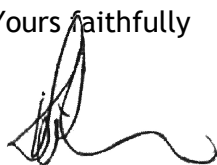
The Entitlement Offer closes at 5.00pm (Perth time) on 7 July 2016, or such other date as the Directors shall determine, subject to the requirements of the Listing Rules.

The number of Quoted Options you are entitled to subscribe for under the Entitlement Offer is set out in your personalised Entitlement and Acceptance Form that is attached to this Prospectus.

Please read in full the details on how to submit your application set out in the Prospectus. Further information about the Entitlement Offer please call the share registry, Security Transfer Registrars Pty Ltd on +61 8 9315 2333, or visit the Company's website at www.talgaresources.com.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully



Keith Coughlan
Non-Executive Chairman

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1. Details of the Offer

1.1 The Offers

This Prospectus is primarily being issued for the Entitlement Offer and the Shortfall Offer.

This Prospectus is also being issued for the issue of the Placement Options.

1.2 Entitlement Offer

The Company is making a non-renounceable pro rata offer of Quoted Options at an issue price of \$0.02 each to Eligible Shareholders on the basis of 1 Quoted Option for every 4 Shares held at 5.00pm (WST) on the Record Date (**Entitlement Offer**). Each Quoted Option will have an exercise price of \$0.45 each and an expiry date of 31 December 2018.

As at the date of this Prospectus, the Company has on issue 146,284,060 Shares and 23,300,000 Unquoted Options.

Before the Record Date for the Entitlement Offer, the Company intends to issue 35,571,015 Placement Shares to participants in the Placement at \$0.28 each (refer to Section 1.4 below). As the issue date of the Placement Shares under the Placement will be prior to the Record Date for the Entitlement Offer, the Placement Participants will be entitled to participate and intend to participate in the Entitlement Offer.

On the basis that the Placement Shares are issued and no Unquoted Options are exercised prior to the Record Date, the Entitlement Offer is for a maximum of 45,463,769 Quoted Options to raise up to \$909,275 (before costs).

Up to 51,288,769 Quoted Options could be issued under the Entitlement Offer to raise up to \$1,025,775 if all the existing Unquoted Options are exercised between the date of the Prospectus and the Record Date.

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Quoted Option, such fraction will be rounded down to the nearest whole Quoted Option.

Refer to Section 6.2 for a summary of the terms and conditions of the Quoted Options under the Entitlement Offer. The Shares issued upon exercise of the Quoted Options will be fully paid and will rank equally with Shares on issue at the date of this Prospectus. A summary of the rights and liabilities attaching to Shares is set out in Section 6.1.

The Entitlement Offer is conditionally underwritten. See Section 1.8 for more details.

1.3 Shortfall Offer

Any entitlement not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to 3 months following the Entitlement Offer Closing Date, unless closed earlier in accordance with the terms of the Underwriting Agreements. Each of the Quoted Options to be granted under the Shortfall Offer shall be granted on the same terms and conditions as the Quoted Options being offered under the Entitlement Offer (including the issue price).

In the event that any of the Underwriting Agreements are terminated for any reason, the Directors shall allocate any shortfall at their absolute discretion and subject to compliance with the Listing Rules and the Corporations Act. Accordingly, do not apply for Securities under the Shortfall Offer unless instructed to do so by the Directors.

1.4 Placement

As will be announced on 20 June 2016, the Company has agreed to issue 35,571,015 Shares at \$0.28 per Share (**Placement Shares**) to a small group of strategic institutional and sophisticated investors (**Placement Participants**), none of whom is a related party of the Company (**Placement**). The Placement will raise \$9,959,884 (before costs).

Subject to the receipt of Shareholder approval at a general meeting to be convened shortly, the Placement Participants are entitled to be issued 1 free attaching Unquoted Option for every 4 Placement Shares subscribed for under the Placement (**Placement Options**). The 8,892,500 Placement Options are exercisable at \$0.45 each on or before 31 December 2018 and will be issued pursuant to this Prospectus on the terms and conditions set out in Section 6.3. The Company will not apply for quotation of the Placement Options on the ASX.

The Placement Shares and the Shares issued upon exercise of the Placement Options will be fully paid and will rank equally with Shares on issue at the date of this Prospectus. A summary of the rights and liabilities attaching to Shares is set out in Section 6.1.

The Placement Shares to be issued under the Placement will be issued to the Placement Participants on or about 22 June 2016. Subject to the receipt of Shareholder approval at a general meeting to be convened shortly, the Placement Options will be issued to the Placement Participants following the general meeting.

As the issue date of the Placement Shares under the Placement will be prior to the Record Date for the Entitlement Offer, the Placement Participants will be entitled to participate in the Entitlement Offer.

The Placement Options are being issued with disclosure under this Prospectus in order to:

- (a) remove any secondary sale restrictions that may otherwise attach to the Placement Options; and
- (b) ensure a disclosure exception is available for the issue of Shares on the exercise of the Placement Options and any on-sale of those Shares in the 12 months from the date of issue.

Majesky Finance Corporation (**Majesky**) has been appointed by the Company in relation to the Placement. The terms of the appointment of Majesky are summarised in Section 6.4.

1.5 Purpose of the Offers and Use of Funds

Completion of the Offers and the Placement will result in an increase in cash at hand of up to approximately \$10.87 million before costs (assuming no Unquoted Options are exercised prior to the Record Date).

The Company intends to apply the funds raised from the Offers and Placement in accordance with the table set out below:

Item of expenditure	Amount (\$m)	%
Swedish exploration, permitting and trial mining	3.27	30.1
Operations in Germany	4.26	39.1
Feasibility Study	1.14	10.5
Working capital requirements	1.64	15.1
Placement fees	0.50	4.6
Expenses of the Offers ¹	0.06	0.6
TOTAL	10.87	100

Note:

1. See Section 6.14 for further details relating to the estimated expenses of the Offers.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

1.6 Opening and Closing Dates

For the Entitlement Offer, the Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' entitlements under the Entitlement Offer until 5.00pm WST on 7 July 2016 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Entitlement Offer Closing Date**).

The Shortfall Offer will remain open after the Entitlement Offer Closing Date, unless closed earlier in accordance with the terms of the Underwriting Agreements.

The issue of Placement Options is conditional on Shareholder approval at a general meeting to be convened shortly.

1.7 Minimum subscription

There is no minimum subscription for the Offers. As the Entitlement Offer is conditionally underwritten in full, it is anticipated that the Offers will only be undersubscribed if any of the Underwriting Agreements are terminated (refer to Section 3 for further details relating to the Underwriting Agreements).

1.8 Underwriting arrangements

Smedvig G.P. Limited as general partner for Smedvig Partnership LP, Kamberg Investments Ltd and Keith Liddell have been appointed as the underwriters (**Underwriters**) to severally (not jointly) and conditionally underwrite the Entitlement Offer in their Respective Proportions (**Underwritten Securities**) up to a total aggregate value of \$909,275. The Underwriters, or their related entities, are also Placement Participants.

Conditional formal underwriting agreements, each dated 16 June 2016, have been agreed between each of the Underwriters and the Company (each an **Underwriting**

Agreement, and together, the **Underwriting Agreements**). The Underwriting Agreements are conditional upon Shareholders approving the issue of the Placement Options, among other things. Other than the reimbursement of costs as set out in Sections 6.13 and 6.14, and except as disclosed elsewhere in this Prospectus, the Underwriters will not be paid any fees for underwriting the Entitlement Offer. A summary of the Underwriting Agreements is contained in Section 3.

1.9 No rights trading

The rights under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for Securities to any other party. If you do not take up your entitlement to Quoted Options under the Entitlement Offer by the Entitlement Offer Closing Date, the Entitlement Offer to you will lapse.

1.10 Entitlement and Acceptance Forms

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Quoted Options accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Quoted Options.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

The Company will send this Prospectus, together with an Entitlement and Acceptance Form, to all Eligible Shareholders.

1.11 Issue and dispatch

Quoted Options under the Entitlement Offer are expected to be issued on or before the date set out in the proposed timetable in this Prospectus.

Subject to the Corporations Act and the Listing Rules the Company intends to issue the Placement Options under the Placement as soon as practicable after the general meeting to be convened shortly for the purpose of approving the issue of the Placement Options and ratifying the issue of the Placement Shares.

Security holder statements will be dispatched as soon as possible after the issue of the Securities under the Offers.

It is the responsibility of Applicants to determine their allocation prior to trading in the Securities. Applicants who sell Securities before they receive their holding statements will do so at their own risk.

1.12 Application Monies held on trust

All Application Monies received for the Securities will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

1.13 ASX Quotation

Application has been made to ASX for Official Quotation of the Quoted Options.

The Quoted Options will only be admitted to official quotation by ASX if the conditions for quotation of a new class of securities are satisfied (which include, amongst other things, there being a minimum of 100,000 Quoted Options on issue, with at least 50 holders with a marketable parcel (within the meaning of the Listing Rules)).

If permission is not granted by ASX for the Official Quotation of the Quoted Options offered by this Prospectus within 3 months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.14 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES, operated by ASX Settlement Pty Limited (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHES statement.

The CHES statement will set out the number of Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by Security Transfer Registrars Pty Ltd and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHES statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.15 Residents outside Australia

No offer will be made to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, the People's Republic of China, the United Kingdom, Ireland, Bermuda, Jersey, the British Virgin Islands or Switzerland.

This Prospectus and an accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shareholders with a registered address outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to accept or deal with their entitlement. The return of a completed Entitlement and Acceptance Form from a Shareholder with a registered address outside Australia will be taken by the Company to constitute a representation and warranty by that Shareholder that all relevant

approvals have been obtained and that the Company may legally issue the Securities to that Shareholder.

There are additional statements below concerning the offer to Shareholders with a registered address in New Zealand, Hong Kong, the People's Republic of China, the United Kingdom, Ireland, Bermuda, Jersey, the British Virgin Islands or Switzerland.

(a) New Zealand offer restrictions

The Securities are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand at the Record Date.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) Hong Kong offer restrictions

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(c) The People's Republic of China offer restrictions

The information in this document does not constitute a public offer of the Quoted Options or the Placement Options, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Quoted Options and the Placement Options may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to "qualified domestic institutional investors".

(d) The United Kingdom offer restrictions

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the Quoted Options or the Placement Options. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Quoted Options and the Placement Options may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Quoted Options or the Placement Options has only been communicated or caused to be communicated and will only be communicated or caused to be

communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons:

- (i) who fall within Article 43 (members or creditors of certain bodies corporate) of the *Financial Services and Markets Act 2000 (Financial Promotions) Order 2005*, as amended; or
- (ii) to whom it may otherwise be lawfully communicated,

(together, **Relevant Persons**). The investment to which this document relates is available only to, and any invitation, offer or agreement to purchase will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

(e) **Ireland offer restrictions**

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the *Irish Prospectus (Directive 2003/71/EC) Regulations 2005*, as amended (**Prospectus Regulations**). The Quoted Options and the Placement Options have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to:

- (i) "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations; and
- (ii) fewer than 150 natural or legal persons who are not qualified investors.

(f) **Bermuda offer restrictions**

The Company is not making any invitation to persons resident in Bermuda for exchange control purposes to subscribe for any securities.

(g) **Jersey offer restrictions**

No offer or invitation to subscribe for shares may be made to the public in Jersey.

(h) **The British Virgin Islands restrictions**

The Quoted Options and Placement Options may not be offered in the British Virgin Islands unless the Company or any person offering the Quoted Options or Placement Options on its behalf is licensed to carry on business in the British Virgin Islands. The Company is not licensed to carry on business in the British Virgin Islands. The securities may be offered to British Virgin Islands business companies from outside the British Virgin Islands without restriction.

(i) **Switzerland offer restrictions**

The Quoted Options and Placement Options may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (**SIX**) or on any other stock exchange or regulated trading facility in Switzerland. This

document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Quoted Options or the Placement Options may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the Quoted Options or the Placement Options have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority.

This document is personal to the recipient only and not for general circulation in Switzerland.

1.16 Risk factors

An investment in Securities of the Company should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific and general risks associated with an investment in the Company which are detailed in Section 4.

1.17 Taxation implications

The Directors do not consider it appropriate to give Shareholders or potential investors advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders or potential investors. As a result, Shareholders and potential investors should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.18 Major activities and financial information

A summary of the major activities and financial information relating to the Company is outlined in the following documents:

- (a) Quarterly Activities Report lodged with ASX on 29 April 2016;
- (b) Half Year Accounts lodged with ASX on 15 March 2016;
- (c) Quarterly Activities Report lodged with ASX on 29 January 2016; and
- (d) Annual Report lodged with ASX on 26 October 2015.

The Company has made continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report on 26 October 2015, as outlined in Section 6.6(b).

Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.19 Privacy

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess the Acceptance, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder, and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out herein and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

1.20 Substantial Shareholders

As at the date of the Prospectus, the Company has the following substantial Shareholders:

Substantial Shareholder	Number of Shares	Voting power (%)
Lateral Minerals Pty Ltd (a company associated with Mr Mark Thompson)	14,270,788	9.76

1.21 Effect of the Offer on control of the Company

The Company is of the view that the Offer will not affect the control (as defined by section 50AA of the Corporations Act) of the Company.

No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offer.

1.22 Enquiries concerning Prospectus

For enquiries concerning the Entitlement and Acceptance Form or your entitlement, please contact Security Transfer Registrars Pty Ltd on +61 8 9315 2333 or consult your professional adviser. Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on + 61 8 9481 6667.

2. Action required by Shareholders

2.1 Action in relation to the Entitlement Offer

Should you wish to acquire Quoted Options as part of the Entitlement Offer, you may either take up all of your entitlement (refer to Section 2.2) or part of your entitlement (refer to Section 2.3) as shown on the accompanying personalised Entitlement and Acceptance Form.

If you do not wish to take up any of your entitlement to Quoted Options, you may allow your entitlement to lapse (refer to Section 2.4).

2.2 Acceptance of Quoted Options under the Entitlement Offer

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date.

The number of Quoted Options to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

Should you wish to accept all of your entitlement to Quoted Options under the Entitlement Offer and you are not paying by BPAY, then applications for Quoted Options under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Talga Resources Ltd" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the Company's share registry (by post or by hand) at:

By Post	By Hand
Talga Resources Ltd C/- Security Transfer Registrars Pty Ltd PO Box 535 Applecross WA 6953	Talga Resources Ltd C/- Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Entitlement Offer Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Applicants are encouraged to pay by BPAY.

2.3 If you wish to take up only part of your entitlement under the Entitlement Offer

Should you wish to only take up part of your entitlement under the Entitlement Offer and you are not paying by BPAY, then applications for Quoted Options under the Entitlement Offer must be made on the Entitlement and Acceptance Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Quoted Options you wish to accept and the amount payable (calculated at \$0.02 per Quoted Options accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Talga Resources Ltd" and lodged at any time after the issue of this Prospectus and on or before the Entitlement Offer Closing Date at the address indicated at Section 2.2 above.

If paying via BPAY, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY by the Entitlement Offer Closing Date. If you elect to pay via BPAY, you must follow the instructions for BPAY set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

Applicants are encouraged to pay by BPAY.

2.4 Entitlements not taken up

If you do not wish to accept any of your entitlement, you are not obliged to do anything. The number of Securities you hold and the rights attached to those Securities will not be affected should you choose not to accept any of your entitlement.

2.5 Action in relation to the Placement

Subject to Shareholder approval to be sought at a general meeting to be convened shortly, the issue of Placement Options will be made to the Placement Participants who have subscribed for Placement Shares pursuant to the Placement. The Placement Participants are not required to take any action to receive the free attaching Placement Options.

2.6 Enquiries concerning the Offer

For enquiries concerning the Offer, please contact the Company Secretary on +61 8 9481 6667 or consult your professional adviser. For share registry queries, please contact Security Transfer Registrars Pty Ltd on +61 8 9315 2333.

3. Underwriting Agreements

Subject to the conditions in the Underwriting Agreements, the Underwriters agreed to severally (not jointly) and conditionally underwrite the Underwritten Securities up to a total aggregate value of \$909,275.

The Underwriters' obligation to underwrite the Entitlement Offer is conditional on Shareholders approving the issue of the Placement Options.

Other than the reimbursement of costs as set out in Sections 6.13 and 6.14, and except as disclosed elsewhere in this Prospectus, the Underwriters will not be paid any fees for underwriting the Entitlement Offer.

The obligation of the Underwriters to underwrite the Entitlement Offer is also subject to certain events of termination. The Underwriters may terminate their obligations under the Underwriting Agreements, if at any time prior to the issue date of the Quoted Options:

- (a) **(Prospectus)**: the Company fails to lodge the Prospectus with ASIC on the Prospectus lodgement date specified in the timetable, except where the sole reason for failing to lodge is an act or omission of the Underwriters;
- (b) **(Quotation approvals)**: approval for the official quotation of all of the Quoted Options is refused or not granted, or if approval is granted, the approval is granted on conditions other than customary conditions or subsequently withdrawn, qualified, or withheld before the issue of the Quoted Options;
- (c) **(Prospectus to comply)**: the Prospectus or any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation;
- (d) **(statement in Prospectus)**: a statement contained in the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive, or the Prospectus omits any material information it is required to contain;
- (e) **(supplementary prospectus)**: the Company fails to lodge a supplementary prospectus in a form acceptable to the Underwriters in circumstances where the Underwriters reasonably believe that the Company is prohibited by the Corporations Act from offering the Quoted Options under the Prospectus;
- (f) **(unable to issue Quoted Options)**: the Company is prevented from allotting and issuing the Quoted Options within the time required by the timetable, Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;
- (g) **(breach)**: the Company is in material breach of the Underwriting Agreements (including any of the representations and warranties) and, if the breach is capable of remedy, does not rectify the breach within 3 Business Days of the date of written notification of the breach by the Underwriters to the Company;
- (h) **(ASIC or ASX action)**: the Entitlement Offer is prevented from proceeding by reason of an order made by ASIC or ASX, or an investigation or inquiry or proceedings initiated by either ASIC or ASX into the conduct of the Company;
- (i) **(Insolvency Event)**: any of the following occurs:

- (i) a receiver, liquidator, administrator or similar form of official management is appointed in relation to any member of the Company group without the prior consent of the Underwriters;
 - (ii) any proceedings being commenced against any member of the Company group for its winding up;
 - (iii) any member of the Company group enters into, or proposes to enter into, a scheme of arrangement; or
 - (iv) a judgment in an amount exceeding \$500,000 is obtained against any member of the Company group and is not set aside or satisfied within 14 days;
- (j) **(offences by officers):** any of the following occurs:
- (i) any regulatory body commences, or intends to take, any public action against an officer of any member of the Company group in his or her capacity as an officer of that company;
 - (ii) any officer of any member of the Company group is charged with an indictable offence; or
 - (iii) any officer of any member of the Company group is disqualified from managing a corporation under the Corporations Act;
- (k) **(ASX quotation):** ASX makes any official statement to any person, or indicates to the Company or the Underwriters that existing Shares will be suspended from quotation or the Company will be removed from the Official List;
- (l) **(false information):** any information supplied by the Company or on its behalf to the Underwriters in respect of the Placement or the Entitlement Offer is or becomes false or misleading in any material respect; and
- (m) **(withdrawal):** the Company notifies the Underwriters that it has withdrawn the Entitlement Offer.

The Underwriters may only terminate the Underwriting Agreements in respect of the events in subclauses (a), (c), (d), (e), (f), (g), (j) and (l) if there are reasonable and bona fide grounds for a person to believe and the Underwriters do believe that the event could give rise to a liability of the Underwriters under any law, regulation or rule, or is likely to have a materially adverse effect on the outcome of the Entitlement Offer.

The Underwriting Agreements also contain a number of indemnities, representations and warranties from the Company to the Underwriters that are considered standard for an agreement of this type.

4. Risk factors

The Securities offered under this Prospectus should be considered speculative because of the nature of the business activities of the Company. Whilst the Directors commend the Offers, potential investors should consider whether the Securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. This list is not exhaustive and potential investors should read this Prospectus in its entirety and if in any doubt consult their professional adviser before deciding whether to participate in the Offers.

The principal risks include, but are not limited to, the following:

4.1 Specific Risks

A number of specific risk factors that may adversely affect the Company's financial position, prospects and price of its quoted Securities are described below. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses. Shareholders should note that this list is not exhaustive.

(a) Underwriting risk

The Company has entered into the Underwriting Agreements with the Underwriters who have agreed to underwrite the Entitlement Offer in their Respective Proportions, subject to certain terms and conditions, including Shareholder approval of the issue of the Placement Options. The Underwriters may terminate the Underwriting Agreements if certain conditions are not satisfied or certain events occur, including events that may not be within the Company's control.

If any of the Underwriting Agreements are terminated and the Offers do not proceed or do not raise the funds required for the Company to meet its stated objectives, the Company would need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of any of the Underwriting Agreements could materially adversely affect the Company's business, cash flow and financial position.

(b) Mineral and exploration risk

The business of exploration, project development and mining contains risks by its very nature. To prosper, it depends on the successful exploration and/or acquisition of reserves, design and construction of efficient production/processing facilities, competent operation and managerial performance and proficient marketing of the product. In particular, exploration is a speculative endeavour and certain circumstances, cost over runs and other unforeseen events can hamper exploration and mining operations.

(c) Operating risks

The proposed activities, costs and use of funds described in this Prospectus are based on certain assumptions with respect to the method and timing of exploration, metallurgy and other technical tests. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates

and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

The proposed activities of the Company including economic studies are dependent on economic inputs from commodity prices, metallurgical tests and market tests of which there is no guarantee of positive economics. It is a risk that studies may not be completed or may be delayed indefinitely where key inputs show negative economic outcomes. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining and processing of its mineral interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

The Company's processing technology is currently at the pilot testwork phase. Investment in the Company should be considered in light of the risks, expenses and difficulties frequently encountered by companies at this stage of development, including factors such as design and construction of efficient mining and processing facilities within capital expenditure budgets.

With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of processing technology tested in pilot conditions. The nature of the technology risk is the cost of developing an economically viable commercial operation and production facility, and arises for the required scaling up from the existing pilot plant.

(d) Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties, or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to shareholders.

Further, the Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

(e) Licences, permits and approvals risks

The Company's current and future operations are subject to receiving and maintaining licences, permits and approvals from appropriate governmental authorities. In particular, the Company will require processing permits in Germany and exploitation and environmental permits in Sweden from time to time in connection with mining and processing, and pilot testwork processing. There is no assurance that any required licences, permits or approvals will be granted or granted on commercially viable terms acceptable to the Company or that delays will not occur in connection with obtaining or renewing the licences, permits or approvals necessary for the Company's proposed operations. Failure to obtain or renew one or more required licences, permits or approvals on a timely basis may adversely affect the Company's operations.

(f) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment or are incapacitated for any length of time.

(g) Environmental impact constraints

The Company's exploration programs will, in general, be subject to approval by governmental authorities. Development of any of the Company's properties will be dependent on the Project meeting environmental guidelines and, where required, being approved by governmental authorities.

(h) Mineral title risks and indigenous owners

Mining and exploration permits are subject to periodic renewal. There is no guarantee that current or future permits or future applications for production concessions will be approved. Permits are subject to numerous legislation conditions. The renewal of the term of a granted permit is also subject to the discretion of the relevant mining inspector. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company. Furthermore the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law rights of Indigenous owners exist. In this case, the ability of the Company to gain access to tenements (through obtaining consent of any relevant Indigenous owner, body, group or landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Company's mineral titles may also be subject to access by third parties including, but not limited to, the areas' Indigenous people. This access could potentially impact the Company's activities and/or may involve payment of compensation to parties whose existing access to the land may be affected by the Company's activities.

(i) Resource estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(j) Commodity price volatility and exchange rate risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity prices and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand for minerals, technological advancements, forward selling activities and other macro-economic factors.

In addition, unlike the majority of base and precious metals, there is no internationally recognised market for graphite nor is graphite an exchange traded commodity. As a result, there is a lack of market transparency associated with the price of graphite.

Furthermore, prices of various commodities and services may be denominated in Swedish Krona or Euros, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the Swedish Krona and the Australian dollar and the Euro and the Australian dollar as determined in international markets.

4.2 General Risks

The future prospects of the Company's business may be affected by circumstances and external factors beyond the Company's control. Financial performance of the Company may be affected by a number of business risks that apply to companies generally and may include economic, financial, market or regulatory conditions.

(a) Economic risks

General economic conditions, movements in interest and inflation rates, the prevailing global commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

As with any mining project, the economics are sensitive to metal and commodity prices. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advances, forward selling activities and other macro-economic factors. These prices may fluctuate to a level where the proposed mining operations are not profitable. Should the Company achieve success leading to mineral production, the revenue it will derive through the sale of commodities also exposes potential income of the Company to commodity price and exchange rate risks.

Further, share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(b) Market conditions

The market price of the Company's Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Government and legal risk

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Securities. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

Other than as previously announced the Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

4.3 Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

5. Effect of the Offers

5.1 Capital structure on completion of the Offers

	Shares	Quoted Options	Unquoted Options
Balance at the date of this Prospectus ¹	146,284,060	Nil	23,300,000
Number of Securities to be issued under the Placement ²	35,571,015	Nil	8,892,754
Maximum number of Securities to be issued under the Entitlement Offer and Shortfall Offer ³	Nil	45,463,769	Nil
Balance after the Offers (if fully subscribed)	181,855,075	45,463,769	32,192,754

Notes:

- The Unquoted Options on issue at the date of this Prospectus consist of:
 - 500,000 Unquoted Options exercisable at \$0.45 each on or before 3 October 2016;
 - 4,000,000 Unquoted Options exercisable at \$0.52 each on or before 31 December 2016;
 - 2,000,000 Unquoted Options exercisable at \$0.60 each on or before 31 December 2016;
 - 2,000,000 Unquoted Options exercisable at \$0.65 each on or before 31 December 2016;
 - 6,900,000 Unquoted Options exercisable at \$0.60 each on or before 4 October 2018;
 - 2,000,000 Unquoted Options exercisable at \$0.42 each on or before 3 May 2019;
 - 2,500,000 Unquoted Options exercisable at \$0.54 each on or before 23 June 2019;
 - 1,400,000 Unquoted Options exercisable at \$0.54 each on or before 20 August 2019;
 - 1,000,000 Unquoted Options exercisable at \$0.54 each on or before 26 March 2020; and
 - 1,000,000 Unquoted Options exercisable at \$0.54 each on or before 17 December 2020.
- Assumes that the Placement is fully subscribed. Placement Shares subscribed for under the Placement are to be issued on or about 22 June 2016. The number of free-attaching Placement Options to be issued to the Placement Participants is 1 Unquoted Option for every 4 Placement Shares subscribed for by each Placement Participant under the Placement. The issue of the Placement Options is subject to the receipt of Shareholder approval to be sought at a general meeting to be convened shortly.
- The number of Quoted Options to be issued under the Entitlement Offer and Shortfall Offer assumes that:
 - the Placement Shares are issued prior to the Record Date; and
 - no Unquoted Options are exercised before the Record Date.

As the Entitlement Offer is underwritten it is anticipated that the Offers will only be undersubscribed if any of the Underwriting Agreements are terminated.

5.2 Pro forma statement of financial position

	Audit Reviewed Balance Sheet as at 31/12/15 (\$'000)	Significant changes since 31/12/15* (\$'000)	Effect of Offers** (\$'000)	Unaudited Pro Forma Balance Sheet Post Offers** (\$'000)
Current Assets				
Cash & cash equivalents	5,029	(1,904)	10,306	13,431
Trade & other receivables	94	56		150
Other Assets	750	-		750
Non Current Assets				
Other receivables	102	39		141
Plant & equipment	249	389		638
Exploration & evaluation expenditure	528	-		528
TOTAL ASSETS	6,752	(1,420)	10,306	15,638
Current Liabilities				
Trade & other payables	342	(78)		264
Provisions	88	-		88
TOTAL LIABILITIES	430	(78)	-	352
NET ASSETS	6,322	(1,342)	10,306	15,286
EQUITY				
Issued capital	23,500	-	10,306	33,816
Reserves	4,289	37		4,326
Accumulated Losses	(21,467)	(1,379)		(22,846)
TOTAL EQUITY	6,322	(1,342)	10,306	15,286

* Since the last audit reviewed accounts on 31 December 2015, the following significant changes (as set out in column 2 above) have been made:

Cash Movement	(\$'000)
Australian R&D cash rebate	519
Option fee proceeds from non-ore asset divestment	150
Interest received	35
Operating expenditure	(2,165)
Purchase of plant and equipment	(413)
Payment of security deposits	(30)
Total	(1,904)
Receivables	(\$'000)
Net movement in trade and other receivables	95
Plant & Equipment	(\$'000)
Acquisition of plant & equipment (net of depreciation)	389

Payables	(\$'000)
Net movement in trade and other payables	(78)
Accumulated Losses	(\$'000)
Administration, exploration & Germany pilot plant facility operations	(2,083)
R&D cash rebate	519
Interest income	35
Option fee income	150
Total	(1,379)
Reserves	(\$'000)
Expensing of options	37

**Including proceeds from the Placement (net of fees) and approximate expenses relating to the Placement and Offers (as outlined in Sections 1.5 and 6.14).

5.3 Basis of Preparation

The pro forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005). The pro forma statement of financial position is based on the audit reviewed balance sheet as at 31 December 2015 that has then been adjusted to reflect the material transactions as per the notes to the pro forma above.

5.4 Market price of Shares

The highest and lowest market sale prices of the Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.34 per Share on 14 June 2016

Lowest: \$0.22 per Share on 24 May 2016

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.34 per Share on 15 June 2016.

5.5 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

6. Additional information

6.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Securities in any specific circumstances, the Shareholder should seek legal advice.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of Shares present in person or by an attorney, representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

(c) Issues of further shares

The Directors may, on behalf of the Company, issue, grant Options over or otherwise dispose of unissued Shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, the Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of rights

At present, the Company has on issue one class of shares, namely ordinary Shares, and Unquoted Options.

Unless otherwise provided by the Constitution or by the terms of issue of a class of shares, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) Transfer of shares

Subject to the Constitution, the Corporations Act and the Listing Rules, ordinary shares are freely transferable.

(f) Dividends

Subject to the Constitution, the Corporations Act, the Listing Rules and to the rights attaching to Shares issued on special conditions (at present there are none), the Directors may from time to time decide to pay a dividend to Shareholders, payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

(g) Winding up

Subject to the Constitution, the Corporations Act and the rights of holders of Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company and may for that purpose set the value the liquidator considers fair upon any property to be so divided and may determine how the division is to be carried out as between Shareholders or different classes of Shareholders.

(h) Dividend reinvestment

The Company, by resolution of the Directors, implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company) and any other share plans (under which any member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of Shares).

(i) Directors

The Constitution states that the minimum number of Directors is 3 and the number of Directors shall not exceed 10.

(j) Powers of the Board

Except as otherwise required by the Corporations Act, any other law, the Listing Rules or the Constitution, the Directors have power to manage the business of the Company and may exercise all powers of the Company as are not required by the Corporations Act, Listing Rules or Constitution, required to be exercised by the Company at general meeting.

(k) Unmarketable parcels

The Constitution permits the Company to sell the Shares held by a Shareholder if they comprise less than a marketable parcel within the meaning of the Listing Rules. If a Shareholder does not want its Shares sold, that Shareholder may notify the Company accordingly.

(l) Capitalisation of profits

The Directors may resolve to capitalise and distribute any profits of the Company to Shareholders. Subject to the Constitution and the terms of issue of Shares, Shareholders are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(m) Capital reduction

Subject to the Corporations Act and the Listing Rules, the Company may reduce its share capital.

(n) Preference shares

The Company may issue preference Shares including preference Shares that are liable to be redeemed. The rights attaching to preference Shares include, without limitation, those in the Constitution.

6.2 Terms and conditions of Quoted Options

(a) Entitlement

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

(b) Exercise Price

Subject to Section 6.2(m), the amount payable upon exercise of each Quoted Option will be \$0.45 (**Exercise Price**).

(c) Expiry Date

Each Quoted Option will expire at 5:00pm WST on 31 December 2018 (**Expiry Date**). A Quoted Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Exercise of Quoted Options

Quoted Options may be exercised by:

- (i) delivering to the Company the exercise notice duly executed by the Optionholder (together with the Option certificate) specifying the number of Quoted Options being exercised (**Relevant Number**); and
- (ii) payment to the Company by bank cheque or other immediately available and freely transferable funds of an amount equal to the Exercise Price multiplied by the number of Quoted Options being exercised (**Settlement Price**).

The Quoted Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Quoted Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each

Quoted Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Timing of issue of Shares on exercise

The Company must within 5 Business Days of the receipt by it of the exercise notice and subject to receipt by the Company of the Settlement Price:

- (i) issue to the Optionholder (or its nominee) the Relevant Number of Shares;
- (ii) issue, or cause to be issued, to the Optionholder a holding statement for the Relevant Number of Shares; and
- (iii) if applicable, issue a replacement Option certificate to the Optionholder for the balance of any unexercised Quoted Options.

(g) Form and ranking of Shares

Shares issued pursuant to the exercise of the Quoted Options will be issued as fully paid. Any Shares issued to the Optionholder by the Company as a result of the exercise of a Quoted Option will rank pari passu in all respects with all other Shares then on issue from the date of the applicable exercise notice.

(h) Quotation of Shares issued on exercise

The Company must (within 3 Business Days of the Optionholder having exercised any Quoted Options or earlier if required by the Listing Rules) apply for official quotation on ASX of the Shares allotted as a result of the exercise.

(i) Tradability of Shares

To ensure the Shares may be freely traded, the Company will:

- (i) issue the Quoted Options under a disclosure document under the Corporations Act;
- (ii) within 5 Business Days after the day on which the Shares were issued upon the exercise of a Quoted Option, lodge a notice to the ASX under section 708A(5)(e) of the Corporations Act (**Cleansing Notice**), and provide a copy of that Cleansing Notice to the Optionholder; or
- (iii) obtain ASIC relief.

(j) Reorganisation of capital

If, before exercise or expiry of the Quoted Options, the Company implements a reorganisation of its capital, the Quoted Options must be treated in the manner required by the Listing Rules. The Company must notify the Optionholder of any proposed variation to the terms and conditions of the Quoted Options no less than 15 Business Days prior to the date of variation and any variation to the terms and conditions of the Quoted Options immediately after the date of variation.

(k) Participation in new issues

A Quoted Option does not confer any right on the Optionholder to participate in a new issue without exercising the Quoted Option.

- (l) Right to participate after exercise

The Optionholder will be entitled to participate in any Bonus Issue or Pro Rata Issue of Securities (as those terms are defined in the Listing Rules), or other rights to subscribe for Securities issued or to be issued to Shareholders by the Company (**Additional Rights**) on the same terms and conditions as are applicable to the other Shareholders of the Company, provided that the Optionholder has exercised any Quoted Option prior to the Record Date (as that term is defined in the Listing Rules) for the relevant offer.

- (m) Variation of Quoted Option terms

Subject to the Listing Rules, the terms and conditions of Quoted Options applicable to a particular Optionholder may be varied at any time by written agreement between the Company and the relevant Optionholder.

In the event of any of the circumstances listed in Listing Rule 6.22, a Quoted Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Quoted Option can be exercised.

- (n) Quotation of Quoted Options

The Company will apply for quotation of the Quoted Options on ASX.

- (o) Transferability

The Quoted Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws, and shall survive death of the recipient.

- (p) Governing law

These terms and conditions and the Quoted Options are governed by the laws of Western Australia.

6.3 Terms and conditions of Placement Options

- (a) Entitlement

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

- (b) Exercise Price

Subject to Section 6.3(m), the amount payable upon exercise of each Placement Option will be \$0.45 (**Exercise Price**).

- (c) Expiry Date

Each Placement Option will expire at 5:00pm WST on 31 December 2018 (**Expiry Date**). A Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

- (d) Exercise Period

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

(e) Exercise of Placement Options

Placement Options may be exercised by:

- (i) delivering to the Company the exercise notice duly executed by the Optionholder (together with the Option certificate) specifying the number of Placement Options being exercised (**Relevant Number**); and
- (ii) payment to the Company by bank cheque or other immediately available and freely transferable funds of an amount equal to the Exercise Price multiplied by the number of Placement Options being exercised (**Settlement Price**).

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

(f) Timing of issue of Shares on exercise

The Company must within 5 Business Days of the receipt by it of the exercise notice and subject to receipt by the Company of the Settlement Price:

- (i) issue to the Optionholder (or its nominee) the Relevant Number of Shares;
- (ii) issue, or cause to be issued, to the Optionholder a holding statement for the Relevant Number of Shares; and
- (iii) if applicable, issue a replacement Option certificate to the Optionholder for the balance of any unexercised Placement Options.

(g) Form and ranking of Shares

Shares issued pursuant to the exercise of the Placement Options will be issued as fully paid. Any Shares issued to the Optionholder by the Company as a result of the exercise of a Placement Option will rank *pari passu* in all respects with all other Shares then on issue from the date of the applicable exercise notice.

(h) Quotation of Shares issued on exercise

The Company must (within 3 Business Days of the Optionholder having exercised any Placement Options or earlier if required by the Listing Rules) apply for official quotation on ASX of the Shares allotted as a result of the exercise.

(i) Tradability of Shares

To ensure the Shares may be freely traded, the Company will:

- (i) issue the Placement Options under a disclosure document under the Corporations Act;
- (ii) within 5 Business Days after the day on which the Shares were issued upon the exercise of a Placement Option, lodge a notice to the ASX

under section 708A(5)(e) of the Corporations Act (**Cleansing Notice**), and provide a copy of that Cleansing Notice to the Optionholder; or

(iii) obtain ASIC relief.

(j) Reorganisation of capital

If, before exercise or expiry of the Placement Options, the Company implements a reorganisation of its capital, the Placement Options must be treated in the manner required by the Listing Rules. The Company must notify the Optionholder of any proposed variation to the terms and conditions of the Placement Options no less than 15 Business Days prior to the date of variation and any variation to the terms and conditions of the Placement Options immediately after the date of variation.

(k) Participation in new issues

A Placement Option does not confer any right on the Optionholder to participate in a new issue without exercising the Placement Option.

(l) Right to participate after exercise

The Optionholder will be entitled to participate in any Bonus Issue or Pro Rata Issue of Securities (as those terms are defined in the Listing Rules), or other rights to subscribe for Securities issued or to be issued to Shareholders by the Company (**Additional Rights**) on the same terms and conditions as are applicable to the other Shareholders of the Company, provided that the Optionholder has exercised any Placement Option prior to the Record Date (as that term is defined in the Listing Rules) for the relevant offer.

(m) Variation of Placement Option terms

Subject to the Listing Rules, the terms and conditions of Placement Options applicable to a particular Optionholder may be varied at any time by written agreement between the Company and the relevant Optionholder.

In the event of any of the circumstances listed in Listing Rule 6.22, a Placement Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Placement Option can be exercised.

(n) Quotation of Placement Options

The Company will not apply for quotation of the Placement Options on ASX.

(o) Transferability

The Placement Options are freely transferable from the date of issue, subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws, and shall survive death of the recipient.

(p) Governing law

These terms and conditions and the Placement Options are governed by the laws of Western Australia.

6.4 Majesky Agreement

On 9 April 2016, the Company entered into an agreement with Majesky to provide certain assistance to the Company in relation to the Placement (**Majesky Agreement**). In this role, Majesky has brought the Placement to the attention of its sophisticated investor network.

Under the Majesky Agreement, Majesky will be entitled to receive a fee of an amount that is equal to 5% of the gross amount of the funds received by the Company for the issue of:

- (a) the Placement Shares and Placement Options; and
- (b) the Quoted Options to investors introduced by Majesky, including the Placement Participants,

at the time of their issue.

Majesky may also be entitled to a fee calculated with reference to the exercise price of the Options if the Options held by investors introduced by Majesky are exercised.

The Company will also reimburse Majesky for all prior-approved reasonable out-of-pocket expenses.

The fees outlined above are exclusive of GST and any other form of duty.

The agreement with Majesky contains warranties, representations and indemnities in favour of Majesky that are standard for services of the kind that Majesky is providing to the Company.

6.5 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Securities.

The Company is also required to prepare and lodge with the ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report.

Copies of documents lodged with the ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 6.6 below).

6.6 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of the ASIC. The Company will provide free of charge to any person who requests it during the period of the Offers a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2015 and the half-year ended 31 December 2015, being the last two financial

statements of the Company lodged with ASIC before the issue of this Prospectus; and

- (b) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the financial statements referred to in Section 6.6(a) above until the date of this Prospectus:

Date lodged	Subject of announcement
16/06/2016	Trading Halt
7/06/2016	Talga Benchmark Minerals Tour London Presentation
1/06/2016	Research Report
30/05/2016	Vittangi Graphite Resource Upgrade
10/05/2016	Talga Lithium-ion Battery Program Update
4/05/2016	Appendix 3B
3/05/2016	Talga Appoints Graphene Expert as Chief Technology Officer
29/04/2016	Talga March 2016 Quarterly Activities Report & Appendix 5B
28/04/2016	Boardroom Media - Mark Thompson Talga Company Update
15/04/2016	Ceasing to be a substantial holder
15/04/2016	Talga Presentation - 121 Mining Investment Conference London
6/04/2016	Talga Pilot Processing Facility Expands in Germany
4/04/2016	Research Report
22/03/2016	Talga Presentation at the Australian Graphite Conference
15/03/2016	Half Year Accounts
3/03/2016	Change of Director's Interest Notice
26/02/2016	Talga DECHEMA Presentation - Frankfurt, Germany
17/02/2016	Talga Reduces Graphite Processing Steps For Li-ion Batteries
29/01/2016	Talga Dec 2015 Quarterly Activities Report & Appendix 5B
20/01/2016	Pilbara Gold Project Update
17/12/2015	Initial Director's Interest Notice
17/12/2015	Appendix 3B
17/12/2015	Director Appointment

Date lodged	Subject of announcement
7/12/2015	Section 708 Cleansing Notice
7/12/2015	Appendix 3B
2/12/2015	Change of Director's Interest Notice
2/12/2015	Appendix 3B
2/12/2015	Appendix 3B
27/11/2015	Talga 2015 AGM Results
27/11/2015	Annual General Meeting Presentation
26/11/2015	Talga Listed Options Underwritten
20/11/2015	Research Note
19/11/2015	Talga Presentation - Graphene & 2D Materials Conference USA
17/11/2015	Appendix 3B
13/11/2015	Annual Report Top 20
12/11/2015	Change in substantial holding
12/11/2015	Letter to Listed Option Holders (ASX TLGO)
9/11/2015	Talga Graphene Partnership With Tata Steel
5/11/2015	Appendix 3B
30/10/2015	Talga joins Bosch & Lego in European Union Graphene Flagship
29/10/2015	Talga Sept 2015 Quarterly Activities Report & Appendix 5B
26/10/2015	Annual Report to shareholders

The following documents are available for inspection throughout the period of the Entitlement Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 6.15 and the consents provided by the Directors to the issue of this Prospectus.

6.7 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.8 Determination by the ASIC

The ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Shares under this Prospectus.

6.9 Directors' interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director or proposed director is a partner:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

6.10 Directors' interests in Company Securities

The relevant interest of each of the Directors in the Securities of the Company as at the date of this Prospectus, together with their entitlement under the Entitlement Offer is set out below:

Directors	Shares	Entitlement to Quoted Options under the Entitlement Offer ¹	Unquoted Options
Keith Coughlan ²	-	-	1,500,000
Mark Thompson ³	14,270,788	3,567,697	4,500,000
Grant Mooney	-	-	1,000,000
Stephen Lowe	485,000	121,250	1,000,000

Notes:

1. Assuming no Unquoted Options are exercised prior to the Record Date. At the time of lodging the Prospectus, Directors eligible to participate have indicated that they or their nominees intend to take up part of all of their entitlement under the Entitlement Offer.
2. Mr Coughlan has an indirect interest in 1,500,000 Unquoted Options exercisable at \$0.54 each on or before 23 June 2019.
3. Mr Thompson has an indirect interest in 14,270,788 Shares and 4,500,000 Unquoted Options exercisable at \$0.60 each on or before 4 October 2018.
4. Mr Mooney holds 1,000,000 Unquoted Options exercisable at \$0.54 each on or before 23 June 2019.
5. Mr Lowe has an indirect interest in 485,000 Shares and 1,000,000 Unquoted Options exercisable at \$0.54 each on or before 17 December 2020.

6.11 Remuneration of Directors

The Constitution provides that the Company may remunerate the Directors. The remuneration of the non-executive Directors shall, subject to any resolution of a general meeting, be fixed by the Directors. The current aggregate amount to be paid to non-executive Directors is \$500,000. The Board may allocate this pool (or part of it)

at its discretion. A Director may also be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The Directors received the following remuneration for the financial year ended 30 June 2015:

Director	Salary & fees	Non-monetary salary ¹	Share based payments	Super-annuation	Total
Keith Coughlan	\$55,000	-	-	-	\$55,000
Mark Thompson ²	\$321,500	\$26,769	-	\$30,543	\$378,812
Grant Mooney	\$47,700	-	-	-	\$47,700

Notes:

1. Non-monetary salary includes the net movement of the balance of accrued annual leave entitlement.
2. From 1 July 2014 Mr Thompson was entitled to an annual salary of \$275,000 excluding superannuation and from 1 January 2015 he was entitled to an annual salary of \$348,000 excluding superannuation.

The Directors received the following remuneration for the period from 1 July 2015 to the date of this Prospectus:

Director	Salary & fees	Non-monetary salary	Share based payments ¹	Super-annuation	Total
Keith Coughlan	\$55,000	-	-	-	\$55,000
Mark Thompson	\$361,752	-	\$511,200	\$19,308	\$892,260
Grant Mooney	\$47,700	-	-	-	\$47,700
Stephen Lowe ²	\$25,838	-	\$121,600	-	\$147,438

Notes:

1. For the period from 1 July 2015 up to the date of this Prospectus, the fair value of Unquoted Options granted to:
 - (a) Mark Thompson has been calculated at \$511,200 for 4,500,000 Unquoted Options exercisable at \$0.60 each on or before 4 October 2018; and
 - (b) Stephen Lowe has been calculated at \$121,600 for 1,000,000 Unquoted Options exercisable at \$0.54 each on or before 17 December 2020.

2. Mr Lowe was appointed to the Board on 17 December 2015.

6.12 Related party transactions

There are no related party transactions involved in the Entitlement Offer.

6.13 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Offer or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Majesky has been appointed by the Company in relation to the Placement and the offer of the Placement Options under this Prospectus. The Company is to pay Majesky a fee of approximately \$8,893 (excluding GST) in connection with any Options subscribed for under the Prospectus by investors introduced by Majesky. Further fees may be payable if these Options are exercised. Majesky, or its related entities, will participate in the Placement as a Placement Participant, and may therefore participate in the Offers as an Eligible Shareholder.

The Company shall reimburse the Underwriters for costs in relation to the Offers and the Placement up to a maximum of \$10,000 (plus GST).

Bellanhouse Legal will be paid approximately \$15,000 (plus GST) in fees for legal services in connection with the Offers.

Security Transfer Registrars Pty Ltd has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

6.14 Expenses of the Offers

Estimated expenses of the Offers	\$
ASIC lodgement fee	2,320
ASX quotation fee	6,312
Legal, jurisdiction and preparation expenses	32,000
Printing, mailing and other expenses	15,000
Majesky fees ¹	8,893
Total	64,525

Notes:

1. See Section 6.4.

6.15 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Securities under this Prospectus), the Directors, the Underwriters, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, the following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC:

- (a) Bellanhouse Legal has given, and has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Bellanhouse Legal have not authorised or caused the issue of this Prospectus or the making of the Offer. Bellanhouse Legal make no representation regarding, and to the extent permitted by law exclude any responsibility for any statements in or omissions from any part of this Prospectus.
- (b) Security Transfer Registrars Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as share registry in the form and context in which it is named. Security Transfer Registrars Pty Ltd has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar of the Company. Security Transfer Registrars Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.
- (c) Majesky Finance Corporation has given, and as at the date of lodgement of this Prospectus with ASIC, has not withdrawn its written consent to be named under this Prospectus, in the form and context in which it is named. Majesky Finance Corporation was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Majesky Finance Corporation does not make any express or implied representation or warranty in relation to the Company, this Prospectus or the Offers and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Majesky Finance Corporation. To the maximum extent permitted by law, Majesky Finance Corporation expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.
- (d) Each Underwriter has given, and as at the date of lodgement of this Prospectus with ASIC, has not withdrawn its written consent to be named as underwriter to the Entitlement Offer of Securities under this Prospectus, in the form and context in which it is named. No Underwriter was involved in the preparation of any part of this Prospectus and no Underwriter has authorised or caused the issue of this Prospectus. No Underwriter makes any express or implied representation or warranty in relation to the Company, this Prospectus or the Offers or makes any statement in this Prospectus, nor is any statement in it based on any statement made by any Underwriter. To the maximum extent permitted by law, each Underwriter expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

7. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'Mark Thompson', written over a horizontal line.

Mark Thompson
Managing Director
Talga Resources Ltd

Dated: 17 June 2016

8. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian dollars.

Acceptance means a valid Application for Quoted Options made pursuant to this Prospectus on an Entitlement and Acceptance Form.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application means a valid application for Quoted Options made on an Entitlement and Acceptance Form.

Application Monies means application monies for Quoted Options received by the Company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 129 164 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregistry System.

Company means Talga Resources Ltd ACN 138 405 419.

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand, Hong Kong, the People's Republic of China, the United Kingdom, Ireland, Bermuda, Jersey, the British Virgin Islands or Switzerland.

Entitlement and Acceptance Form means the entitlement and acceptance form sent with this Prospectus that sets out the entitlement of Shareholders to subscribe for Quoted Options pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to it in Section 1.2.

Entitlement Offer Closing Date has the meaning given to it in Section 1.6.

Issuer Sponsored means Securities issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the official listing rules of ASX and any other rules of ASX which are applicable while any Securities are admitted to the Official List, each as amended

or replaced from time to time, except to the extent of any express written waiver by ASX.

Majesky has the meaning given in Section 1.4.

Offers means the Entitlement Offer, the Shortfall Offer and the issue of Placement Options, and **Offer** means either of them (as applicable).

Official List means the official list of ASX.

Official Quotation means quotation of Securities on the Official List.

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

Placement has the meaning given to it in Section 1.4.

Placement Options means the 8,892,754 Unquoted Options to be issued to the Placement Participants under this Prospectus on the terms and conditions set out in Section 6.3.

Placement Participants means each applicant who has subscribed for Shares under the Placement.

Prospectus means this prospectus dated 17 June 2016.

Quoted Option means a quoted Option to be issued under this Prospectus, exercisable at \$0.45 each expiring 31 December 2018, and otherwise having the terms and conditions as set out in Section 6.2.

Record Date means 5:00pm (WST) on the date identified in the proposed indicative timetable.

Respective Proportion means:

- (a) in relation to Smedvig G.P. Limited as general partner for Smedvig Partnership LP, 50%;
- (b) in relation to Kamberg Investments Ltd, 25%; and
- (c) in relation to Keith Liddell, 25%.

Section means a section of this Prospectus.

Securities means any securities, including Shares and Options, issued or granted by the Company.

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

Shareholder means a holder of Shares.

Shortfall Offer has the meaning given to it in Section 1.3.

Underwriters means Smedvig G.P. Limited (a company incorporated in Jersey) as general partner for Smedvig Partnership LP (a partnership domiciled in Jersey), Kamberg Investments Ltd (a company incorporated in the British Virgin Islands with company number 299232) and Keith Liddell.

Underwriting Agreements has the meaning given to it in Section 1.8.

Underwritten Securities has the meaning given to it in Section 1.8.

Unquoted Option means an Option that is not and will not be quoted on the Official List.

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