

**TALGA RESOURCES LTD
ACN 138 405 419**

PROSPECTUS

THIS PROSPECTUS IS BEING ISSUED FOR A FULLY UNDERWRITTEN NON-RENOUNCEABLE PRO RATA OFFER TO ELIGIBLE SHAREHOLDERS ON THE BASIS OF ONE NEW SHARE FOR EVERY THREE SHARES HELD ON THE RECORD DATE AT AN ISSUE PRICE OF \$0.05 EACH.

THE OFFER IS FULLY UNDERWRITTEN BY PATERSONS SECURITIES LIMITED.

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 IN CONNECTION WITH THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

IMPORTANT INFORMATION

This Prospectus is dated 18 September 2013 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 1st 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 5.5).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Acceptances of Securities under the Entitlement Offer can only be submitted on an original Entitlement and Acceptance Form sent with a copy of this Prospectus by the Company. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Entitlement Offer. If acceptance is by BPAY there is no need to return the original Entitlement and Acceptance Form. Applications for Shortfall Shares must be made on the Separate Shortfall Application Form attached to the back of this prospectus. The issue of Shortfall Shares is at the complete discretion of the Underwriter in consultation with the Company. More information on the Shortfall Offer is in Section 1.6.

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 Offer 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 Offer.

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

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 Securities 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 Offer. 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. Each Applicant should consult his/her stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4. Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to WST unless otherwise indicated.

CORPORATE DIRECTORY

Directors

Mr Sean Neary Non-Executive Chairman
 Mr Mark Thompson Managing Director
 Mr Piers Lewis Non-Executive Director

Share Registry

Advanced Share Registry Services
 150 Stirling Highway
 Nedlands WA 6009

Company Secretary

Mr Jeremy McManus

Lawyers

Bellanhouse Legal
 Suite 1, 6 Richardson Street
 West Perth WA 6005

Registered Office

First Floor, 2 Richardson Street West Perth WA 6005
 Tel: +61 (8) 9481 6667
 Fax: +61 (8) 9322 1935

Underwriter

Patersons Securities Limited
 Level 23, 2 The Esplanade
 Perth WA 6000

ASX Code: TLG

Website: www.talgaresources.com

PROPOSED TIMETABLE FOR ENTITLEMENT OFFER

Lodgement of Appendix 3B and Prospectus with ASX	18 September 2013
Notice of Entitlement Offer sent to Security holders	20 September 2013
Shares quoted on an "EX" basis	23 September 2013
Record date for determining Entitlements	27 September 2013
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	1 October 2013
Closing Date of Entitlement Offer*	16 October 2013
Shares quoted on a deferred settlement basis	17 October 2013
Notification of Shortfall	21 October 2013
Anticipated date for allotment and issue of the Securities and despatch of holder statements	24 October 2013
Deferred settlement trading ends	24 October 2013
Anticipated date for commencement of Securities trading	25 October 2013

* The Directors may extend the Entitlement Offer Closing Date by giving at least six (6) 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.

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LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of your Directors I am pleased to present this Prospectus and invite you to participate in the non-renounceable pro rata offer on a one for three basis at a price of \$0.05 per Share to raise approximately \$1.06 million. This Entitlement Offer follows a Placement of \$415,000 to sophisticated investors, which also occurred at the price of \$0.05 per Share (ASX release 9 September 2013).

Use of Funds

The funds raised pursuant to the Entitlement Offer and the Placement will be used:

- To advance the Company's graphite projects in Sweden including preliminary economic assessments (i.e. scoping studies);
- To advance Talga's iron ore projects in Sweden for potential divestment; and
- For general working capital.

The Board recommends that Shareholders take up their entitlement to the Entitlement Offer after reading this Prospectus in its entirety including the risks outlined in Section 4. Full details of the Entitlement Offer are set out in this Prospectus. The Directors intend to take up part or all of their entitlement under the Entitlement Offer.

Why Talga

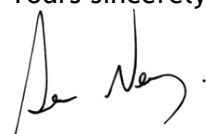
Shareholders will be aware of the negative market sentiment within the junior resource company sector. Against that backdrop Talga's key fundamentals are:

- Talga has high quality graphite projects in Sweden - a low tax, politically stable pro-mining jurisdiction with world class bulk mineral transport infrastructure.
- Our commercial opportunity is based on grade and proximity to the large European market providing a potential price advantage to displace graphite imports from other jurisdictions.
- Talga has multiple projects in close proximity to each other in Sweden, opening up opportunities to potentially produce graphite in various particle sizes from ultra-fine through to jumbo flake. This leverages the Company and its shareholders to the established, high volume industrial products market as well as the growth potential of the expanding high technology and battery graphite market.

Next Steps

It is our belief that Talga stands out within the junior resources sector as having outstanding projects with potential to transition from exploration into the development phase. The Board recommends that Shareholders take up the Entitlement Offer to maximise their participation in that opportunity.

Yours sincerely



Sean Neary
Chairman

1. Details of the Offer

1.1 Entitlement Offer

The Company is making a non-renounceable pro rata offer of ordinary fully paid Shares at an issue price of \$0.05 each to Eligible Shareholders on the basis of one Share for every three Shares held at 5:00pm (WST) on the Record Date (**Entitlement Offer**).

The Company has as at the date of this Prospectus 63,600,067 Shares and 3,750,000 unlisted Options on issue.

The market price of Shares at the date of this Prospectus is such that it is unlikely that any of the existing Options will be exercised before the Record Date.

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole Share. Further details on the rights and liabilities attaching to the Shares under the Offer is contained in Section 5.1.

1.2 Purpose of the Offer

Completion of the Entitlement Offer and the Placement will result in an increase in cash at hand of up to approximately \$1.47 million (before payment of costs).

In conjunction with the Entitlement Offer, the Company recently completed a single tranche placement pursuant to Listing Rule 7.1 whereby 8,295,661 Shares were issued at \$0.05 per Share raising \$414,783. Placement Shares were issued prior to the Record Date and as such placement shareholders are eligible to participate in the Offer.

The Placement was lead managed by Patersons Securities Limited. In conjunction with the Placement Patersons were paid a fee of 6% on funds raised and will receive a corporate advisory fee of \$50,000 upon completion of the Entitlements Offer.

The funds raised pursuant to the Entitlement Offer will be used to advance the Company's graphite projects in Sweden, including completion of preliminary economic assessments, to advance Talga's iron ore projects in Sweden for potential divestment and for general working capital.

1.3 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 16 October 2013 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**).

1.4 Minimum subscription

There is no minimum subscription for the Entitlement Offer.

1.5 Underwriting and sub-underwriting

Patersons Securities Limited has been appointed as Lead Manager and Underwriter of the Entitlement Offer. A conditional formal Underwriting Agreement has been agreed between Patersons and the Company which requires Patersons Securities Limited to fully underwrite the Entitlement Offer. A summary of the Underwriting Agreement is contained in Section 5.2.

1.6 Shortfall Offer

If you do not wish to take up any part of your Entitlement under the Entitlement Offer, you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will be dealt with in accordance with this Section. In these circumstances, you will receive no benefit. Accordingly, it is important that you take action if you want to accept your Entitlement in accordance with the instructions in Section 2.1.

Subject to the terms of the Underwriting Agreement, the offer of any Shortfall Shares is a separate offer made pursuant to this Prospectus and will remain open after the Entitlement Offer Closing Date (“**Shortfall Offer**”). Shortfall Shares be offered at an issue price of \$0.05 per Share, which is the issue price at which the Entitlement Offer has been made to Eligible Shareholders. The Shares issued as Shortfall Shares will have the same rights as the Shares set out in Section 5.1.

Shortfall Shares may be allocated to any Eligible Shareholder who applies for, and provides subscription monies as per the instruction on the Shortfall Application Form and in accordance with section 2.1(c), Shortfall Shares under the Shortfall Offer at the absolute discretion of the Underwriter in consultation with the Company and subject to compliance with the Listing Rules and the Underwriting Agreement.

The Directors do not represent that any application to participate in the Shortfall Offer will be successful given the Entitlement Offer is fully underwritten. The Company and Underwriter reserve the right to issue to an applicant for Shortfall Shares a lesser number of Shortfall Shares than the number applied for or reject an application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on any Application Monies refunded.

If Shareholders wish to apply for Shortfall Shares they should complete the separate Shortfall Application Form attached to the back of the Prospectus. Refer to Section 2.1(c) for instructions as to how to apply for Shortfall Shares.

Any Shortfall Shares will be issued within three (3) months of the Closing Date. These Shortfall Shares will be issued at the same price as offered to Eligible Shareholders under the Entitlement Offer.

1.7 No rights trading

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

1.8 Entitlement and Acceptance Form

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 Securities accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Securities.

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 Form is final.

The Company will send this Prospectus, together with an Entitlement and

Acceptance Form and Shortfall Application Form, to all Eligible Shareholders.

1.9 Issue Date and dispatch

All Securities under the Entitlement Offer are expected to be issued on or before the date specified in the proposed timetable in this Prospectus.

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

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 do so at their own risk.

1.10 Application Monies held on trust

All Application Monies received for the Securities under the Entitlement Offer 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.

1.11 ASX quotation

Application has been or will be made for the official quotation of the Securities offered by this Prospectus. If permission is not granted by ASX for the official quotation of the Securities offered by this Prospectus within three 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.

1.12 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASTC Settlement Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Securities. If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will specify 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, including a notice to exercise the Securities.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Computershare Investor Services Pty Ltd ACN 078 279 277 and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS 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.

1.13 Residents Outside Australia

This Prospectus, and any accompanying Entitlement and Acceptance or Shortfall Applications Forms, do not, and is 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 or the

Shares under the Offer. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Germany, Hong Kong and The People's Republic of China 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 Shares to that Shareholder.

There are additional statements below concerning the Offer to Shareholders with a registered address in New Zealand, Germany, Hong Kong or The People's Republic of China.

1.14 New Zealand offer restrictions

The Shares 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.

1.15 Germany offer restrictions

The information in this ("**Prospectus**") has been prepared on the basis that all offers of Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("**Prospectus Directive**"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of Shares has not been made, and shall not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "**MiFID**");
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to

obtaining the prior consent of the Company or any underwriter for any such offer; or

- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

1.16 Hong Kong Offer Restrictions

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "**SFO**"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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.

1.17 The People's Republic of China Offer restrictions

The information in this document does not constitute a public offer of the Shares, 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 Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors".

1.18 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 certain specific risks associated with an investment in the Company which are detailed in Section 4.

1.19 Taxation implications

The Directors do not consider it appropriate to give Applicants 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 Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.20 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2012 can be found in the Company's Annual Financial Report lodged with ASX. The Company's continuous disclosure notices (i.e. ASX announcements) since 24 October 2012 are listed in Section 5.5. 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 Offer.

1.21 Privacy

The Company collects information about each Applicant provided on a Form for the purposes of processing the Acceptance and, if the Acceptance is successful, to administer the Applicant's Security holding in the Company.

By submitting a Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Form for the purposes set out in this privacy disclosure statement 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 Form, the Company may not be able to accept or process your Acceptance or Application (as applicable).

An Applicant has an entitlement to gain access to 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.

1.22 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.

As at the date of this Prospectus, the Company has only one (1) substantial shareholder notice. Lateral Minerals Pty Ltd, a Company controlled by Talga Managing Director Mark Thompson, holds 14.28% of the issued capital in the Company.

1.23 Enquiries concerning Prospectus

Enquiries concerning the Entitlement and Acceptance Form and the Shortfall Application Form can be directed to Advanced Share Registry Services Pty Ltd by telephone on +61 9389 8033.

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

(a) **Acceptance of Securities under the Entitlement Offer**

Should you wish to accept all of your entitlement to Securities under the Entitlement Offer and you are not paying by BPAY, then applications for Securities 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 in Australian dollars, crossed "Not Negotiable" and made payable to "Talga Resources Limited" 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 delivery or by post) at:

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

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.

(b) **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 Securities 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 Securities you wish to accept and the amount payable (calculated at \$0.05 per Share accepted), and attach a cheque for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Talga Resources Limited" 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 delivery or by post) at:

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

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.

(c) If you wish to apply for Shortfall Shares

If you wish to apply for Shares in excess of your entitlement under the Entitlement Offer by applying for Shortfall Shares you may do so by completing the relevant sections of the separate Shortfall Application Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Shortfall Application Form. Any Shares applied for in excess of your entitlement will be applied for under the Shortfall Offer and will be issued at the complete discretion of the Underwriters in consultation with the Company.

Completed Shortfall Application Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Talga Resources Limited" 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 delivery or by post) at:

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

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 date and time mentioned above. 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.

(d) 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 Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your entitlement.

(e) Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement please contact Advanced Share Registry Services on (08) 9389 8033.

3. Effect of the Offer

3.1 Capital structure on completion of the Offer

	No. of Shares	No. of Listed Options	No. of Unlisted Options
Balance at the date of this Prospectus	63,600,067	-	3,750,000
Maximum to be issued under the Entitlement Offer	21,200,022	-	-
TOTAL	84,800,089	-	3,750,000

3.2 Pro forma statement of financial position

BALANCE SHEET As at 30 June 2013	Unaudited 30 June 2013 \$	Effect of Entitlement Offer and Placement \$	Unaudited Pro Forma \$
Current Assets			
Cash and cash equivalents	551,142	1,474,784	2,025,926
Trade and other receivables	16,095	-	16,095
Total Current Assets	567,237	1,474,784	2,042,021
Non-Current Assets			
Other receivables	20,900	-	20,900
Plant & field equipment	93,359	-	93,359
Exploration and evaluation expenditure	1,673,454	-	1,673,454
Total Non-Current Assets	1,787,713	-	1,787,713
TOTAL ASSETS	2,354,950	1,474,784	3,829,734
Current Liabilities			
Trade and other payables*	940,897	112,397	1,053,294
Provisions	92,454	-	92,454
TOTAL LIABILITIES	1,033,351	-	1,145,748
NET ASSETS	1,321,599	1,362,387	2,683,986
Equity			
Issued capital	9,702,467	1,362,387	11,064,854
Reserves	261,238	-	261,238
Accumulated losses	(8,642,106)	-	(8,642,106)
TOTAL EQUITY	1,321,599	1,362,387	2,683,986

* A corporate advisory fee of \$50,000 is payable to Patersons upon completion of the Entitlements Offer and is excluded from this balance.

Basis of Preparation

The above 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 balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the unaudited financial position as at 30 June 2013. With the exception of the completion of the Placement on 16 September 2013 which saw the issue of 8,295,661 ordinary fully paid Shares in the Company raising \$414,783 before expenses, there have been no material transactions between that date and the date of this Prospectus.

3.3 Market price of Shares

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

Lowest: \$0.054 per Share on 13 September 2013;

Highest: \$0.14 per Share on 26 August 2013

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.054 per Share on 17 September 2013.

3.4 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.

4. Risk factors

4.1 Introduction

The Shares offered under this Prospectus should be considered speculative because of the nature of the Company's business.

Whilst the Directors recommend that Shareholders take up their Entitlement, there are numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the Shares will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's

announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the Shares.

4.2 Specific Risks

A number of specific risk factors that may adversely affect the Company's financial position, prospects and price of its listed Shares 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) **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.
- (b) **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 preliminary 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 Talga will achieve commercial viability through the successful exploration and/or mining of its mineral interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

- (c) **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, Talga 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 Talga's activities and future projects may result in delay and indefinite postponement of exploration, development or production on Talga'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 Talga and might involve substantial dilution to shareholders.

Further, Talga, 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. Talga'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 Talga may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that Talga would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by Talga or default under a finance lease could also result in the loss of assets.

- (d) **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.
- (e) **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.
- (f) **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.

- (g) **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.

4.3 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 Shares 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 Shares 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 Shares. Such changes are likely to be beyond the control of Talga Resources and may affect industry profitability as well as Talga Resources' capacity to explore and mine.

Other than as previously announced Talga Resources 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 Talga Resources' exploration 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 Talga Resources.

4.4 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 Shares offered under this Prospectus. Therefore, the Shares offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

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

5. Additional information

5.1 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 Shares 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 fully paid 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 only, namely ordinary Shares. 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 and to the rights attaching to Shares issued on special conditions (at present there are none), the profits of the Company which the Directors may from time to time determine to distribute by way of dividend are divisible among the holders of ordinary Shares in proportion to the number of Shares held by them respectively and are paid proportionately to the amounts paid or credited as paid on 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 sanction 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 members or different classes of members.

- (h) Dividend reinvestment and share plans
The members of the Company, in general meeting, may authorise the Directors to 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 three.
- (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 Company may capitalise profits, reserves or other amounts available for distribution to members. Subject to the Constitution and the terms of issue of Shares, members 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.

5.2 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**) dated 16 September 2013, the Underwriter agreed to conditionally underwrite the Entitlements Offer to the value of \$1,060,001 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee of 6% of the total Underwritten Amount and the Company will also reimburse the Underwriter for all reasonable costs and expenses incidental to the Entitlements Offer.

In the event that the Entitlements Offer is not completed for any reason, including termination of the Underwriting Agreement by the Underwriter, the Company has agreed to reimburse the Underwriter for any costs and expenses incurred up to the date of termination of the Underwriting Agreement or the date the Entitlements Offer is otherwise brought to an end.

The Underwriter presently does not have a relevant interest in Shares in the Company.

The obligation of the Underwriter to underwrite the Entitlements Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement in the event of any of the termination events set out below:

- (a) **(Indices fall):** any of the All Ordinaries Index or the Small Ordinaries Index as published by ASX is at any time after the date of this Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to the date of this Agreement; or
- (b) **(Share Price):** the Shares of the Company finish trading on the ASX under the ASX code of “TLG” over three consecutive trading days with a closing price that is less than the Price; or
- (c) **(Prospectus):** the Company does not lodge the Prospectus on the Lodgement Date or the Prospectus or the Offer is withdrawn by the Company; or
- (d) **(Copies of Prospectus):** the Company fails to comply with clause 4.1(d) and such failure is not remedied within 2 days; or
- (e) **(Supplementary prospectus):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under this Agreement as a result of an occurrence as described in clause 5.2(p)(vi), forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter (such agreement shall not be unreasonably withheld or delayed); or
- (f) **(Non-compliance with disclosure requirements):** it transpires that the Prospectus does not contain all the information required by section 713 of the Corporations Act; or
- (g) **(Misleading Prospectus):** it transpires that there is a statement in the Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from the Prospectus (having regard to the provisions of section 713 of the Corporations Act) or if

any statement in the Prospectus becomes misleading or deceptive or likely to mislead or deceive or if the issue of the Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;

- (h) **(Restriction on allotment):** the Company is prevented from allotting the Rights Shares within the time required by this Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **(Withdrawal of consent to Prospectus):** any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in the Prospectus or to be named in the Prospectus, withdraws that consent;
- (j) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (k) **(ASIC hearing):** ASIC gives notice of its intention to hold a hearing under section 739 or any other provision of the Corporations Act in relation to the Prospectus to determine if it should make a stop order in relation to the Prospectus or ASIC makes an interim or final stop order in relation to the Prospectus under section 739 or any other provision of the Corporations Act;
- (l) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (m) **(Hostilities):** there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Sweden, Russia, the United Kingdom, the United States of America, or the People's Republic of China or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
- (n) **(Authorisation)** any authorisation which is material to anything referred to in the Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
- (o) **(Indictable offence):** a director or senior manager of a **Relevant Company** is charged with an indictable offence;
- (p) **(Termination Events):** subject always to clause 13.2, any of the following events occurs:
 - (i) **(Default):** default or breach by the Company under this Agreement of any terms, condition, covenant or undertaking;

- (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in this Agreement is or becomes untrue or incorrect;
- (iii) **(Contravention of constitution or Act):** a contravention by a Relevant Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (iv) **(Adverse change):** an event occurs which gives rise to a Material Adverse Effect or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any Relevant Company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
- (v) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the verification material was false, misleading or deceptive or that there was an omission from them;
- (vi) **(Significant change):** a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
- (vii) **(Public statements):** without the prior approval of the Underwriter (such approval not to be unreasonably withheld or delayed) a public statement is made by the Company in relation to the Offer, the Issue or the Prospectus;
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of any Relevant Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified):** the Official Quotation is qualified or conditional other than as set out in the definition of "Official Quotation";
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (xi) **(Prescribed Occurrence):** a Prescribed Occurrence occurs;
- (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;

- (xiii) **(Event of Insolvency):** an Event of Insolvency occurs in respect of a Relevant Company;
- (xiv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$50,000 is obtained against a Relevant Company and is not set aside or satisfied within 7 days;
- (xv) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced or threatened against any Relevant Company, other than any claims foreshadowed in the Prospectus;
- (xvi) **(Board and senior management composition):** other than as disclosed in the Prospectus, there is a change in the composition of the Board or a change in the senior management of the Company before Completion without the prior written consent of the Underwriter;
- (xvii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a Relevant Company (other than as a result of the Offer under the Prospectus) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to a Relevant Company;
- (xviii) **(Timetable):** there is a delay in any specified date in the Timetable which is greater than 5 Business Days;
- (xix) **(Force Majeure):** a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
- (xx) **(Certain resolutions passed):** a Relevant Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure):** any Relevant Company alters its capital structure in any manner not contemplated by the Prospectus;
- (xxii) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of a Related Company;
- (xxiii) **(Market Conditions):** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets; or
- (xxiv) **(Suspension):** the Company is removed from the Official List or the Shares become suspended from Official Quotation and that suspension is not lifted within 24 hours following such suspension.

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

5.3 Board

The Company may, in consultation with the Underwriter and acting in good faith, appoint a director to the board of the Company in the event of retirement of an existing director during the period of the Entitlement Offer.

5.4 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 Shares.

The Company is also required to prepare and lodge with 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 5.5 below).

5.5 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 ASIC. The Company will provide free of charge to any person who requests it during the period of the Entitlement Offer a copy of:

- (a) the financial statements of the Company for the financial year ended 30 June 2012, being the last financial statements for a financial year of the Company lodged with ASIC before the issue of this Prospectus;
- (b) the half year report of the Company for the half year ended 31 December 2012, being the half year financial report of the Company lodged with ASIC after lodgement of the financial statements referred to in paragraph (a) above and before the issue of this Prospectus; and
- (c) the following 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 paragraph (a) above until the date of this Prospectus:

Date lodged	Subject of Announcement
9/09/2013	Reinstatement to Official Quotation
9/09/2013	Talga secures \$1.47 million in equity capital
5/09/2013	Suspension from Official Quotation
4/09/2013	Trading Halt
26/08/2013	500% Increase in Contained Graphite at Raitajärvi Project
15/08/2013	Talga Iron Ore Projects Update Presentation
1/08/2013	Quarterly Activities Report

Date lodged	Subject of Announcement
1/08/2013	Appendix 5B Quarterly Cashflow Report
22/07/2013	Talga Doubles Swedish Iron Ore Resources to 236Mt
5/07/2013	Swedish Projects and Corporate Update
5/06/2013	Company Secretary Resignation
21/05/2013	Significant Upgrade to Talga's Swedish Iron Ore Resource
20/05/2013	Change of Director's Interest Notice - Mark Thompson
20/05/2013	Change of Director's Interest Notice - Sean Neary
20/05/2013	Appendix 3B
20/05/2013	Security Purchase Plan Results
10/05/2013	Drilling Results from Raitajärvi Flake Graphite Project
3/05/2013	SPP Extension and Shareholder Update
30/04/2013	Quarterly Cashflow Report
30/04/2013	Quarterly Activities Report
29/04/2013	Masugnsbyn Iron Project Drilling Results
26/04/2013	Raitajärvi Drilling Program Completion
15/04/2013	Share Purchase Plan Offer Document
15/04/2013	Secondary Trading Notice
11/04/2013	Share Purchase Plan
8/04/2013	Trading Halt
8/04/2013	Research Report Released and Coverage Initiated
2/04/2013	BRR - Graphite Drilling Update and New Flake Project
28/03/2013	Graphite Drilling Update and New Jumbo Flake Project
8/03/2013	Updated Talga Resources Graphite Projects Presentation
6/03/2013	BRR - Drilling Underway at Coarse Flake Graphite Project
1/03/2013	Drilling Underway at Coarse Flake Graphite Project
1/03/2013	Half Yearly Accounts
13/02/2013	Talga Resources Graphite Presentation RIU Conference
12/02/2013	Talga at RIU Explorers Conference
4/02/2013	Talga to Commence Drilling Raitajarvi Graphite Project
31/01/2013	Quarterly Activities Report
31/01/2013	Quarterly Cashflow Report
31/12/2012	Talga Welcomes Government Infrastructure Study
19/12/2012	Change of Director's Interest Notices
19/12/2012	Appendix 3B
18/12/2012	Company Secretary Appointment/Resignation
11/12/2012	Appendix 3B
11/12/2012	Talga signs watershed agreement with Port of Lulea
4/12/2012	Mark Thompson Presents Talga Resources M & M London
27/11/2012	Iron & Graphite Projects Presentation at RMG
15/11/2012	Results of Meeting
15/11/2012	Talga samples up to 46.7% Graphite at Vittangi
15/11/2012	Change of Company Name
13/11/2012	Talga Boardroom Radio Broadcast
8/11/2012	110% Increase in Nunasvaara Graphite Resource

Date lodged	Subject of Announcement
1/11/2012	Quarterly Activities Report
30/10/2012	Quarterly Cashflow Report
30/10/2012	Talga Completes Drilling Tambina Gold Project
24/10/2012	Talga Completes Drilling Tambina Gold Project
24/10/2012	Results of Meeting
24/10/2012	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 5.14 and the consents provided by the Directors to the issue of this Prospectus.

5.6 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 other than as is set out in this Prospectus.

5.7 Determination by ASIC

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.

5.8 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.

5.9 Directors' interests in Company Shares

The Directors or their nominees currently each hold at the date of this Prospectus Shares in the Company as follows:

Director	Shares	Options
Sean Neary	1,203,947	nil
Mark Thompson	9,078,947	2,000,000
Piers Lewis	700,000	750,000

It is the intention of the Directors to take up all or part of their respective entitlements under the Entitlement Offer.

Note: Mark Thompson holds Shares indirectly via Lateral Minerals Pty Ltd, a company which Mr Thompson has a relevant interest in.

Mr Piers Lewis holds Shares directly and also indirectly via Cranley Consulting Pty Ltd which is a company that Mr Lewis is a director and shareholder of.

5.10 Directors remuneration

The Constitution provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by the Shareholders in general meetings, to be divided among the Directors as the Directors shall determine, and in default of agreement then in equal Shares.

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.

Directors received the following remuneration for the year ended 30 June 2013:

Director	Directors Fees, Other and Non Monetary Salary \$	Superannuation \$	Share based payments \$	Total \$
Sean Neary	104,808	-	-	104,808
Mark Thompson	277,472	24,750	-	302,222
Piers Lewis	71,028	-	-	71,028

Notes to 2013 remuneration:

The employment conditions of the Managing Director, Mark Thompson are by way of a contract of employment. Mr Thompson received an annual salary of \$275,000 excluding superannuation, which subsequently has been amended to \$220,000 effective July 1, 2013 by board resolution to reduce costs. The employment contract states a nine-month resignation period. The Group may terminate an employment contract without cause by providing nine months written notice or making payment in lieu of notice, based on the individual's annual salary component. Mr Thompson may terminate the employment without cause by giving six months written notice.

Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Mr Lewis received director's fees of \$38,150 per annum, which subsequently has been amended to \$30,520 effective July 1, 2013 by board resolution to reduce costs. Whilst Mr Lewis was the Group Secretary a monthly agreement on ordinary commercial terms was in place. An aggregate amount of \$27,925 was paid, or was due and payable to SmallCap Corporate Pty Ltd, a Group controlled by Mr Piers Lewis, for the provision of corporate and financial services to the Group.

Mr Neary received director's fees of \$43,600 per annum, which subsequently has been amended to \$34,880 effective July 1, 2013 by board resolution to reduce costs. An aggregate amount of \$57,965 was paid, or was due and payable to Neary Consulting Pty Ltd, a Group controlled by Mr Sean Neary, for the provision of accounting and taxation services to the Group.

Directors received the following remuneration for the year ended 30 June 2012:

Director	Directors Fees, Other and Non Monetary Salary \$	Superannuation \$	Share based payments \$	Total \$
Sean Neary	51,228	-	-	51,228
Mark Thompson	240,805	21,492	115,837	378,134
Piers Lewis	99,537	-	43,439	142,976

Notes to 2012 remuneration:

The employment conditions of the Managing Director, Mark Thompson are by way of contract of employment. Mr Thompson will receive an annual salary of \$275,000 excluding superannuation. The employment contract states a nine-month resignation period. The Company may terminate an employment contract without cause by providing nine months written notice or making payment in lieu of notice, based on the individual's annual salary component. Mr Thompson may terminate the employment without cause by giving six months written notice.

Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Mr Lewis will receive director's fees of \$38,150 per annum and as Company Secretary has a monthly agreement on ordinary commercial terms. An aggregate amount of \$58,915 was paid, or was due and payable to SmallCap Corporate Pty Ltd, a company controlled by Mr Piers Lewis, for the provision of corporate and financial services to the Company.

Mr Neary will receive director's fees of \$43,600 per annum. An aggregate amount of \$5,156 was paid, or was due and payable to Neary Consulting Pty Ltd, a company controlled by Mr Sean Neary, for the provision of taxation services to the Company.

The fair value of the options granted to directors valued \$159,276 (\$115,837 to M Thompson and \$43,439 to P Lewis). Note 17 (c) and (d) of the Company's 2012 Annual report refers to the assumptions made in calculating the fair value of the options.

5.11 Related party transactions

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

5.12 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 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 in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

5.13 Expenses of Offer

The estimated expenses of the Offer are as follows:

	\$
ASIC Lodgement fee	2,225
ASX quotation fee	9,830
Legal and preparation expenses	12,000
Printing, mailing and other expenses	3,500
Underwriting Fee @ 6%	63,600
Total	91,155

5.14 Consents

- (a) In accordance with the Corporations Act, Bellanhouse Legal has given, and as at the date of lodgement of this Prospectus with ASIC has not withdrawn, their written consent to being named in this Prospectus as solicitors to the Company. Bellanhouse Legal has 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) Advanced Share Registry Services has given, and as at the date of lodgement of this Prospectus with ASIC has not withdrawn, its written consent to being named in this Prospectus as the Company's share registry. Advanced Share Registry Services has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar of the Company. Advanced Share Registry Services has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus. Patersons Shares Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of Shares under this Prospectus, in the form and context in which it is named.

- (c) Patersons Securities Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager and Underwriter to the offer of securities under this Prospectus, in the form and context in which it is named. Patersons Securities Limited was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Patersons Securities Limited makes no express or implied representation or warranty in relation to Talga Resources Limited, this Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Patersons Securities Limited. To the maximum extent permitted by law, Patersons Securities Limited expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

6. Directors' Statement and Consent

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

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



Mark Thompson

Managing Director

Dated: 18 September 2013

7. 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 acceptance of Shares made pursuant to this Prospectus on a Form.

Applicant means a person who submits a Form.

Application means a valid application for Shares made on an Entitlement and Acceptance or Shortfall Application Form.

Application Monies means application monies for Shares received by the Company.

ASIC means Australian Shares and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Shares 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 or **Talga** means Talga Resources Limited ACN 138 405 419.

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

Corporations Act means Corporations Act (Cth) 2001.

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, Hong Kong, Germany, New Zealand and the People's Republic of China.

Entitlement and Acceptance Form means the entitlement and acceptance form provided by the Company with a copy of this Prospectus that describes the entitlement of Shareholders to subscribe for Shares pursuant to the Entitlement Offer.

Entitlement Offer has the meaning given to it in Section 1.1.

Entitlement Offer Closing Date has the meaning given to it in Section 1.3.

Issuer Sponsored means Shares 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 Listing Rules of ASX.

Offer means the Entitlement Offer and the Shortfall Offer.

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

Placement means the placement of 8,295,661 ordinary Shares at \$0.05 per Share to raise \$414,783.05 pursuant to the Company's 15% placement capacity under Listing Rule 7.1.

Prospectus means this prospectus dated 18 September 2013.

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

Relevant Company means the Company and each Subsidiary.

Section means a section of this Prospectus.

Securities mean any securities including Shares or Options issued or granted by the Company.

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

Shareholder means a holder of Shares.

Shortfall Application Form means the Shortfall Application Form provided by the Company with a copy of this Prospectus that describes the process for Shareholders to subscribe for additional Shares above their respective Entitlements under the Entitlement Offer.

Shortfall Offer has the meaning given to it in Section 1.6.

Shortfall Shares means Shares not subscribed for by Eligible Shareholders under the Entitlement Offer.

Subsidiary means each company which is a subsidiary of the Company within the meaning of the Corporations Act.

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