



29 May 2014

Dear Optionholder

Notice to Optionholders of Non-Renounceable Entitlement Offer

We write to you as the registered holder of Talga Resources Limited (ASX: TLG) ("**Talga**" or the "**Company**") options as at today's date.

As advised in the Company's ASX announcement dated 21 May 2014, Talga is undertaking a non-renounceable entitlement offer to eligible shareholders of ordinary fully paid shares in the Company at an issue price of \$0.20 per share and on the basis of one (1) new share ("**New Share**") for every ten (10) shares held together with free attaching options on the basis of one (1) new option for every two (2) New Shares ("**Free Attaching Options**") at the record date on 4 June 2014 ("**Record Date**") ("**Entitlement Offer**").

Pursuant to the Entitlement Offer, the Company will issue up to 10,506,008 New Shares at an issue price of \$0.20 per New Share and 5,253,004 Free Attaching Options to raise up to \$2,101,202 before costs. The Free Attaching Options will be exercisable at \$0.35 each and expire on 30 November 2015.

The Entitlement Offer will be available to all Talga shareholders registered on the Record Date whose registered address is in Australia, New Zealand, Hong Kong, Germany or the People's Republic of China ("**Eligible Shareholders**").

The Entitlement Offer is underwritten by Far East Capital Limited.

A prospectus in relation to the Entitlement Offer was lodged with ASIC and ASX on 28 May 2014 and will be sent to Eligible Shareholders in due course.

Under the terms of the options you currently hold, there is no entitlement to participate in the Entitlement Offer unless you exercise your options, and are entered onto the register as a shareholder of the Company by 5pm (WST) on the Record Date.

If you wish to participate in the Entitlement Offer, a notice of options exercise and payment of the options exercise price should be lodged with the Company's share registry, Advanced Share Registry, with sufficient time to ensure that you are registered as a shareholder of the Company by the Record Date.

If you do not wish to participate in the Entitlement Offer, no action is required.

If you require clarification on any of the above matters, please contact the share registry on 9315 2333 or the undersigned on 9481 6667.

Sincerely

Mark Thompson
Managing Director

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