

**TALGA RESOURCES LTD  
ACN 138 405 419**

**PROSPECTUS**

**THIS PROSPECTUS IS BEING ISSUED FOR AN UNDERWRITTEN NON-RENOUNCEABLE PRO RATA OFFER TO ELIGIBLE SHAREHOLDERS ON THE BASIS OF ONE NEW SHARE FOR EVERY TEN SHARES HELD ON THE RECORD DATE AT AN ISSUE PRICE OF \$0.20 EACH (TOGETHER WITH ONE FREE ATTACHING OPTION (NEW OPTION) FOR EVERY TWO SHARES SUBSCRIBED FOR AND ISSUED) (OFFER)**

**THE OFFER IS UNDERWRITTEN BY FAR EAST CAPITAL 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 28 May 2014 and was lodged with the Australian Securities and Investment Commission (ASIC) on that date with the consent of all Directors. Neither ASIC nor the Australian Stock Exchange (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 Talga Resources Ltd (Company) at Suite 3, 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.

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, the People's Republic of China and Germany. 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 Australian Western Standard Time (WST), unless otherwise indicated.

## CORPORATE DIRECTORY

### Directors

Mr Keith Coughlan Non-Executive Chairman  
Mr Mark Thompson Managing Director  
Mr Grant Mooney Non-Executive Director

### Share Registry

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

### Company Secretary

Ms Lisa Wynne

### Registered Office

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

Tel: +61 (8) 9481 6667

Fax: +61 (8) 9322 1935

ASX Code: TLG

Website: [www.talgaresources.com](http://www.talgaresources.com)

### Lawyers

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

### Underwriter

Far East Capital Limited  
107A The Grand Parade  
Sutherland NSW 2232

## PROPOSED TIMETABLE FOR ENTITLEMENT OFFER

Lodgement of Appendix 3B and Prospectus with ASX	29 May 2014
Notice of Entitlement Offer sent to Security holders	29 May 2014
Shares quoted on an "EX" basis	30 May 2014
Record date for determining Entitlements	4 June 2014
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	10 June 2014
Last day to extend the Closing Date	16 June 2014
Closing Date of Entitlement Offer*	19 June 2014
Shares quoted on a deferred settlement basis	20 June 2014
Notification of Shortfall	24 June 2014
Anticipated date for allotment and issue of the Securities and despatch of holder statements	26 June 2014
Anticipated date for commencement of Securities trading on a normal settlement basis	27 June 2014

\* The Directors may extend the Entitlement Offer Closing Date by giving at least 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 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 ten basis at a price of \$0.20 per Share (together with one New Option for every Share subscribed for and issued) to raise approximately \$2.1 million. This offer occurs in conjunction with a placement to raise \$1 million through the issue of Shares to sophisticated investors, also at the price of \$0.20 per Share as announced to the ASX in the release dated 21 May 2014.

The Board takes this opportunity to restate Talga's key fundamentals:

- Talga has high quality 100% owned graphite-graphene projects in Sweden - a promising jurisdiction with world class mining infrastructure, political stability and low tax.
- Our commercial opportunity is based on our high grade deposits having unique processing potential to produce high quality graphite and graphene at low cost, and on a large scale.
- The Company and its shareholders are leveraged to both the established but high growth industrial and energy graphite products market as well as the potential of the rapidly expanding graphene market.

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

- to accelerate development work on the Company's high grade graphite projects in Sweden;
- to fund a trial mining program and pilot plant to process a bulk sample and confirm new graphite-graphene production pathway on larger scale;
- to provide commercially significant size samples of graphite and graphene for more advanced economic evaluations; and
- for general working capital.

It is our belief that Talga stands out within the junior resources sector as having outstanding projects with near term potential to transition from exploration into the development phase.

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.

Yours sincerely



Keith Coughlan  
Non-Executive Chairman

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# 1. Details of the Offer

## 1.1 Entitlement Offer

The Company is making a non-renounceable pro rata offer of Shares at an issue price of \$0.20 each to Eligible Shareholders on the basis of one Share for every ten Shares held at 5:00pm WST on the Record Date (together with one free attaching New Option for every one Share subscribed for and issued) (**Entitlement Offer or Offer**).

The Company has as at the date of this Prospectus, 105,060,089 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 down to the nearest whole Share.

Further details on the rights and liabilities attaching to the:

- (a) Shares, are contained in section 5.1; and
- (b) New Options, are contained in section 5.2.

## 1.2 Purpose of the Offer

Completion of the Offer will result in an increase in cash at hand of up to approximately \$2,101,201 (before payment of costs).

In conjunction with the Offer, the Company intends to complete a single tranche placement subject to the Company obtaining the necessary approvals at a meeting dated 23 June 2014 (**June Meeting**) to refresh its Listing Rule 7.1 placement capacity (**Placement**). The terms of the Placement provide that the Company will issue 5,000,000 shares at \$0.20 per share raising \$1,000,000 (together with the issue of one free attaching New Option for every share issued pursuant to the Placement). It is anticipated that the Placement shares will be issued on or about 1 July 2014. The Placement is underwritten by Far East Capital Limited.

The funds raised from the Offer and the Placement will be used:

- (a) to accelerate development work on the Company's high grade graphite projects in Sweden;
- (b) to fund a trial mining program and pilot plant to process a bulk sample and confirm new graphite-graphene production pathway on larger scale;
- (c) to provide commercially significant size samples of graphite and graphene for more advanced economic evaluations; and
- (d) 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 19 June 2014 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**

Far East Capital Limited has been appointed as Underwriter of the Offer. A formal Underwriting Agreement has been agreed between Far East Capital and the Company which requires Far East Capital Limited to underwrite the Offer. A summary of the Underwriting Agreement is contained in section 5.3.

#### **1.6 Shortfall Offer**

Any entitlement not taken up pursuant to the 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 three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.20 being the price at which Shares have been offered under the Offer.

The Directors and the Underwriter reserve the right to issue Shortfall Securities at their absolute discretion. Accordingly, do not apply for Shortfall Securities unless instructed to do so by the Directors.

#### **1.7 No rights trading**

The rights to Securities 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 Form**

Acceptance of a completed 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 Form does not need to be signed to be a binding acceptance of Securities.

If the 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 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 the ASX for the official quotation of the Shares 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.

As set out in section 5.2, the Company will apply for the quotation of the New Options. The New Options form a new class of security, and as such, the quotation of the New Options will be subject to the listing requirements of the ASX Listing Rules.

### **1.12 CHESS**

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

Under CHESS, 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 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 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 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 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 or the Securities under the Offer. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand, Germany, the People's Republic of China and Hong Kong 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 The People's Republic of China offer restrictions**

The information in this document does not constitute a public offer of the Securities, 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 Securities 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".

#### **1.15 Germany offer restrictions**

The information in this document has been prepared on the basis that all offers of Securities 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 Securities 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:

- (a) 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;
- (b) 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);
- (c) 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**);

- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- (e) 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
- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Securities 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**

This document 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 Securities 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 Securities 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 Securities 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 Securities 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 Risks 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 risks associated with an investment in the Company which are in section 4.

#### **1.18 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.

## **1.19 Major activities and financial information**

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

- (a) announcement regarding \$3.1 million capital raising on 21 May 2014;
- (b) quarterly activities report lodged with ASX on 1 May 2014;
- (c) announcement regarding \$1.7 million capital raising on 21 March 2014;
- (d) half yearly accounts lodged on 13 March 2014;
- (e) announcement regarding \$1.7 million capital raising on 17 March 2014;
- (f) announcement regarding graphite results on 19 February 2014;
- (g) announcement regarding confirmation of key copper-gold system on 10 February 2014;
- (h) quarterly activities report lodged with ASX on 31 January 2014;
- (i) announcement regarding commencement of graphene test work on 17 January 2014;
- (j) quarterly activities report lodged with ASX on 31 October 2013; and
- (k) Annual Report lodged on 26 September 2013.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of the Full Year Statutory Accounts 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.

## **1.20 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.

## 1.21 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.

The Underwriter has a relevant interest in 3,523,220 Shares in the Company. These Shares are held by Gregorach Pty Ltd and Exponential Equities Pty Ltd, who are entities associated with the Underwriter. The underwriting of the Offer and the Placement will not increase the Underwriters' voting power in the Company from below 20% to above 20% and will therefore not impact on the control of the Company.

## 1.22 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on +61 8 9481 6667.

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## 2. Action required by Shareholders in relation to the Entitlement Offer

### 2.1 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 that 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:

**By Delivery:**

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153

**By Post:**

Security Transfer Registrars  
PO Box 535  
Applecross WA 6953

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.

## **2.2 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 \$0.20 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:

### **By Delivery:**

Security Transfer Registrars  
770 Canning Highway  
Applecross WA 6153

### **By Post:**

Security Transfer Registrars  
PO Box 535  
Applecross WA 6953

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.

## **2.3 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.

## **2.4 Enquiries concerning your Entitlement**

If you have any queries concerning your Entitlement please contact Lisa Wynne at Talga Resources Limited on +61 8 9481 6667 from 8:30am to 5:00pm WST, Monday to Friday.

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### 3. Effect of the Offer

#### 3.1 Capital structure on completion of the Offer and Placement

	No. of Shares	No. of Listed <sup>1</sup> Options	No. of Unlisted Options
Balance at the date of this Prospectus	105,060,089	Nil	3,750,000
To be issued under the Entitlement Offer	10,506,008	5,253,004	Nil
To be issued under the Placement <sup>2</sup>	5,000,000	2,500,000	Nil
<b>TOTAL</b>	<b>120,566,097</b>	<b>7,753,004</b>	<b>3,750,000</b>

**Note:**

<sup>1</sup>The Company intends to apply for the quotation of the New Options. However, the quotation of the New Options is subject to the Company meeting the requirements of the ASX Listing Rules.

<sup>2</sup>The issue of securities pursuant to the Placement is subject to the Company obtaining the necessary approvals at the June Meeting to refresh its Listing Rule 7.1 placement capacity.

### 3.2 Pro forma statement of financial position

	Reviewed 31-Dec-13	Subsequent Events	Pro-forma Adjustments	Pro-forma After Issue
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & cash equivalents	447,062	1,096,248	2,059,040	3,602,349
Trade & other receivables	18,836			18,836
<b>Total Current Assets</b>	<b>465,898</b>	<b>1,096,248</b>	<b>2,059,040</b>	<b>3,621,185</b>
<b>Non-Current Assets</b>				
Other receivables	20,900			20,900
Plant & equipment	63,007			63,007
Exploration and Evaluation Expenditure	1,685,015	131,512		1,816,527
<b>Total Non-Current Assets</b>	<b>1,768,922</b>	<b>131,512</b>	<b>-</b>	<b>1,900,434</b>
<b>TOTAL ASSETS</b>	<b>2,234,820</b>	<b>1,227,759</b>	<b>2,059,040</b>	<b>5,521,619</b>
<b>Current Liabilities</b>				
Trade & other payables	212,484	(127,096)		85,388
Provisions	90,036			90,036
<b>Total Current Liabilities</b>	<b>302,520</b>	<b>(127,096)</b>	<b>-</b>	<b>175,424</b>
<b>TOTAL LIABILITIES</b>	<b>302,520</b>	<b>(127,096)</b>	<b>-</b>	<b>175,424</b>
<b>NET ASSETS</b>	<b>1,932,300</b>	<b>1,354,855</b>	<b>2,059,040</b>	<b>5,346,195</b>
<b>Equity</b>				
Contributed equity	11,057,865	1,611,199	2,059,040	14,728,103
Reserves	201,036			201,036
Accumulated losses	(9,326,601)	(256,343)		(9,582,944)
<b>TOTAL EQUITY</b>	<b>1,932,300</b>	<b>1,354,855</b>	<b>2,059,040</b>	<b>5,346,195</b>

**Notes:**

1. Subsequent events incorporate the effect of a \$1.7 million placement completed on 21 March 2014 including issue costs and other significant events post 31 December 2013.
2. The pro forma transactions relating to the issue of Securities pursuant to this Prospectus and costs associated with this (as outlined in section 5.13) of this Prospectus.

**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 reviewed financial position as at 31 December 2013, incorporating the effect of the Offer including share issue costs and other significant events post 31 December 2013.

The unaudited Pro Forma Consolidated Statement of Financial Position outlined above does not include the effect of the proposed placement to be undertaken in conjunction with the Offer subject to the Company obtaining the necessary approvals at a meeting dated 23 June 2014 to refresh its Listing Rule 7.1 placement capacity (Placement). The terms of the Placement provide that the Company will issue 5,000,000 shares at \$0.20 per share raising \$1,000,000 (together with the issue of one free attaching New Option for every share issued pursuant to the Placement). In the event the Placement is approved by Shareholders and the Placement is completed, the effect on the financial position of the Company will be an increase in cash and cash equivalents and Contributed Equity by \$995,328 (incorporating the effect of the Placement less regulatory costs).

### **3.3 Market price of Securities**

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:

Highest: \$0.295 per Share on 24 April 2014; and

Lowest: \$0.089 per Share on 3 March 2014.

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with the ASIC was \$0.27 per Share on 27 May 2014.

### **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.

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## **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 Securities 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 Securities.

## 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 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) **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 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 Talga and may affect industry profitability as well as Talga's capacity to explore and mine.

Other than as previously announced Talga 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's 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.

#### **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 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.

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## **5. Additional information**

### **5.1 Rights and liabilities attaching to Shares**

A summary of the rights attaching to Securities 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 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 Terms of Options

(a) Entitlement

Each New Option entitles the holder to subscribe for one Share upon exercise of the New Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each New Option will be \$0.35 (**Exercise Price**).

(c) Expiry Date

Each New Option will expire at 5:00pm WST on 30 November 2015 (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

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

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each New Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) issue the number of Shares required under these terms and conditions in respect of the number of New Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the New Options.

If a notice delivered under paragraph 5.2(g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

Shares issued on exercise of the New Options rank equally with the then issued shares of the Company.

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the New Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options without exercising the New Options.

(l) Change in exercise price

A New Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the New Option can be exercised.

(m) Quotation

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

(n) Transferability

The New Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

### 5.3 Underwriting Agreement

By an agreement between the Underwriter and the Company (**Underwriting Agreement**) dated 28 May 2014, the Underwriter agreed to underwrite the Entitlements Offer to the value of \$2,101,201 (**Underwritten Amount**).

Pursuant to the Underwriting Agreement, the Company has agreed that:

- (a) no underwriting fee will be payable; and
- (b) the Company will reimburse the Underwriter for all reasonable costs and expenses incidental to the Entitlements Offer up to a maximum of \$10,000.

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 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): the ASX All Ordinaries Index as published by ASX is at any time after the date of the Underwriting Agreement falls 10% or more below its



respective level as at the close of business on the business day prior to the date of the Underwriting Agreement for a period of three consecutive trading days;

- (b) (Prospectus): the Company does not lodge the Prospectus on the date proposed for lodgement or the Entitlements Offer is withdrawn by the Company;
- (c) (No Official Quotation): official quotation has not been granted for all the Shares offered, or, having been granted, is subsequently withdrawn, withheld or qualified;
- (d) (Supplementary prospectus): the Underwriter reasonably forms the view 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 does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter, or the Company lodged a supplementary or replacement prospectus without the consent of the Underwriter;
- (e) (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 sections 711, 713 and 716 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;
- (f) (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;
- (g) (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;
- (h) (ASIC hearing): ASIC gives notice of its intention to hold a hearing under section 739 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 of the Corporations Act;
- (i) (Indictable offence): a director or senior manager of a relevant company is charged with an indictable offence;
- (j) (Default): default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (k) (Incorrect or untrue representation): any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (l) (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 the ASX;

- (m) (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 the Underwriting 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;
- (n) (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;
- (o) (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;
- (p) (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 Entitlements Offer or the issue or the affairs of any relevant company is or becomes misleading or deceptive or likely to mislead or deceive;
- (q) (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;
- (r) (Prescribed Occurrence): a prescribed occurrence occurs, other than as disclosed in the Prospectus;
- (s) (Suspension of debt payments): the Company suspends payment of its debts generally;
- (t) (Event of Insolvency): an event of insolvency occurs in respect of a relevant company;
- (u) (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 seven (7) days;
- (v) (Force Majeure): a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven (7) days occurs;
- (w) (Capital Structure): any relevant company alters its capital structure in any manner not contemplated by the Prospectus;
- (x) (Investigation): any person is appointed under any legislation in respect of companies to investigate the affairs of a relevant company;
- (y) (Calamity): the occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature or basis of trading equities on the ASX;

- (z) (Return of capital or financial assistance): the Company takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (aa) (Banking facilities): the Company's bankers not terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility; or
- (bb) (Market Conditions): a suspension or material limitation in trading generally on the ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Argentina, New Zealand, Australia, Japan, the United Kingdom, the United States of America, any member of the European Union or other international financial markets.

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.

#### **5.4 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 the ASX of information about specific events and matters as they arise for the purpose of the ASX making the information available to the stock market conducted by the ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify the 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 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 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 2103, 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 2013, 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:

<b>Date Lodged</b>	<b>Subject of Announcement</b>
23/05/2014	Notice of General Meeting/Proxy Form
21/05/2014	Talga to Raise \$3.1 Million
19/05/2014	Trading Halt
13/05/2014	RIU Sydney Presentation
12/05/2014	Talga Webcast
01/05/2014	Quarterly Activities & Cash Flow Report
17/04/2014	Response to ASX Price Query
14/04/2014	Investor Presentation
26/03/2014	Change in substantial holding
25/03/2014	Appendix 3B - Correction
24/03/2014	Mines and Money Presentation
24/03/2014	Talga Webcast
21/03/2014	Cleansing Statement
21/03/2014	Talga Completes \$1.7M Placement
19/03/2014	Response to ASX price and volume query
17/03/2014	Talga to Raise \$1.7 Million
13/03/2014	Half Yearly Report and Accounts
13/03/2014	Trading Halt
21/02/2014	Initial Director's Interest Notice
21/02/2014	Final Director's Interest Notice
20/02/2014	Talga Board and Officer Changes
19/02/2014	Talga Graphene Results
13/02/2014	Change of share registry
10/02/2014	Key copper-gold system confirmed in new work by Talga
31/01/2014	Quarterly Activities and Cashflow Report
29/01/2014	Mining Maven Webcast Online
22/01/2014	New Website and Online Presentations
17/01/2014	Talga Graphene Testwork Commences
06/12/2013	Talga Minesite Investor Forum Presentation
02/12/2013	Talga London Mines and Money Presentatation
26/11/2013	Appendix 3B
21/11/2013	Results of Annual General Meeting
21/11/2013	Talga AGM Presentation
20/11/2013	Talga Investor Presentation - Mining in Sweden Seminar
31/10/2013	Quarterly Activities and Cashflow Reports
29/10/2013	AFR Media Coverage on Talga Resources
25/10/2013	Notice of change of interest of substantial shareholder
25/10/2013	Change of Directors Interest Notice - Grant Mooney

25/10/2013	Change of Directors Interest Notice - Mark Thompson
24/10/2013	Issue of Entitlement Offer Shares
21/10/2013	Entitlement Offer Shortfall Notice
17/10/2013	Notice of Annual General Meeting
15/10/2013	Talga Updated Graphite Presentation
11/10/2013	Company and Capital Raising Update - BRR Webcast
01/10/2013	Non-Renounceable Entitlement Offer - Despatch of Prospectus
27/09/2013	Final Directors Interest Notice
27/09/2013	Initial Directors Interest Notice
27/09/2013	Talga Board Changes
26/09/2013	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 Securities 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 Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities 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 Securities offered under this Prospectus.

## 5.9 Directors' interests in Company Securities

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

	Shares	Options
Keith Coughlan	Nil	Nil
Mark Thompson	9,278,947	2,000,000
Grant Mooney	Nil	Nil

It is the intention of Mr Thompson, being the only Director with an entitlement to participate in the Entitlement Offer, to participate in the Entitlement Offer.

## 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 and Salary \$	Super-annuation \$	Share Based Payments \$	Total \$
Keith Coughlan <sup>(1)</sup>	Nil	Nil	Nil	Nil
Mark Thompson	275,000	24,750	2,472	302,222
Grant Mooney <sup>(1)</sup>	Nil	Nil	Nil	Nil

**Notes:**

1. Mr Coughlan and Mr Mooney were appointed subsequent to 30 June 2013.

Directors received the following remuneration for the period 1 July 2013 to the date of this Prospectus:

Director	Directors Fees and Salary \$	Super-annuation \$	Share Based Payments(1) \$	Total \$
Keith Coughlan	19,625	Nil	Nil	19,625
Mark Thompson	165,000	15,263	Nil	180,263
Grant Mooney	4,900	Nil	Nil	4,900

**Notes:**

1. No Share Based Payments were issued to Directors during the period 1 July 2013 to the date of this Prospectus, however, the Company has convened a general meeting to be held on 23 June 2014 and issued a notice of meeting on 23 May 2014 (**Notice**) to Shareholders. Resolutions 4, 5 and 6 of the Notice propose the issue of 1,500,000 Options and 1,000,000 Options to Mr Coughlan and Mr Mooney respectively and 4,000,000 Shares (via the provision of a non-recourse loan) to Mr Thompson. Full details of the issue of these securities are contained in the Notice announced to the ASX on 23 May 2014.

### 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 Securities offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Securities 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 Securities 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	\$14,437
Legal and preparation expenses	\$12,000
Printing, mailing and other expenses	\$3,500
Underwriters' reimbursable expenses	\$10,000
<b>Total</b>	<u>\$42,162</u>

### 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) Security Transfer Registrars 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. Security Transfer Registrars 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 has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

- (c) Far East Capital Limited 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 Underwriter. Far East Capital Limited has had no involvement in the preparation of any part of this Prospectus other than being named as the Underwriter. Far East Capital Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

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## 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:

A handwritten signature in black ink, appearing to be 'Mark Thompson', written in a cursive style.

Mark Thompson

**Managing Director**

Dated: 28 May 2014



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## 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 Securities made pursuant to this Prospectus on a Form.

**Applicant** means a person who submits a Form.

**Application** means a valid application for Securities made on a Form.

**Application Monies** means application monies for Securities 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.

**CHES** means ASX Clearing House Electronic Subregistry System.

**Companies Ordinance** has the meaning given in section 1.16 of this Prospectus.

**Company or Talga** 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, 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 Securities pursuant to the Entitlement Offer.

**Entitlement Offer** has the meaning given to it in section 1.1 of this Prospectus.

**Entitlement Offer Closing Date** has the meaning given to it in section 1.3 of this Prospectus.

**Form** means an Entitlement and Acceptance Form in relation to the Entitlement Offer.

**Full Year Statutory Accounts** means the financial report lodged by the Company with ASIC in respect to the year ended 30 June 2012 and includes the corporate

directory, chairman's report, review of activities, Shareholder information, financial report of the Company and its controlled entities for the year ended 30 June 2012, together with a Directors' report in relation to that financial year and the auditor's report for the year to 30 June 2012.

**Half Year Report** means the half year financial report lodged by the Company with ASIC in respect to the half year ended 31 December 2012 and includes the financial report of the Company and its controlled entities for the half year ended 31 December 2012, together with a Directors' report in relation to that half year and the auditor's report on the condensed half year financial report for the half year to 31 December 2012.

**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.

**June Meeting** has the meaning given in section 1.2 of this Prospectus.

**Listing Rules** means the Listing Rules of ASX.

**MiFID** has the meaning given in section 1.15 of this Prospectus.

**New Option** means an option to acquire a share in the Company on the terms set out in section 5.2 of this Prospectus.

**Notice** means the notice of general meeting announced to the ASX on 23 May 2014.

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

**Optionholder** means a registered holder of Options.

**Placement** has the meaning given in section 1.2 of this Prospectus.

**Prospectus** means this prospectus with the date in section 6 of this Prospectus.

**Prospectus Directive** has the meaning given in section 1.15 of this Prospectus.

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

**Relevant Member State** has the meaning given in section 1.15 of this Prospectus.

**Section** means a section of this Prospectus.

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

**SFO** has the meaning given in section 1.16 of this Prospectus.

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

**Shareholder** means a holder of Shares.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 1.6 of this Prospectus.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall.

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