



30 May 2014

Dear Shareholder

Notice to Eligible Shareholders of Non Renounceable Entitlement Offer

We write to you as the registered holder of shares in Talga Resources Limited (ASX: TLG) ("**Talga**" or the "**Company**").

As advised in the Company's ASX announcement dated 21 May 2014, the Company is undertaking a non-renounceable pro-rata 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 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**") ("**Entitlement Offer**"). Pursuant to the Entitlement Offer, the Company will issue up to 10,506,008 New Shares and 5,253,004 Free Attaching Options to raise up to \$2,101,202 before costs.

The Entitlement Offer is available to all Talga shareholders ("**Shareholders**") registered on the Record Date (4th June 2014) whose registered address is in Australia, New Zealand, Hong Kong, Germany and the People's Republic of China ("**Eligible Shareholders**"). The Entitlement Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

The Entitlement Offer is fully underwritten by Far East Capital Limited ("**Underwriter**").

Purpose of the Entitlement Offer

The funds raised pursuant to the Entitlement Offer 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.

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Indicative Timetable

The New Shares and Free Attaching Options will be offered in accordance with the following indicative timetable:

Item	Date
Lodgement of Appendix 3B and Prospectus with ASX	29 May 2014
Notice of Entitlement Offer sent to Optionholders	29 May 2014
Notice of Entitlement Offer sent to Shareholders	30 May 2014
Shares quoted on an "EX" basis	2 June 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 offer 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 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

All dates are indicative only and subject to change without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the New Shares.

Shortfall

The Company and the Underwriter reserve the right, subject to any restrictions imposed by the Corporations Act and the Listing Rules to issue the shortfall shares at their sole discretion.



Capital Structure of the Company

The Company currently has 105,060,089 shares and 3,750,000 unlisted options on issue (options are exercisable at various prices on with various expiry dates). On the basis that no unlisted options are exercised prior to the Record Date, the Entitlement Offer is for a maximum of 10,506,008 New Shares and 5,253,004 Free Attaching Options.

Prospectus

Details of the Entitlement Offer are contained in the prospectus lodged with ASIC on 28 May 2014 ("**Prospectus**") and the supplementary prospectus lodged with ASIC on 30 May 2014 ("**Supplementary Prospectus**"). The Prospectus and the Supplementary Prospectus can be accessed from the ASX and Talga websites, www.asx.com.au and www.talgaresources.com respectively.

A copy of the Prospectus and the Supplementary Prospectus is intended to be sent to Eligible Shareholders on 10 June 2014.

The Directors of Talga urge you to read the Prospectus and the Supplementary Prospectus carefully and seek advice from your financial adviser if you have any queries. This notice is to inform you of the Entitlement Offer. You are not required to do anything in respect to this letter.

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

Yours sincerely

Mark Thompson
Managing Director