



\$3.1M CAPITAL RAISING FUNDS TALGA FOR DUAL GRAPHITE-GRAPHENE TRIAL MINING/PILOT PLANT PROGRAM

Talga Resources Ltd
ABN 32 138 405 419

1st Floor, 2 Richardson St,
West Perth, WA 6005

T: +61 8 9481 6667

F: +61 8 9322 1935

www.talgaresources.com

Corporate Information

ASX Code **TLG**

Shares on issue **105.1m**

Options (unlisted) **3.75m**

Company Directors

Keith Coughlan

Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director

 **ASX Code: TLG**

HIGHLIGHTS

Successfully arranged \$3.1 million capital raising comprising;

- Fully underwritten 1 for 10 Non-Renounceable Entitlement Offer to raise ~ \$2.1M; and
- \$1.0 million Placement to sophisticated investors

Talga Resources Limited (ASX:TLG) ("Talga" or "the Company") is pleased to confirm it is undertaking a combined capital raising totalling \$3.1 million. Proceeds will accelerate development of the Company's wholly-owned high grade Nunasvaara graphite-graphene project in Sweden (Fig 1).

The funds will be raised by a combination of a fully underwritten non-renounceable rights issue ("Entitlement Offer") and single tranche placement on the same terms ("Placement").

Proceeds will enable Talga to initiate a maiden test mining program and construct/commission a pilot plant to process the Company's first bulk samples from Nunasvaara. This work will take place concurrently with the scoping study already underway.

Talga Managing Director, Mr Mark Thompson

"Given rapidly accelerating developments in global commercial markets for graphene, Talga has seized the opportunity to secure further funds and fast-track its work program by strongly capitalising the next stages of project development. The Company is delighted by the reaction of investors to our recent developments and pleased to offer this opportunity to shareholders at an exciting early stage.

"These funds will be used to move more rapidly into trial mining and pilot plant stages, while completing previously announced preliminary economic studies.

Talga sees the underwritten support to accelerate our graphite-graphene development program as a strong endorsement and market vote of confidence. Additionally the placement introduces some new and strategic shareholders who share Talga's vision of successful transition from explorer to near term graphite-graphene miner and processor."

Capital Raising

The funds will be raised by a combination of a fully underwritten non renounceable rights issue with free attaching option to existing shareholders ("Entitlement Offer") plus a single tranche placement on the same terms pursuant to Listing Rule 7.1 and subject to the ratification of the Company's placement facility at a general meeting of the Company to be held on 23 June 2014 ("June Meeting") ("Placement").

Entitlement Offer

The Company is making a fully underwritten non-renounceable entitlement offer of Shares ("**New Shares**") on the basis of one (1) New Share for every ten (10) Shares held at an issue price of 20 cents per Share.

For every two (2) Shares taken up, shareholders will receive one (1) free attaching option ("**Option**") with an exercise price of 35 cents and an expiry date of 30 November 2015. The Options are proposed to be quoted on ASX, subject to ASX granting official quotation.

Based on the capital structure of the Company as at the date of this Announcement, a maximum of 10,506,008 New Shares and 5,253,004 Options will be issued pursuant to this Entitlement Offer to raise up to \$2.1 million (before expenses).

It is intended that all Eligible Shareholders as of the current proposed Record Date of 30 May 2014 will be entitled to participate in the Entitlement Offer. Eligible Shareholders will comprise those Shareholders registered on the Record Date and with a registered address in Australia, New Zealand, Germany, China and Hong Kong. **The timetable is subject to change and will be announced by the Company in due course.**

A prospectus outlining the full terms of the Entitlement Offer will be lodged with the Australian Securities and Investment Commission.

The Entitlement Offer is fully underwritten by private investment bank Far East Capital Ltd.

Placement

The Company has received commitments from sophisticated investors to subscribe for 5 million ordinary shares at 20 cents per share to raise up to \$1.0 million ("**Placement**"). For every two (2) shares subscribed for, investors will receive one (1) free attaching option ("**Option**") on the same terms as the options attaching to the Entitlements Issue.

It is intended that, subject to the Company obtaining the necessary approvals at the June Meeting, the Placement Shares will be issued under the Company's ASX Listing Rule 7.1 placement capacity, on or about Thursday 3rd July, 2014.

Existing Optionholders

Existing optionholders have no entitlement to participate in the Rights Issue unless they exercise their options on or before the Record date. The Company will shortly issue a letter to existing optionholders to further explain their right to participate in the Rights Issue.

Use of Funds

The proceeds from the Entitlement Offer and Placement will be used to:

- To accelerate development work on the Nunasvaara graphite-graphene project;
- To fund a trial mining program and pilot plant to process a bulk sample and confirm new graphite-graphene production process operational on larger scale;
- To provide commercially significant size samples of graphite and graphene for more advanced economic evaluations; and
- For general working capital.

Full details of the terms and conditions of the proposed Rights Issue will be contained in the Prospectus to be lodged with ASX and despatched to shareholders in due course.

Indicative Capital Structure

The indicative capital structure of the Company post the successful completion of the Entitlement Offer and Placement would be as follows:

	Shares	Unlisted Options	Listed Options
Current securities on issue	105,060,089	3,750,000*	
Entitlement Offer (1:10 Shares; 1:2 Free Attaching Options)	10,506,008	-	5,253,004
Placement (1:2 Free Attaching Options)	5,000,000	-	2,500,000
Total securities post the Offers	120,566,097	3,750,000	7,753,004

*unlisted options are held by Talga Directors and employees and have various exercise prices and expiry dates.

For further information, contact:

Mark Thompson
 Managing Director
 Talga Resources Ltd

Tel +61 (08) 9481 6667
 Email admin@talgaresources.com

Fig 1. Talga Resources project locations in north Sweden.

