

Talga Gold Limited

Talga Gold Limited

ACN 138 405 419

For the issue of up to 25,000,000 Shares at an issue price of 20 cents each to raise a total of up to \$5,000,000. Minimum subscription is 21,000,000 Shares at an issue price of 20 cents each to raise a total of \$4,200,000.

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisors without delay.

The Shares offered by this Prospectus should be considered speculative.



minc

STOCKBROKING

Manager & Lead Broker

PROSPECTUS

DIRECTORS

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

MANAGER AND LEAD BROKER

Minc Stockbroking
Level 4, 109 St Georges Terrace
PERTH WA 6000
TELEPHONE: (08) 6364 9623

COMPANY SECRETARY

Piers Lewis

INVESTIGATING ACCOUNTANTS

Stantons International Securities
Level 1, 1 Havelock Street
WEST PERTH WA 6005

REGISTERED OFFICE

Ground Floor 41 - 47 Colin Street
WEST PERTH WA 6005
Ph: +61 (0) 8 9422 9506
Fax: +61 (0) 8 9422 9599

Email: team@talgagold.com
Website: www.talgagold.com

SHARE REGISTRY

Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009
PH: (08) 9389 8033
FAX: (08) 9389 7871

LEGAL ADVISORS TO THE COMPANY

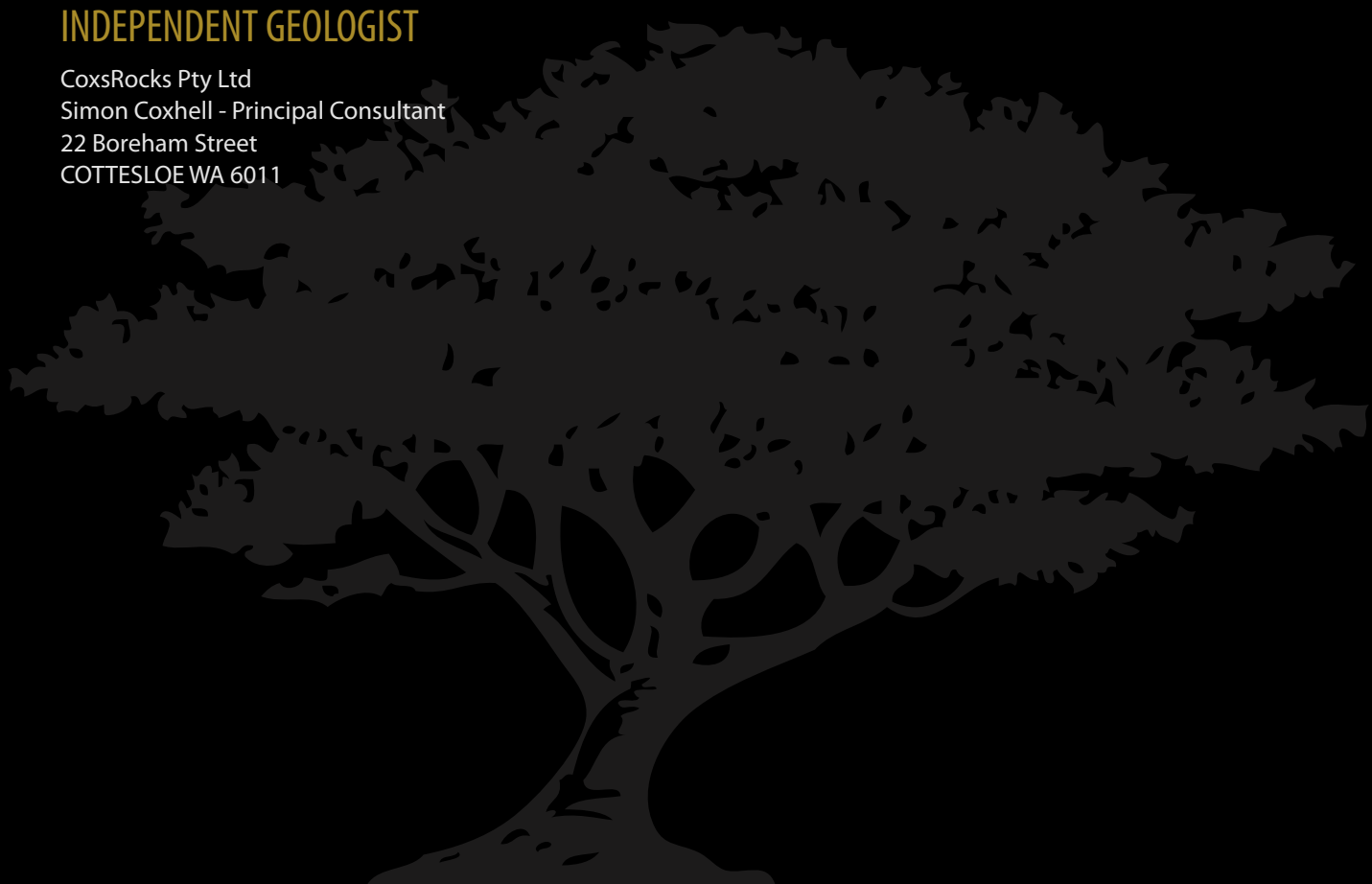
Price Sierakowski Corporate
Level 24, 44 St Georges Terrace
PERTH WA 6000

AUDITORS

Stantons International Pty Ltd
Level 1, 1 Havelock Street
WEST PERTH WA 6005

INDEPENDENT GEOLOGIST

CoxsRocks Pty Ltd
Simon Coxhell - Principal Consultant
22 Boreham Street
COTTESLOE WA 6011



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On behalf of the Directors of Talga Gold Limited ("Talga Gold" or "Company") I present to you this Offer as set out in this Prospectus.

With both the price and demand for gold running at historically high levels, gold looks to be shining as brightly as any time in a century. Talga Gold has assembled a talented Board and a portfolio of Western Australian gold exploration projects to capitalise on this opportunity.

Whilst others look offshore, the Directors believe significant opportunities remain within Western Australia. At listing the Company will have four gold exploration projects – Talga Talga, Warrawoona, Mosquito Creek and Bullfinch. These projects were selected by Managing Director Mr Mark Thompson based on high grade historical production or sampling results combined with robust geological concepts.

Gold was discovered in 1894 at the flagship Talga Talga project. Historic workings near the surface have produced quantities of high grade gold specimens, however little to no drilling has ever occurred at this site. After listing the project will be tested at depth by conducting a drill program along the highest grade portions of the identified gold zones.

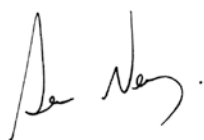
At Warrawoona the Company has outlined high grade gold and base metal prospects that are planned to be drill tested for the first time. Likewise the remaining projects at Mosquito Creek and Bullfinch have established drill targets within known areas of gold mineralisation. Mr Thompson has extensive exploration experience and is intimately familiar with the geology and historical activity of each of these projects. He has identified significant targets within each of these tenements – ready to be pursued upon listing.

The projects as summarised in this Prospectus are considered to be advanced targets. Talga Gold's strategy is to delineate gold deposits within the projects by focusing on structurally controlled, high-grade mineralisation that have the potential to yield significant economic resources with low capital expenditure requirements. With the Company headquartered in Perth and all four projects being within Western Australia, the strategy is to pursue exploration success over a shortened time frame.

The Company has the right to acquire 100% of the projects upon listing on the Australian Stock Exchange ("ASX"). Holding complete tenure provides the opportunity to maximise shareholder wealth, without the dilution factor that partial ownership of tenure imparts.

Our other non-executive Director and Company Secretary is Mr Piers Lewis. Mr Lewis has a finance and capital markets background and was largely responsible for putting together this Prospectus. His dedication and financial experience will prove invaluable in managing the financial and corporate governance aspects of the business.

Talga Gold offers an exciting portfolio of gold assets with a committed and talented Board at a time of increasing gold prices. I commend Talga Gold to you and encourage you to consider the Offer as set out in this Prospectus.



Sean Neary | Chairman

CHAIRMAN'S LETTER

INVESTMENT HIGHLIGHTS

- **A gold focussed exploration company with dedicated and experienced management at a time of strong gold prices.**
- **Right to acquire 100% interest in four projects with identified high-grade gold and base metal targets.**
- **Priority targets for drill testing on granted key claims.**
- **Structured to give shareholders high leverage to exploration success - total number of Shares on issue following the Offer on maximum subscription of 40,350,000.**

Talga Gold is an Australian mineral exploration company established to generate shareholder wealth by identifying, acquiring and developing mineral projects that possess the potential for cashflow and growth. The Board has extensive and relevant experience in the exploration and finance industries and has assembled an exciting portfolio of gold exploration projects. The Company has selected the projects based on high grade historical production or sampling results combined with robust geological concepts and models. Upon successful completion of the Initial Public Offering ("IPO"), the Company will have 40,350,000 ordinary Shares on issue if the Offer is fully subscribed, offering shareholders excellent leverage to exploration success. The above highlights are a brief summary only, and must be read in conjunction with the remainder of this Prospectus.

Talga Talga Project (100% interest)

- Tenement package encompasses underexplored historic gold mining centre renowned for high grade lodes.
- Shallow but high grade gold targets delineated within three parallel zones of shallow dipping strata untested by modern drilling.
- Recent rockchip and channel sampling results include up to 87.2 g/t Au in gossanous sheared ultramafic schist.
- Granted mining lease over two kilometres strike of the highest priority targets.

Warrawoona Project (100% interest)

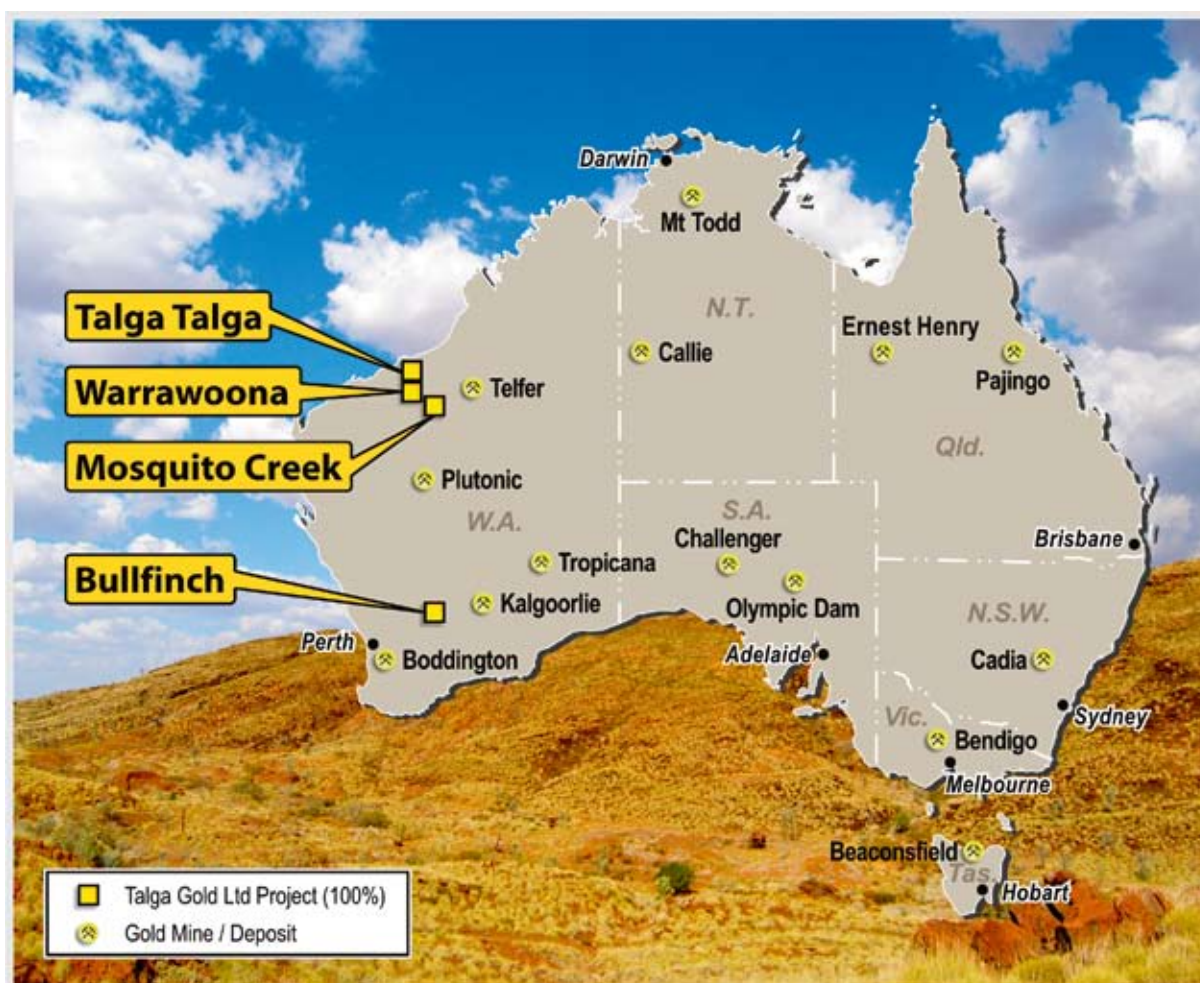
- Tenement package over 147km² of highest grade gold producing district in the Pilbara region with priority gold targets delineated.
- Horigans prospect - a six kilometre long gold in soil and RAB zone with rockchip samples up to 66.5 g/t Au, untested below 21 metres depth.
- Kiwi Ridge prospect - a recently discovered 400 metre strike zone of gold specimens and gold in soil anomalism adjacent to outcropping base metal gossans in volcanic rocks with rockchip results up to 14% Cu and 1.6 g/t Au.
- Previous significant drilling intercepts await followup - 8m at 8.65 g/t Au at the Cutty Sark prospect and 13m @ 1.45 g/t Au from an eight kilometre long gold in soil anomaly at Klondyke Extended prospect.

Mosquito Creek Project (100% interest)

- Covers 70km² of the Nullagine goldfield prospective for shear hosted gold deposits in Archaean age metasediments structurally deformed and intruded by porphyritic rocks.
- Extensive gold geochemical anomalies, historic workings and placer deposit targets warrant further exploration for significant gold deposits.

Bullfinch Project (100% interest)

- 161km² over greenstone/BIF belt and gneissic/granitoid rocks in prolific Southern Cross gold mining district of Yilgarn craton.
- Prospects include undrilled historic workings and gold geochemical anomalies hosted in prospective rock types for gold deposits similar to those elsewhere in the Yilgarn craton.
- First pass rockchip results of outcrop on a 16 kilometre strike magnetic feature include up to 19.95 g/t Au at the Harold Holt prospect.
- Granted tenure, advanced definition of gold targets and excellent logistics will assist plans for drill testing.



Talga Gold Limited project locations

RISK SUMMARY

There are a number of risks associated with investing in the share market generally and in the Company specifically. The Shares being offered under this Prospectus must be regarded as a highly speculative investment. Prospective investors should read this Prospectus in its entirety before deciding on whether to apply for Shares under this Prospectus, and, in particular, consider the risk factors set out in Section 4, which include (but are not limited to):

- No guarantee of exploration success. There is no assurance that the exploration of the tenements described in this Prospectus, or any tenements acquired in the future, will result in the discovery of a mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.
- The Company has a limited operating history having been only recently incorporated.
- Ability to comply with environmental guidelines and policies. As with most exploration projects, the Company's operations are expected to have an impact on the environment.
- This Prospectus refers to the Company having the rights to acquire an interest in tenements in Western Australia. Prospective investors should be aware that some of the tenements are under application and there is a risk that the tenement application may never be granted in which case the Company will never be able to explore on the tenement.
- The Company may be unable to obtain the necessary government/environmental approvals for its proposed operations.
- Economic conditions as well as share market volatility may affect the Company's Share price performance regardless of the Company's operating performance.
- The Company may not be able to raise further funds as and when required.
- Directors, employees and consultants may leave the Company.
- Commodity price volatility and exchange rate risks may adversely impact the Company.
- Access to land may be restricted or stopped.



Talga Talga project

GENERAL

This Prospectus is dated 17 May 2010 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. The ASIC takes no responsibility for the contents of this Prospectus.

Prospective investors should read this Prospectus in its entirety, including the Independent Geologist's Report in Section 5, the Investigating Accountant's Report in Section 6, and the Solicitor's Report in Section 7.

Neither Talga Gold nor any other person guarantees the performance of the Shares offered pursuant to this Prospectus, or the performance of Talga Gold, or the return on any investment.

The expiry date of this Prospectus is thirteen (13) months after the date this Prospectus is lodged with the ASIC ("Expiry Date"). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

No person or entity 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 in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

ELECTRONIC PROSPECTUS

A copy of this Prospectus will be made available on the Company's website www.talgagold.com. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by phone on (08) 9422 9506 during office hours or emailing the Company at team@talgagold.com.

OFFER RESTRICTIONS

This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicants should consult their professional advisors as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be issued Shares.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

IMPORTANT NOTICE

EXPOSURE PERIOD

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of seven days from the date of lodgement of the Prospectus with the ASIC. This period may be extended by the ASIC for a further period of seven days.

The purpose of this Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period.

No preference will be conferred upon Applications received in the Exposure Period.

SPECULATIVE INVESTMENT

The Company is involved in mineral exploration which is highly speculative in nature. There are significant risks associated with an investment in Talga Gold and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Prospective investors should read this Prospectus in its entirety and in particular consider the risk factors set out in Section 4, and if in any doubt, consult with their professional advisors before deciding whether to apply for Shares under this Prospectus.

DEFINED TERMS & GLOSSARY

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 9 of this Prospectus.

MISCELLANEOUS

Any diagrams and illustrations in this Prospectus, except where indicated, are not necessarily assets owned by the Company, but have been included to give an indication of the nature and or location of the Company's business, operations and industry in which it operates.

All amounts are in Australian dollars unless otherwise specified.

The people and assets depicted in photographs in this Prospectus are not employees or assets of the Company unless specifically stated.

The gold specimens pictured throughout this document are from projects the Company has rights to acquire 100%, however the gold specimens pictured are not assets of the Company.



McPhees prospect, Talga Talga project





1.1 OFFER

This Prospectus invites investors to apply for up to a total of 25,000,000 Shares at an issue price of 20 cents per Share to raise up to \$5,000,000 before expenses of the Offer. All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the Shares already on issue.

Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares, and can only be made by completing the Application Form attached to this Prospectus.

The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

1.2 MAXIMUM SUBSCRIPTION

The maximum subscription to the Offer is 25,000,000 Shares raising \$5,000,000 before expenses of the Offer. The maximum amount which may be raised under this Prospectus is therefore \$5,000,000.

1.3 MINIMUM SUBSCRIPTION

The minimum subscription to the Offer is 21,000,000 Shares at an issue price of 20 cents per Share raising \$4,200,000 before expenses of the Offer. If the minimum subscription has not been raised within three months after the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act 2001.

1.4 OFFER SUMMARY

	Minimum Subscription	Maximum Subscription
Shares to be allotted under the Offer	21,000,000	25,000,000
Offer price per Share	\$0.20	\$0.20
Amount to be raised	\$4,200,000	\$5,000,000
Issued Shares on completion of the Offer	36,350,000	40,350,000
Market Capitalisation at \$0.20 per Share	\$7,270,000	\$8,070,000

1.5 INDICATIVE TIMETABLE

Lodgement of the Prospectus with ASIC	17 May 2010
Opening Date	24 May 2010
Closing Date	24 June 2010
Allotment of Shares and Despatch of Holding Statements	1 July 2010
Trading of Shares on ASX to commence	8 July 2010

These dates are indicative only and may vary. Talga Gold reserves the right to close the Offer early, or extend the Closing Date without prior notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.

DETAILS OF OFFER

1.0

1.6 USE OF FUNDS

In the two years after listing on the ASX the funds raised from the Offer will be applied as follows:

Use of Funds	Minimum Subscribed \$	Fully Subscribed \$
Pre-Offer cash	322,000	322,000
Total raised in the Offer	4,200,000	5,000,000
Total Funds Available	4,522,000	5,322,000
Exploration expenditure (refer Section 2)	2,465,000	2,935,000
Expenses of the Issue including broker fees	395,000	443,000
Project acquisition costs	467,000	467,000
New project generation	250,000	250,000
Additional working capital	945,000	1,227,000
Total Funds Applied	4,522,000	5,322,000

Notes:

1. Exploration expenditures will be reviewed on an ongoing basis, depending upon the nature of results forthcoming from the respective work programs.
2. In the event that more than the minimum subscription and less than the maximum subscription is raised, the Company intends to allocate the funds primarily towards additional working capital. However, as at the date of this Prospectus, it is not practical for the Board to speculate as to exactly how these funds may be applied as this will be influenced by the outcome of exploration yet to take place.
3. The above table represents statements of the intended use of the funds raised by the Company as at the date of this Prospectus. However, it must be recognised that all exploration budgets may change as the conducted programs provide encouragement or disappointment and new opportunities may be identified elsewhere.

Following the completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives.

1.7 UNDERWRITING

The Offer is not underwritten.

1.8 MANAGER AND LEAD BROKER

Under an agreement between Australian Stockbroking and Advisory Services Ltd trading as Minc Stockbroking ("Minc") and the Company, the Company has engaged Minc to act as manager and leading broker for this Prospectus. Under the terms of the agreement Minc will receive a management fee of 1% plus GST of all funds raised under this Prospectus and a capital raising fee of 5% plus GST for all funds raised with this Prospectus.

Accordingly the maximum payment which will be made to Minc is \$300,000 plus GST. The terms of the Agreements with Minc is summarised in Section 8.2.1.

Any broker who wishes to obtain a component of the capital raising fee for its client investments should contact Minc on (08) 6364 9623 to discuss those arrangements.

1.9 ALLOCATION POLICY

The Company retains an absolute discretion to allocate Shares under the Offer and reserves the right, in its absolute discretion, to allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application.

If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No Applicant under the Offer has any assurance of being allocated all or any Shares applied for.

The allocation of Shares by Directors will be influenced by the following factors:

- the number of Shares applied for;
- the overall level of demand for the Offer;
- the desire for a spread of investors, including institutional investors; and
- the desire for an informed and active market for trading Shares following completion of the Offer.

The Company will not be liable to any person not allocated Shares or not allocated the full amount of Shares applied for.

1.10 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. It is the responsibility of any Applicant who is resident outside Australia to ensure compliance with all laws of any country relevant to their Application, and any such Applicant should consult their professional advisors as to whether any government or other consents are required, or whether any formalities need to be observed to enable them to apply for and be allotted Shares.

No action has been taken to register or qualify the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

1.11 ASX LISTING

Within seven days after the date of this Prospectus, application will be made for the Shares offered by this Prospectus to be granted Quotation.

If approval for Quotation is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares, and will repay all Application Monies without interest as soon as practicable.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may admit Talga Gold to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.12 FORECAST FINANCIAL INFORMATION

Talga Gold is a recently established mineral exploration company. Given the speculative nature of mineral exploration, there are significant uncertainties associated with forecasting future revenues and expenses. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

1.13 CHESS

Talga Gold will apply to participate in the Clearing House Electronic Sub-register System ("CHESS"), operated by the ASX Settlement and Transfer Corporation Pty Ltd ("ASTC") (a wholly owned subsidiary of the ASX), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of securities.

Under CHESS the Company will not issue certificates to Shareholders. Instead, the Company will provide Shareholders with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus.

This statement will also advise investors of either their Holder Identification Number ("HIN") in the case of a holding on the CHESS sub-register or Security Holder Reference Number ("SRN") in the case of a holding on the issuer-sponsored sub-register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time, however, a charge may be incurred for additional statements.

1.14 ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in Talga Gold, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in Talga Gold, please contact your stockbroker, accountant or independent financial advisor.

1.15 HOW TO APPLY

Applications for Shares under the Offer can only be made on the Application Form attached to this Prospectus.

The Application Form must be completed in accordance with the instructions set out on the back of each Application Form. Completed Application Forms and accompanying cheques should, at any time after the Opening Date be:

Posted to:

Talga Gold Limited
C/- Advanced Share Registry Services
PO Box 1156
NEDLANDS WA 6909

Or

Delivered to:

Talga Gold Limited
C/- Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

Cheques must be made payable to "Talga Gold Limited – Application Funds" and crossed "Not Negotiable".

No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares at the issue price of 20 cents per Share. Applications for more than 10,000 Shares must be in multiples of 1,000.

1.16 ESCROW PROVISIONS

Securities on issue as at the date of this Prospectus may be subject to the restricted securities provisions of the Listing Rules. Accordingly, a proportion of such securities may be required to be held in escrow for up to 24 months and may not be transferred, assigned or otherwise disposed of during that period. These agreements will be entered into in accordance with the Listing Rules.

Based on their experience, the Directors expect that a substantial amount of the Shares on issue at the date of this Prospectus will be subject to escrow restrictions.

1.17 ELECTRONIC PROSPECTUS

This Prospectus is available online at www.talgagold.com.

1.18 PRIVACY DISCLOSURE

The Company collects information in relation to each Applicant as provided on an Application Form ("Information") for the purposes of processing the Application Form and, should the Application be successful, to administer the Applicant's security holding in the Company ("Purposes").

The Company may use the Information for the Purposes and the Company may disclose the Information for the Purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers, and to the ASX, ASIC and other regulatory authorities.

The Information may also be used and disclosed to persons inspecting the register, including bidders for your securities in the context of take-overs, licensed securities dealers, mail houses, and regulatory bodies including the Australian Taxation Office.



Gold specimens pictured from
Talga Talga and Warrawoona projects

2.1 BACKGROUND

Talga Gold Limited was incorporated on 21 July 2009 and is an exploration company established to generate shareholder wealth by identifying, acquiring, exploring and/or developing substantial mineral projects that possess the potential for significant cashflow and/or exploration upside.

On 23 December 2009 the Company entered into five option agreements with various vendors, giving the Company the right to acquire 100% of the tenements that make up the Talga Talga, Warrawoona, Mosquito Creek and Bullfinch Projects, all located within Western Australia. Consideration of 2,000,000 Shares, \$90,000 and the reimbursement of up to \$377,000 in past exploration expenditure is payable should Talga Gold exercise the option agreements.

Subject to the satisfaction and/or waiver of all the conditions precedent in the Option Agreements, Talga Gold will acquire all the rights and interests in the Tenements without any vendor royalties.

See section 8.2 for further details of the Option Agreements.

2.2 CORPORATE OBJECTIVE

The Company's management strategy and purpose of this Offer is to provide Talga Gold with funding to:

- Complete the acquisition of the Talga Talga, Warrawoona, Mosquito Creek and Bullfinch projects;
- Systematically explore the Company's projects for economically significant ore deposits;
- Implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities; and
- Provide working capital for the Company.

2.3 USE OF FUNDS

The funds raised from the Offer are primarily for the purpose of funding the exploration and development of the Company's projects and the completion of the acquisition costs of the projects. Over the first two years it is anticipated that the funds raised from the Offer, together with the existing funds, will be allocated as shown in Section 1.6.

If less than the Full Subscription is achieved the Company will proportionately decrease exploration expenditure after deducting costs of the Offer (which will vary depending on the amount raised) and acquisition costs. Working capital will increase and/or decrease relative to the budgeted exploration expenditure. Further details with respect to the Company's proposed exploration program and budgets are outlined in Section 2.6.

It should be noted that the Company's budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration and evaluation work carried out. This will involve an ongoing assessment of the Company's mineral interests. The results obtained from exploration and evaluation programs may lead to increased or

decreased levels of expenditure on certain projects reflecting a change in emphasis.

The Directors consider that following completion of the Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in Talga Gold is speculative and investors are encouraged to read the risk factors outlined in Section 4.

2.4 PRO FORMA CAPITAL STRUCTURE

The pro-forma capital structure of Talga Gold following the Offer is summarised below:

Pro Forma Share Capital Structure	Minimum subscription	Maximum subscription
Shares on issue at the date of this Prospectus	13,350,000	13,350,000
Shares to be issued to vendor on successful listing	2,000,000	2,000,000
Shares issued pursuant to this Prospectus	21,000,000	25,000,000
Total Shares on issue following completion of the Offer	36,350,000	40,350,000
Unlisted Employee Options* on issue at the date of this Prospectus	1,100,000	1,100,000
Total Options on issue following completion of the Offer	1,100,000	1,100,000

* Options have been issued with an exercise price of \$0.20 and expire on 16 December 2012. Further details with respect to the terms and conditions of the Options are outlined in Section 8.11

2.5 PROJECTS OVERVIEW

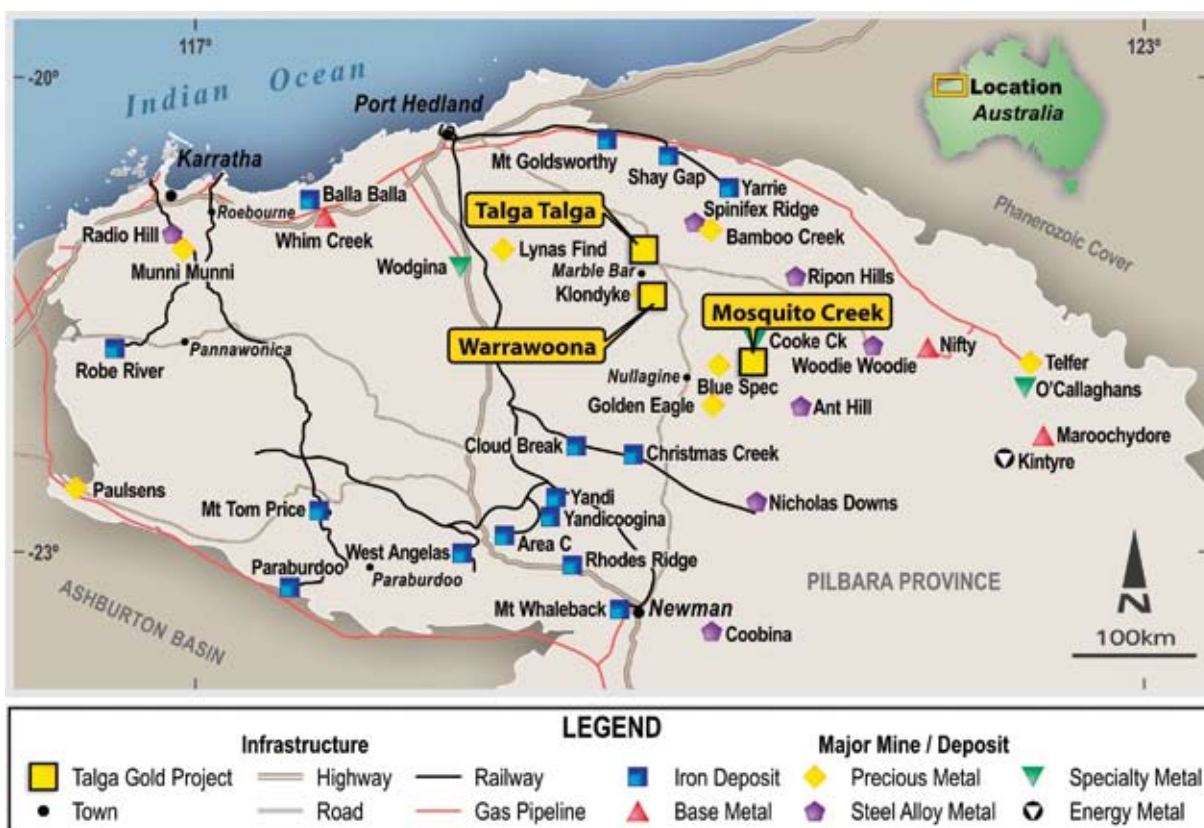
This section is only a brief summary of the Company's projects. Potential investors are referred to the Independent Geologist's Report in Section 5 of this Prospectus, where the projects and exploration programs are more fully described.

Talga Gold has the rights to acquire four projects covering 382km² of renowned mineral fields of Western Australia. The projects are interpreted to contain geological settings prospective for gold and base metal deposits, in districts with proven historical production. Many of the historical mines and recent discoveries within Talga Gold's projects have recorded high grades of gold at or near the surface. This offers potentially superior economic returns in the event of development of a deposit.

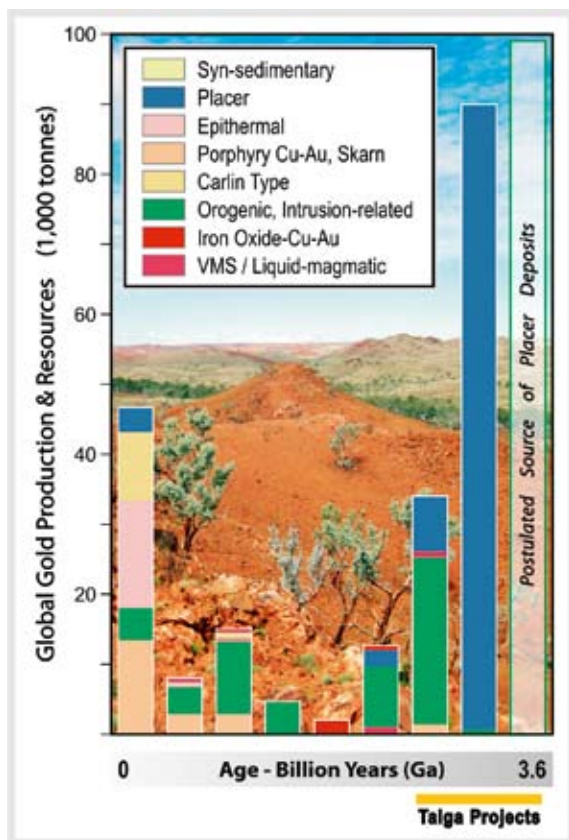
The Company's targeting of gold projects is based on recent work identifying the most gold-fertile parts of the earth's crust over time. Frimmel (2007) demonstrated that the largest amounts of gold ever mined have been found in ancient placer

deposits and orogenic/intrusive style gold deposits. Additionally his work showed that the largest (most productive) of these gold deposits were the oldest, largely formed before 3.3 billion years ago. Intriguingly the largest gold deposits in the world are placer style deposits that are by definition eroded from a source that was extensively mineralised and of even greater age. Frimmel postulates that undiscovered sources for this gold may yet exist, buried in terranes where mineral systems were active at that early stage of earth's history.

As a result of these facts and extensive industry experience, Talga Gold has targeted the more ancient parts of the earth's crust that contain evidence of strong gold endowment, with a focus on the formations occurring in jurisdictions with low sovereign risk and a history of underinvestment in gold exploration. This is what has led Talga Gold to target specific areas of the Yilgarn and Pilbara cratons, where potential greenstone-hosted orogenic lode style deposits may display exceptional gold grades in structurally controlled settings that may persist for significant depth.



Talga Gold Pilbara region project locations - major mineral deposits and infrastructure



Distribution and gold production of known deposit types over geologic time (after Frimmel 2007)

TALGA TALGA PROJECT (100%)

- 4.8 kilometre strike gold targets defined awaiting drilling.
- Advantageous geological characteristics of targets; shallow dipping, near surface.
- Granted mining lease with various statutory approvals completed or advanced.

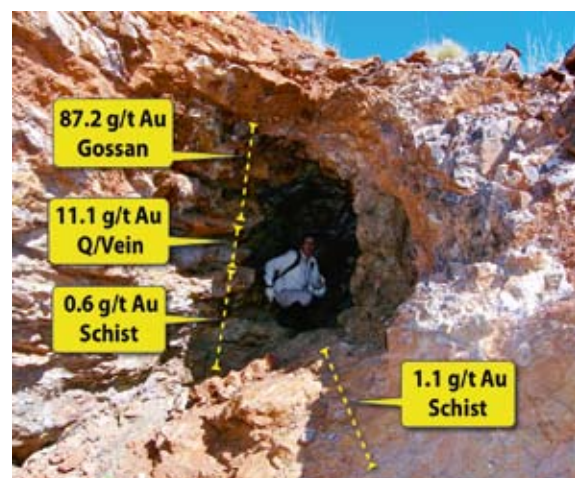
Talga Gold owns rights to acquire 100% of a granted mining lease and three prospecting licences covering 4.74km² of the metalliferous greenstone belt extending west of the Bamboo Creek gold centre and the Spinifex Ridge Mo-Cu-Ag deposit in the Archaean age East Pilbara mineral field. The project is situated adjacent to the sealed highway 150 kilometres south east of Port Hedland and 28 kilometres north of the town of Marble Bar.

The tenements contain the gold mining centre of Talga Talga, a 4.8 kilometre long zone of historic

gold workings with a collective average production grade of approximately 35.1 g/t Au. The gold deposits are hosted within mafic to ultramafic schist and hydrothermal-origin chert that are deformed by a nearby domal igneous complex, forming a prominent ridge of shallow northwards dipping strata. The site is renowned for its production of gold in quartz specimens. The primary gold specimens, lithological setting and grade of mineralisation suggests a significant gold system may be present and warrants further exploration.

The mineralised zones are almost completely untested by drilling. In 1936 the Aerial Geological and Geophysical Survey of Northern Australia ("AGGSNA") conducted some mapping and rockchip sampling, concluding that three separate but parallel gold bearing units are present. No meaningful drilling has ever taken place as the project has been in private hands for a considerable time, due to the high grade nature of gold specimens found within the project.

Talga Gold's work has confirmed the high grades of the AGGSNA sampling and indicated new zones that remain to be exploited. At the McPhees prospect rockchip/channel sampling returned grades up to 87.2 g/t Au from a recently exposed gossan in ultramafic schist. Sampling at the Quartzite No.1 prospect approximately two kilometres to the east returned 21.9 g/t Au from a 1.2m channel sample



Gold zone exposed in ultramafic schist, McPhees Prospect. Rockchip/channel sample results from 2009 sampling by Talga Gold

across the stope pillar chert. A further 1.5 kilometres east, an outcropping lode working returned 16.8 g/t Au from a 100 metre long composite dump sample.

The remainder of the 4.8 kilometre ridge contains multiple zones of gold mineralisation defined by historic workings and/or gold anomalous rock geochemistry. Additionally the erosion of gold from the ridge has formed gold bearing placer deposits. Bulk sampling and trial mining of the placer deposits by previous owners have indicated grades and volumes of gold bearing gravels that warrant modern testing for viability.

This project has attractive features to take advantage of any style of gold deposit outlined to be economic. A granted Mining Lease is in place over two kilometres of strike, expediting bulk sampling and exploration of the highest grade target zones. It has good logistics with a sealed road traversing one end of the project, nearby town and several water bores already established. Preliminary flora and cultural heritage surveys have been completed and Talga Gold aims to commence drilling soon after listing.

WARRAWOONA PROJECT (100%)

- 147 km² package over high grade historic gold mining centre.
- Near surface high grade gold and base metal drill targets.
- Nearby unexploited gold deposits with consolidation potential.

The Warrawoona project is situated over 147km² of greenstones of the Archaean Pilbara block in the East Pilbara mineral field of Western Australia, located 25 kilometres south from the regional town of Marble Bar. Talga Gold owns the right to purchase 100% of the project which comprises one exploration licence and four prospecting licences covering part of the Warrawoona goldfield.

Warrawoona is one of the largest historical mafic-ultramafic-hosted goldfields of the Pilbara, with officially recorded total production of 766.8 kg Au at an average grade of 31 g/t Au (Hickman, 1983). The Warrawoona project contains distinct gold targets

centred around the Warrawoona Synclinorium, a structurally deformed belt of predominantly mafic to ultramafic volcanics trapped in the suture zone between the Corunna Downs Batholith and Mount Edgar Igneous Complex.

The Warrawoona Project encompasses gold exploration targets along a linear, northwest trending zone approximately 18 kilometres long. The target zone contains gold occurrences defined by historic workings, scout drill intercepts and soil, stream and rock geochemistry anomalies. These mark favourable sites for medium scale high grade gold deposits to potentially form along the major east-west structures that parallel the Klondyke shear zone. An additional second order target exists where the long term erosion of gold lodes has fed into the core of the syncline and formed potential placer gold deposits.

Gold mineralisation of the Warrawoona centre is hosted by altered schist along the central Klondyke trend that extends for over eight kilometres through Talga Gold's ground to the south east of the known historic gold workings, termed the Klondyke Extended prospect. Previous work by Rio Tinto in the mid 1990's returned encouraging results from a first pass wide spaced drill program, however recommended further work was not carried out.



Rock specimen from the Warrawoona project area sliced open to reveal internal distribution of gold (specimen width 15cm)



Warrawoona project overview



Historic workings showing steep plunge of gold lodes typical of the Warrawoona project area.

The zone remains of high potential for gold deposits to be discovered. North and parallel to this zone is the Horrigan's prospect, a six kilometre long gold in soil zone with rockchip samples up to 66.5 g/t Au.

Further west is the Kiwi Ridge prospect (P45/2736) where gold was first found in 1992. A subsequent soil geochemical survey defined a 400 metre long part of the 1.4 kilometre long ridge that was shedding visible gold in a soil anomaly peaking at 180ppb Au, open to the east. The gold is interpreted to be hosted by a cherty BIF/mafic/felsic sequence similar to that hosting adjacent gold deposits. Additionally a zone of high grade base metal mineralisation was located 500m south east of the gold strike, with subcropping gossanous veins in volcanic schists returning rock sample assay results up to 14% Cu and 1.6 g/t Au. The average of five rock samples at this unnamed site returned 7% Cu.

The Cutty Sark (P45/2661) prospect is located approximately five kilometres east from Kiwi Ridge and consists of numerous zones of historic gold workings developed in strongly sheared and deformed volcanic schists. The actual Cutty

Sark mine recorded average production grades of approximately 57 g/t Au and limited open hole reconnaissance drilling by the vendor underneath the old workings intersected best result 8m at 8.5 g/t Au from 16-24m EOH (ended in stope). The site awaits follow up drill testing.

MOSQUITO CREEK PROJECT (100%)

- 70km² package in active and renowned goldfield.
- Extensive gold targets identified by previous explorers at times of lower gold prices.
- Prospective for both hard rock gold mineralisation and placer gold deposits.

The Mosquito Creek Project is located in the East Pilbara region of Western Australia, some 40 kilometres east of Nullagine which is in turn 190 kilometres north from the regional centre of Newman. Talga Gold owns the right to purchase 100% of the tenements comprising two exploration licences and ten prospecting licences which cover 70 km² total area of the East Pilbara mineral field.

The project tenements cover a number of gold prospects located in the Archaean age Mosquito Creek formation, a 5+ kilometre thick sequence of metamorphosed and interbedded conglomerate, sandstone, siltstone and shale that is part of the Nullagine Group of the De Grey Supergroup.

The project hosts orogenic style lode-gold deposit targets where structurally emplaced quartz veins along shear zones and faults can develop both high grade/low tonnage or large tonnage/low grade gold resources. This is demonstrated by production and resources of adjacent deposits reported by other companies such as 1.33 Mt @ 8.3 g/t Au at the Blue Spec/Golden Spec system (Northwest Resources Ltd 2009 Annual Report) to the west of the project and 2.43Mt @ 2.12 g/t Au at the adjacent Golden Gate deposit as part of a total project resource of 28 Mt @ 1.26 g/t Au (Millenium Minerals Ltd Gold Investor Forum 2009 Presentation).

The tenements are considered prospective for both hard rock gold mineralisation and placer gold occurrences. A significant portion of previous

historic work completed has been aimed at defining economic placer operations where coarse gold derived from erosion of the numerous auriferous veins and outcrops in the area is deposited in zones of flow change (velocity and gradient) within the recent colluvium, drainage and dryland channels.

Placer gold, although difficult to accurately estimate, can be readily processed through gravity plants and offers a simple path to gold production in the event of successful exploration. The previous work has been encouraging in terms of identifying likely areas to host economic quantities of gold and a comprehensive rock and soil sampling program directed at the outcropping prospective stratigraphy and quartz veins has been planned. This aims to identify hard rock drill targets similar in nature and style to Golden/Blue Spec, Bartons and Golden Eagle deposits while, in addition,

detailed mapping and sampling of the various placer gravels to evaluate the potential of the placer gold opportunities within the tenement package is proposed.



Managing Director Mark Thompson conducting fieldwork at the Mosquito Creek project

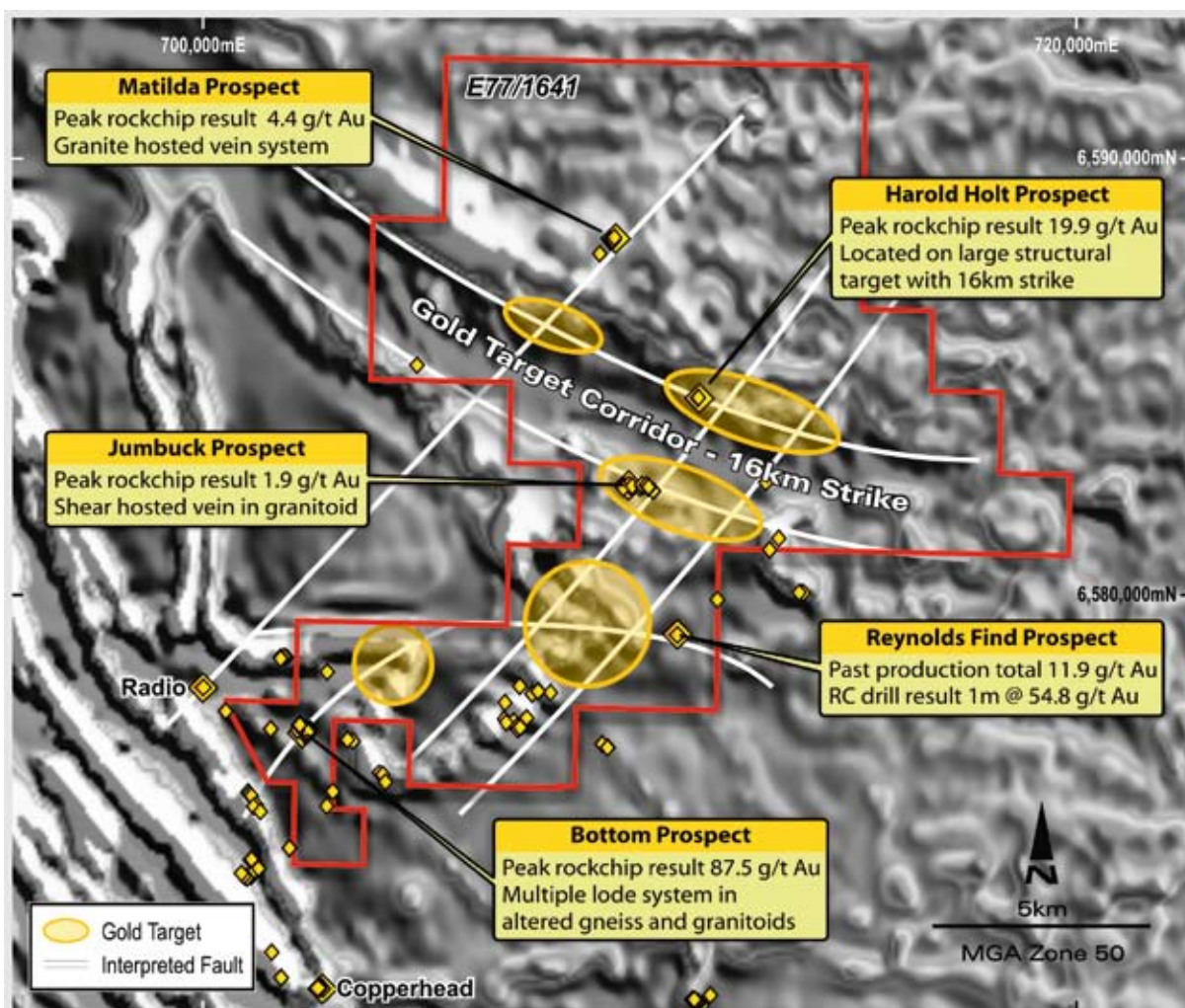
BULLFINCH PROJECT (100%)

- Highly prospective area near +1.5 M oz gold deposits eg, Copperhead.
- High priority drill targets defined.
- 15 kilometre strike BIF/Greenstone belt.

Talga Gold owns rights to acquire 100% of an exploration licence granted over 161 km² of the northern part of the Archaean age Southern Cross Province in Western Australia. The project lies near the town of Bullfinch and is approximately 40 kilometres north by sealed road from the regional centre of Southern Cross. The licence lies just east of the +1.5 million oz Au Copperhead mine and the smaller but high grade Radio mine.

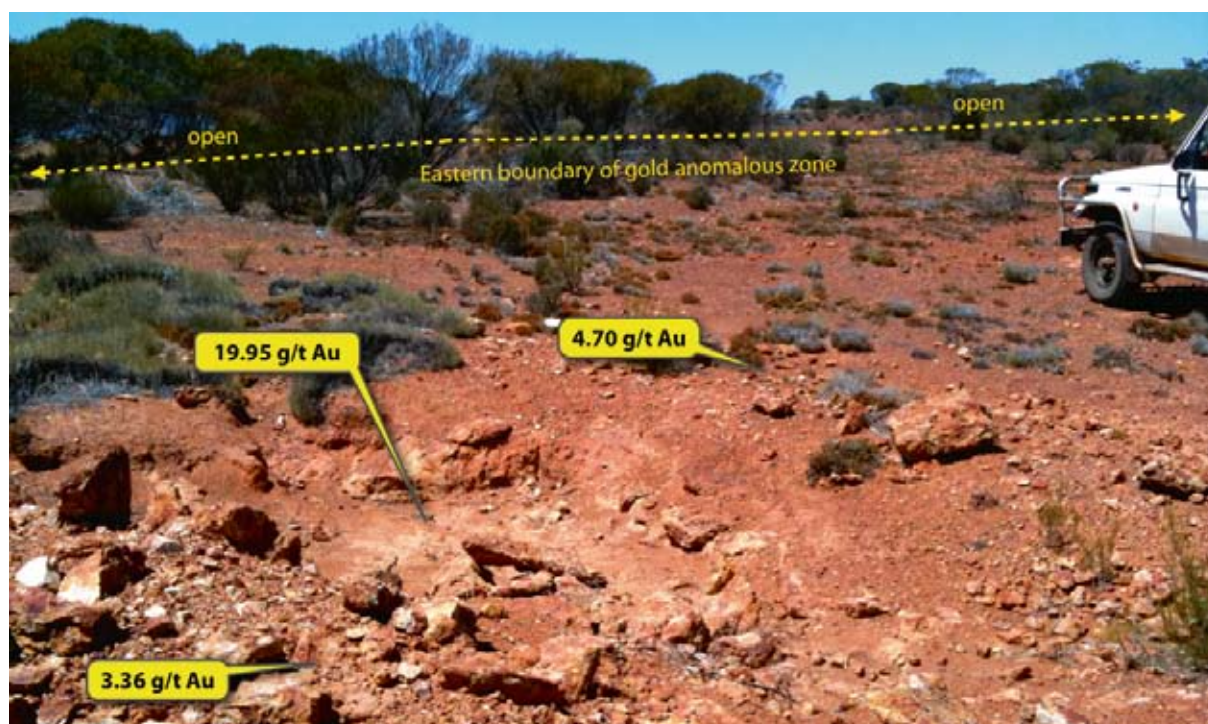
A priority target of the Bullfinch project is a largely untested belt of greenstone with Banded Iron Formation ("BIF") that is interpreted to be equivalent to that hosting nearby gold deposits. Previous exploration was hampered by shallow transported cover, but the prospective unit is now accurately traced by modern geophysical surveys that reveal it extending for 15 kilometres length through the project.

Talga Gold's work has identified shallowly concealed, high priority gold targets along the belt evidenced by demagnetised zones and fold hinge structural zones. Additional untested or poorly followed up gold targets have been defined including the Reynolds Find historic mine where 1980's RC drilling included 1m at 54.8 g/t Au from 3m depth, and the



Bullfinch Project gold prospects, occurrences and target zones highlighted on aeromagnetic image.

new (2009) discovery of the Harold Holt prospect where initial sampling returned grades up to 19.95 g/t Au in outcrop, confirming the presence of a gold mineralised zone that awaits RC drill testing for the first time.



Bullfinch Project, view of Harold Holt prospect with significant rockchip sample results.

2.6 EXPENDITURE SUMMARY

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the Offer.

It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from such exploration as carried out. Ongoing assessment of each of the Company's gold interests may lead to increased or decreased levels of exploration expenditure reflecting a change in emphasis. Subject to the above, the following exploration expenditure is proposed:

Exploration Budget – Years 1 and 2

Project		Minimum subscription		Full subscription	
		Year 1	Year 2	Year 1	Year 2
Pilbara Region	Talga Talga	\$336,000	\$294,000	\$400,000	\$350,000
	Warrawoona	\$357,000	\$294,000	\$425,000	\$350,000
	Mosquito Creek	\$311,000	\$281,000	\$370,000	\$335,000
	Pilbara Total	\$1,004,000	\$869,000	\$1,195,000	\$1,035,000
Yilgarn Region	Bullfinch	\$311,000	\$281,000	\$370,000	\$335,000
	Grand Total	\$1,315,000	\$1,150,000	\$1,565,000	\$1,370,000



Gold specimens pictured from
Talga Talga and Warrawoona projects

3.1 BOARD OF DIRECTORS

Mr Sean Neary B.Ec, M.Law (Tax), CPA.
Chairman and Non-Executive Director

Mr Neary is a Certified Practicing Accountant with more than 20 years experience in finance and commercial advisory roles. His experience includes more than ten years in audit and tax consulting with 'Big Four' and second tier accounting practices in Australia, and commercial experience including six years in a finance role with US based chemical giant, Dow Corning. In addition to his exceptional leadership qualities, Mr Neary brings to the Talga Gold Board a wealth of financial industry and corporate strategy experience that will ensure the Company's sustainable growth towards gold production.



Mr Mark Thompson MAIG, MSEG
Managing Director

Mr Thompson has more than 20 years industry experience in gold exploration and mining management, working extensively on major resource projects throughout Australia, Africa and South America. He started his career with Western Mining Corporation at the Victory gold complex before moving to the production team at the Sons of Gwalia open pit mine at Leonora. In addition to this practical experience, his roles as a Manager and Director of several private geological consultancies have developed his already extensive skills in all aspects of mineral exploration and project development. Mr Thompson founded and served on the Board of ASX listed Catalyst Metals Ltd and is a member of the Australian Institute of Geoscientists and the Society of Economic Geologists.



Mr Piers Lewis BComm, CA
Company Secretary and Non-Executive Director

Mr Lewis has more than 12 years global corporate experience and is currently Company Secretary for ASX listed companies Blackham Resources Limited and gold explorer Midwinter Resources NL. In 2001 Mr Lewis qualified as a Chartered Accountant with Deloitte (Perth), and brings to the Talga Gold Board extensive and diverse financial and corporate experience from previous senior management roles with Credit Suisse (London); Mizuho International and NAB Capital.



BOARD AND
CORPORATE
GOVERNANCE

3.0

3.2 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The Board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are applicable to the Company, the Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (2nd edition)", ("Recommendations") which are appropriate for a company of Talga Gold's size and nature.

Such policies include, but are not limited to:

- Board Charter;
- Code of conduct for directors and key executives;
- Share Trading Policy;
- Audit Charter;
- Continuous Disclosure Policy;
- Shareholder Communications Strategy;
- Risk Management Policy;
- Process for performance evaluation of the Board, board committees, individual directors and key executives;
- Nomination and Remuneration Committee Charter; and
- Corporate Code of Conduct.

These policies are available in full on the Company's website at www.talgagold.com.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies will be given further consideration.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practice departs from the Recommendations to the extent that they are currently applicable to the Company.

PRINCIPAL 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1

Notification of Departure: The majority of the Board is not independent.

Explanation of Departure: The Board consists of one independent director (a non-executive Chairman) and two non-independent directors (executive Managing Director and non-executive Director/ Company Secretary). The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has the relevant experience and specific expertise relevant to the Company's business and level of operations.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by directors who have a vested interest in the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent directors as it deems appropriate.

Recommendation 2.4

Notification of Departure: There is no separate nomination committee.

Explanation of Departure: The full Board considers the matters and issues that would fall to the nomination committee. The Company has adopted a Nomination and Remuneration Committee Charter setting out the Board processes to raise issues that would otherwise be considered by the nomination committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.

The Board intends to reconsider the requirement for and benefits of a separate nomination committee as the Company's operations grow and evolve.

**PRINCIPAL 4:
SAFEGUARD INTEGRITY AND FINANCIAL
REPORTING**

Recommendation 4.1 – 4.3

Notification of Departure: There is no separate audit committee.

Explanation of Departure: The Board has not established an audit committee rather the Board takes full responsibility for this role due to the size and nature of the Company. The Board does have an Audit Charter that can be viewed at www.talgagold.com

The Board continues to strive to meet the ASX Corporate Governance Principles and Recommendations or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying the ASX Corporate Governance Principles and Recommendations 4.1-4.3 is impractical given the size of the Company and the industry in which it operates. The Board consists of three members and therefore the Directors believe, it is sufficient for the full Board to assume those responsibilities that are ordinarily assigned to an audit committee.

**PRINCIPAL 7:
RECOGNISE AND MANAGE RISK**

Recommendation 7.2

Notification of Departure: The Company is yet to design and implement a formal risk management and internal control systems.

Explanation of departure: Given the current size and stage of the Company's operations it is yet to implement formal risk management and internal control systems to manage key risks. Following the Company's listing on the ASX the Board will review and consider appropriate internal controls and risk management systems having regard to the material risks impacting the Company.

**PRINCIPAL 8:
REMUNERATE FAIRLY AND RESPONSIBLY**

Recommendation 8.1

Notification of Departure: There is no separate remuneration committee

Explanation of Departure: Due to the structure of the Board, a separate remuneration committee is not considered to add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board considers that it is more appropriate that it set aside time at Board meetings to address matters that would normally fall to the Nomination and Remuneration Committee. The Company has adopted a Remuneration Committee Charter setting out the Board processes to raise issues that would otherwise be considered by the remuneration committee.

In addition all matter of remuneration will continue to be determined in accordance with the Corporations Act requirements, especially in relation to related party transactions. That is, no Director will participate in any deliberations regarding their own remuneration or related issues.



RISK FACTORS

4.0

As with any share investment, there are risks involved with an investment in the Company. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisor before deciding whether to apply for Shares.

4.1 EXPLORATION SUCCESS

Potential investors should understand that the business of identifying, acquiring, exploring and/or developing mineral projects is a high-risk undertaking.

There can be no assurance that exploration of acquired projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

4.2 INVESTMENT RISKS

The business activities of the Company are subject to various risks that may impact on the future performance of the Company. 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. There are a number of risk factors that investors should consider and seek independent advice on, before deciding whether or not to invest in Shares. The principal risk factors include, but are not limited to, the following:

Economic Risks

Economic factors beyond the control of the Company, such as changes in commodity prices, interest rates, inflation, exchange rates and taxation, may negatively impact on the revenue and profitability of the Company.

Limited Liquidity

Whilst the Company does have a strategy to proceed with an application to list on the ASX, there is no recognised market for buying and selling the Shares at this time.

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 mining operations.

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.

Operating Risks

The operations of the Company may be affected by various factors, including failure

to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the cost of consumables, spare parts, plant and equipment.

Having been incorporated on 21 July 2009 Talga Gold does not have any operating history, although it should be noted that the Company's Directors have between them significant operational experience. No assurances can be given that Talga Gold will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until Talga Gold is able to realise value from its projects, it is likely to incur ongoing operating losses.

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. At this stage the projects held by Talga Gold do not contain any resource estimates. 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.

Title Risks and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, 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 native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Reference should be made to the relevant section of the Solicitor's Report on Tenements set out in Section 7 of this Prospectus for information on the issue of title and a description of the native title regime in Western Australia.

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, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

Conflicts of Interest

Certain Directors of the Company are also Directors and officers of other companies engaged in mineral exploration and development and mineral property acquisitions. Accordingly, mineral exploration opportunities or prospects of which such persons become aware will not necessarily be made available to the Company. The Directors intend, however, to allocate these to such companies on the basis of prudent business and judgement and the relative financial abilities and needs of the Company to participate. Although such persons have been advised of their fiduciary duties to the Company, there exist actual and potential conflicts of interest among these persons and situations could arise in which their obligations to, or interests in, other companies could detract from their efforts on behalf of the Company.

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.

4.3 SPECIFIC RISKS ASSOCIATED WITH THE COMPANY

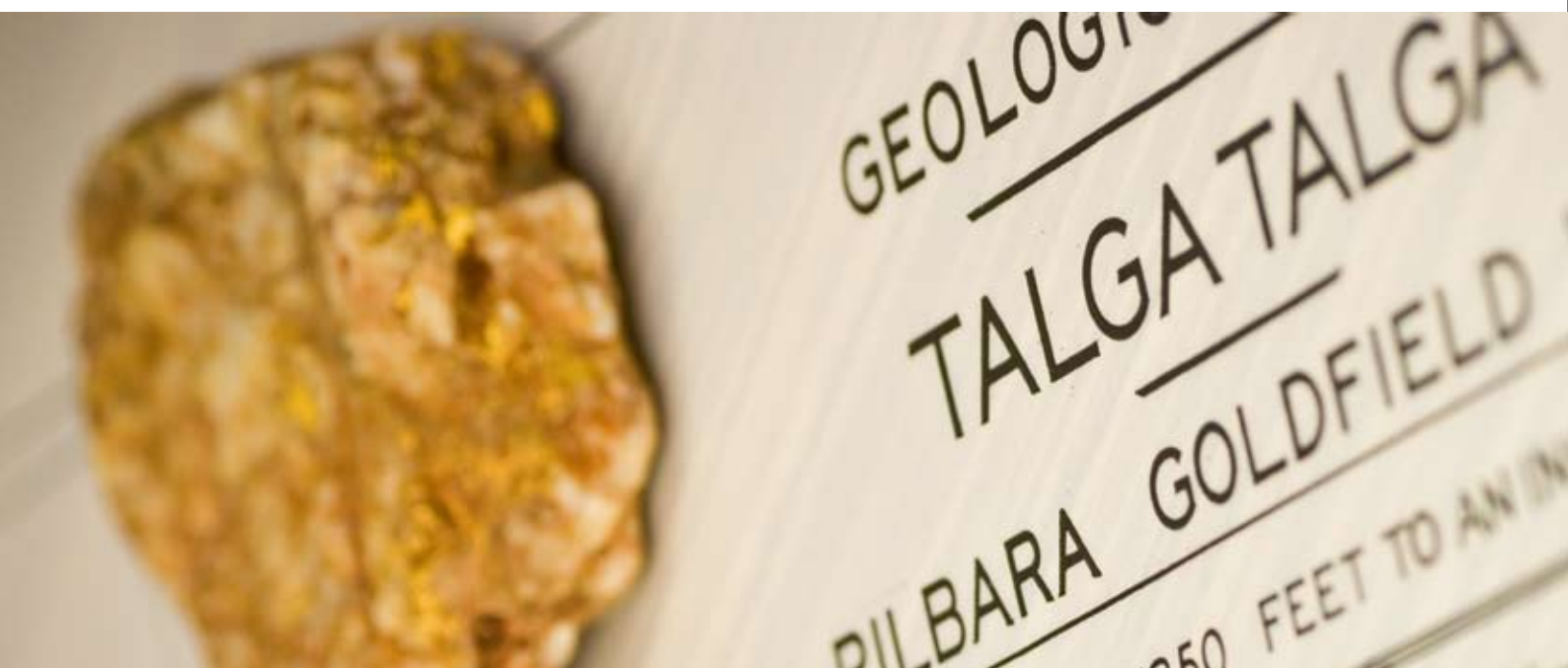
There are also a number of specific risks associated with the Company which may adversely affect the Company's financial position, prospects and price of its listed securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties which are not generally associated with other businesses.

Set out below are specific risks that may adversely affect the Company:

- 4.3.1 The Western Australian Department of Mines and Petroleum ("Department") from time to time reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether

the outcome of such a review would be detrimental to the funding needs of the Company;

- 4.3.2 The exploration costs of the Company described in the Company Overview section of this Prospectus are based on certain assumptions with respect to the method and timing of exploration. 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; and
- 4.3.3 Ministerial Consent for the transfer of some of the tenements and tenement applications from various vendors to Talga Gold, and the grant of those tenements which are still at application stage, may be required from the Minister of Resources which cannot be guaranteed.



INDEPENDENT
GEOLOGIST'S
REPORT

5.0



CoxsRocks Pty Ltd: ABN 69 111 457 231
Consultants to the Exploration and Mining



22 Boreham St
Cottesloe, 6011 WA
scoxhell@bigpond.com
Ph: 0419833127
15th April 2010

The Directors
Talga Gold Limited
Ground Floor, 41 - 47 Colin St
WEST PERTH WA 6005

Dear Sirs,

INDEPENDENT GEOLOGIST REPORT ON EXPLORATION PROPERTIES OF TALGA GOLD LIMITED

CoxsRocks Pty Ltd ("CoxsRocks") has been requested by Talga Gold Limited ("Talga Gold" or the "Company") to prepare an independent consulting geologist's report on the Company's projects located in the Marble Bar and Nullagine area of the East Pilbara and the Bullfinch area north of Southern Cross, Western Australia. The Company owns the rights to acquire a 100% interest in a total of twenty two tenements covering a total area of 382 square kilometres.

The report is to be included in a Prospectus to be lodged by Talga Gold with the Australian Securities and Investment Commission ("ASIC"), offering for subscription 25,000,000 ordinary Shares at an issue price of twenty (20) cents per Share to raise \$5,000,000 with a minimum subscription of 21,000,000 ordinary Shares at an issue price of twenty (20) cents per issued to raise \$4,200,000. The funds raised will be used for the purpose of exploration and evaluation of the four project areas of the Company. Each of Talga Gold's four projects are located within or adjacent to known gold producing areas with outcropping gold mineralisation and significant quantities of placer gold identified on some of the projects.

Three of the projects (Talga Talga, Warrawoona, Mosquito Creek) are all located in the Archaean aged rocks within the Pilbara Craton near the townships of Marble Bar and Nullagine. The fourth project area (Bullfinch) is located on the eastern edge of the Southern Cross Greenstone belt and covers a prominent magnetic lineament interpreted to define a complexly folded banded iron sequence partially resorbed by granitic rocks. Gold mineralisation has been identified in all project areas with detailed exploration and drilling required to fully test the prospective areas.

This report has been prepared by Mr Simon Coxhell BSc, Masters Qual., MAusIMM. He has in excess of 25 years experience in mineral exploration, evaluation and mining.

The information used to prepare the report is drawn from:

- (a) discussions with consultants, directors and management of Talga Gold.
- (b) reports prepared by previous tenement holders and their consultants.
- (c) scientific and technical research reports and papers publicly available.

CoxsRocks does not doubt the authenticity or substance of previous investigating reports. It has not however, carried out a complete audit of the information but has relied on previous reporting and documentation where applicable and has used this for research purposes with qualifications applied, where necessary. Details in respect of environmental, metallurgical and native title considerations are beyond the scope of this report and readers are directed to the Solicitor's Report in Section 7 of the Talga Gold Prospectus for additional information regarding the Company's projects.

This report has been prepared in accordance with the relevant requirements of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and subject to the qualifications presented above, the VALMIN Code.

The author of the report, Simon Coxhell, who has compiled the information used in the report, is a Member of the Australasian Institute of Mining and Metallurgy with in excess of 25 years of experience and has the relevant expertise to qualify as a Competent Person as required under the JORC Code.

Yours Sincerely

A handwritten signature in dark ink, appearing to be 'SC' followed by a long, horizontal, wavy line.

Simon Coxhell B.Sc., MAusIMM
Principal Consultant
CoxsRocks Pty Ltd
April 2010

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1.0 EXECUTIVE SUMMARY

This report discusses the geological setting, exploration history, previous work and proposed exploration of the projects of Talga Gold. The Company has the rights to acquire a 100% interest in the tenements unencumbered by vendor royalties, free carried interests or claw back provisions.

The project areas are all located in known gold bearing areas of Western Australia, relatively close to infrastructure and adjacent to the towns of Marble Bar, Nullagine and Southern Cross. The Talga Talga and Warrawoona projects are located within 30 kilometres of Marble Bar and cover known areas of gold mineralisation and areas adjacent to gold mineralisation. One granted mining lease and three prospecting license applications cover the Talga Talga area (4.74 km²), Warrawoona comprises four prospecting licenses (three granted) and one large exploration license application (143.78 km²) situated within one of the largest historical goldfields of the Pilbara, with officially recorded production of 24,000 ounces of gold at an average grade of 29.6 g/t Au (Hickman 1983).

The Talga Talga tenements cover the historic gold mining centre of Talga Talga which was originally discovered in 1894 and has produced quantities of high grade gold specimens located within three parallel shear zones and quartz veins covering a total of 4.8 kilometres of strike. Intermittent recent and historic gold workings are developed along the structures focused on shallowly north west dipping veins and alteration zones which have produced the majority of the known gold. The Company plans to test at depth and along strike of the highest grade portions of the gold rich veins. Quantities of placer gold have been identified in ancient and modern day creek systems adjacent to the mineralised zones and further work to investigate potential tonnes and grade of the placer material is warranted.

At Warrawoona one of the Company's tenements surrounds those of the Klondyke Gold Deposit (4.3 Mt @ 2.1 g/t Au; Jupiter Mines Ltd Annual Report 2006), currently held by another company, Jupiter Mines Ltd. Data relating to comprehensive and systematic soil sampling by previous explorers along strike from the Klondyke Gold Deposit has been compiled by Talga Gold and has demonstrated the existence of a six kilometre gold in soil anomaly

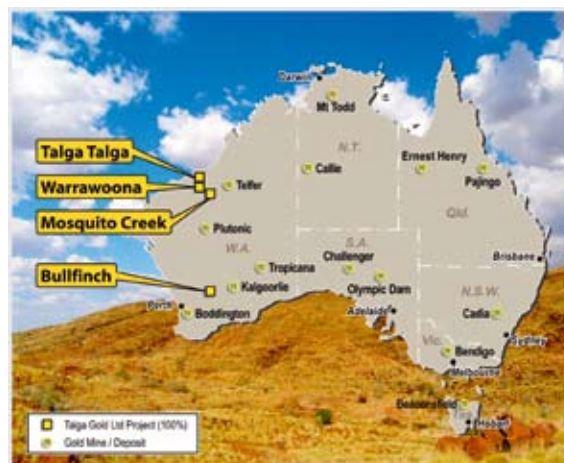


Figure 1: Talga Gold Ltd project locations and significant gold deposits

which represents a significant exploration target. In addition a number of additional gold targets have been identified by Talga Gold, where rockchip sampling and soil sampling have delineated zones of gold mineralisation that the Company proposes to drill test. Recent soil sampling has identified a gold in soil anomaly and outcropping base metal gossans within P45/2736 "Kiwi Ridge Prospect" which is proposed to be drill tested once the company lists on the ASX.

The Mosquito Creek project is located 40 kilometres east north east of the Nullagine and covers the strike extensions of quartz and shear hosted gold deposits within the Mosquito Creek Formation, a thick sequence of Archaean aged metasediments interpreted to have undergone multiple periods of deformation. The project is secured by two exploration licenses (one granted) and ten prospecting license applications totalling 70 km². A number of intrusive porphyry granitic style rocks have been mapped within the thick sedimentary package and are believed to be related to the distribution of the known gold mineralisation.

Quantities of placer gold within paleo-drainages and modern day creek systems have been identified by past explorers, along with erratic east trending gold bearing quartz veins present within the Mosquito Creek tenement areas. The challenge will be to identify those zones where grade and width increases. Detailed mapping and sampling should

assist. Talga Gold plans to further investigate the tenement areas to identify and quantify the ancient and present day gold bearing placer gravels present within the tenements.

The Bullfinch project is located 40 kilometres north of Southern Cross, adjacent to the township of Bullfinch and north east of the multi-million ounce Copperhead gold deposit. The project is secured by one granted exploration license covering a total of 161 km². A complexly folded partially resorbed greenstone +/- BIF unit has been identified on the regional aeromagnetics with first pass field reconnaissance by Talga Gold identifying a number of areas containing anomalous gold. The tenement covers the Reynolds historic mine where reverse circulation drilling in 1980's returned anomalous gold intersections over narrow widths of up to 54.8 g/t Au. The Company plans to complete systematic geophysical surveys and RAB/RC drilling focused on zones of magnetite destruction in the BIF units and structural complexities interpreted from the magnetics within the granite and gneiss terrain.

2.0 INTRODUCTION AND TENEMENTS

The Talga Talga, Warrawoona and Mosquito Creek Projects are all located within Archaean rocks of the Pilbara craton, East Pilbara region and the Bullfinch Project is located within Archaean rocks of the Yilgarn craton, in the Southern Cross region. Archaean rocks in Western Australia form two major cratons called the Pilbara and Yilgarn. The cratons have completely different geological histories and evolved independently until they collided and fused to form the intervening Capricorn Orogen at ca 1.8 Ga. The Pilbara Craton is recognised as being significantly older than the Yilgarn Craton and contains rocks which have been dated at between 2.8- >3.6 billion years while the Yilgarn Craton is younger and has been dated at 2.4 - 2.9 billion years. The Pilbara Craton is similar in age to the South African Barberton Belt, a significant gold producing region.

The tenement package of Talga Gold comprises a total of 22 tenements totalling approximately 382 km². The Company has the right to acquire 100% of all tenements and the reader is referred to the Solicitors Report for a comprehensive review of tenure. The budgeted exploration expenditure is as follows in Table 1.

Table 1. Budgeted Exploration Expenditure

Project		Minimum subscription		Full subscription	
		Year 1	Year 2	Year 1	Year 2
Pilbara Region	Talga Talga	\$336,000	\$294,000	\$400,000	\$350,000
	Warrawoona	\$357,000	\$294,000	\$425,000	\$350,000
	Mosquito Creek	\$311,000	\$281,000	\$370,000	\$335,000
	Pilbara Total	\$1,004,000	\$869,000	\$1,195,000	\$1,035,000
Yilgarn Region	Bullfinch	\$311,000	\$281,000	\$370,000	\$335,000
	Grand Total	\$1,315,000	\$1,150,000	\$1,565,000	\$1,370,000

3.0 EAST PILBARA INTRODUCTION

3.1 TOPOGRAPHY, CLIMATE AND PHYSIOGRAPHY

The climate of the region is semi-arid, hot and mostly dry, with an average annual rainfall of 347 mm at nearby Goldsworthy. Rainfall is irregular and most falls between December and April as a result of cyclonic and thunderstorm activity. Infrequent and unreliable winter rain also occurs. Annual evaporation in the East Pilbara area is about 2.5 metres. The hills are steep and rise abruptly from the plains, with scree slopes at the base. A network of numerous small creeks and erosion channels has produced a rugged terrain. Braided river and creek systems have preferentially developed within the underlying softer granitic rocks with a water flow direction predominantly to the north into the Coongan/DeGrey river catchment.

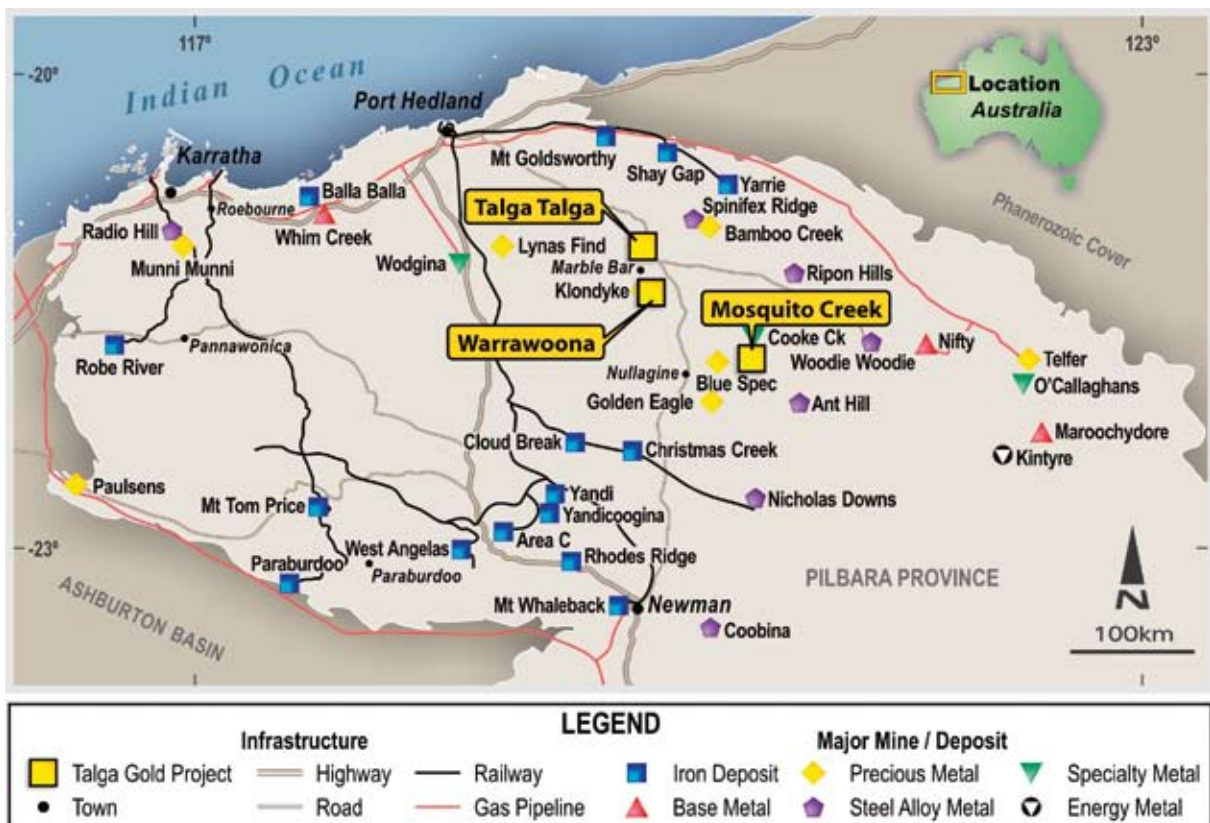


Figure 2: Talga Gold Pilbara region project locations - major mineral deposits and infrastructure

3.2 REGIONAL GEOLOGY OF THE EAST PILBARA

The Pilbara Craton is an ovoid area, covering 250,000 km², comprising Paleoarchaeon to Mesoarchaeon granitic rocks and greenstones that formed between 3650 and 2830 Ma. These rocks are unconformably overlain by a weakly deformed and metamorphosed 2775–2450 Ma cover succession of volcanic and sedimentary rocks known as the Mount Bruce Supergroup, deposited in the Hamersley Basin.

The rocks of the craton outcrop as inliers within the Hamersley Basin succession. The largest inlier of basement rocks is in the northern part of the craton and is termed the northern Pilbara Craton. The geological character

and age of the northern Pilbara Craton changes from east to west and in the past was subdivided into three domains: the East Pilbara Granite-Greenstone Terrane, the Central Pilbara Tectonic Zone and the West Pilbara Granite-Greenstone Terrane. More recent geological mapping and age dating has proposed five lithotectonic elements (Van Kranendonk et al., 2002):

1. East Pilbara granite greenstone terrane
2. Mallina basin
3. West Pilbara, granite-greenstone terrane (including Scholl Terrane)
4. Mosquito Creek basin
5. Kurrana terrane.

The Company's Pilbara projects are located in the East Pilbara Granite Greenstone Terrane (Talga Talga, Warrawoona) and the Mosquito Creek Basin (Mosquito Creek).

The East Pilbara Granite Greenstone Terrane which formed between 3500 and 2850 Ma is characterised by domal granitoid complexes that are separated by synclinal greenstone sequences comprising volcanic-sedimentary rocks. The Mosquito Creek basin located to south-southeast of Talga Talga and Warrawoona is dated at about 3280 Ma and contains low-grade metamorphosed sandstone, shale, and conglomerate of the Mosquito Creek Formation (Hickman, 1983).

The greenstone sequence (Pilbara Supergroup) can be divided into the lower, predominantly mafic volcanic sequence, Warrawoona Group and the overlying, predominantly clastic, sedimentary Gorge Creek Group which consists of a thick sequence of siliciclastic and chemical sediments, rarer felsic volcanic, and volcanoclastic rocks passing into mafic volcanic rocks (Hickman, 1983). One of the most important hosts to gold mineralisation in

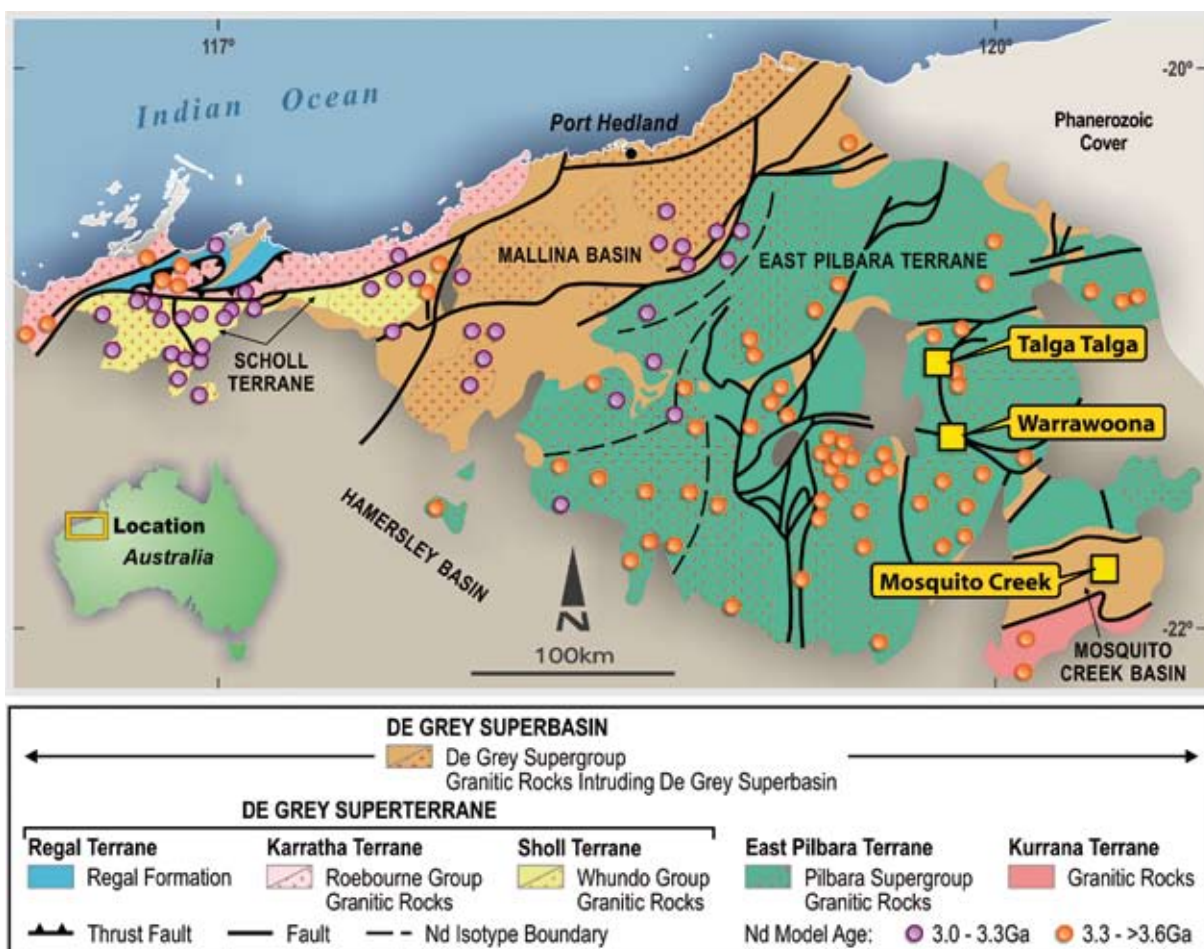


Figure 3: Pilbara Geological Setting and Terrane Ages (after Van Kranendonk 2002)

the Pilbara are basaltic and ultramafic rocks of the Warrawoona Group, an observation first made by Hickman (1983). Overlying the Gorge Creek Group is the De Grey Group of predominantly sandstones and overlying greywackes, cherts and minor BIF units.

The Talga Talga and Warrawoona projects are hosted by the Warrawoona Group consisting predominantly of basaltic rocks and interlayered felsic lavas, ultramafic schists, cherts and minor sandstones. Age dating suggests these rocks to be 3500-3452 Ma. The Mosquito Creek Project is hosted by sediments of the De Grey group with gold mineralisation focused on thin interflow sediments and oblique cross cutting quartz veins and shears.

3.21 STRUCTURAL GEOLOGY

The 3650-2850 Ma Pilbara Craton is a classical example of a granite-greenstone-terrane, with ovoid to circular composite granitoid complexes separated by synformal, enveloping greenstone packages in the east and more linear granitoid-greenstone belts in the west. Processes of formation and evolution of the Pilbara Craton i.e., whether plate tectonics operated in the mid Archaean are hotly debated (cf. De Witt, 1998; Hamilton, 1998).

Contrasting models for the tectonics of the Pilbara specifically include:

1. Alpine style crustal thickening followed by diapirism (Bickle et al, 1980; 1985);
2. Accretion of oceanic islands and island arc terranes (Krapez, 1993; Kiyokawa & Taira, 1998);
3. Modified core complex formation (Zegers, 1996; Zegers et al, 1996);
4. Strike-slip faulting (Krapez & Barley, 1987; Krapez, 1993), and;
5. Diapirism or vertical tectonics (Hickman, 1983; 1984; Van Kranendonk & Collins, 1998; Collins et al, 1998).

Due to the lack of data, most of the previously published structural geology and tectonic work in the Pilbara has not focussed on the third dimension. Wellman (1999) has modelled the third dimension and produced consistent results (seismic refraction, gravity, magnetics) that show that the granite-greenstone contacts are steeply dipping and extend

to mid crustal levels of 14 kilometres (3D shape).

These deep greenstone keels are unusual when compared to other Archaean belts, where depths are commonly less than 10 kilometres and generally around 5-6 kilometres.

Hickman (1983) provides a long lived, four-phase deformation chronology (largely followed by Van Kranendonk, 1997; 1998 in more local studies), with:

1. interfolding of greenstone and granitic material, granitic intrusion and migmatization;
2. main deformation involving solid state diapirism, greenstones down and granitoid up, during greenschist to amphibolite metamorphism;
3. conjugate folding and faulting associated with regional E-W compression, and later faults produced by N-S compression;
4. (more localised) tight to open folding about subhorizontal axial planes.

3.3 GOLD MINERALISATION IN THE EAST PILBARA

Gold mineralisation in the East Pilbara is highly variable in both its geological occurrence and age. Most of the gold mineralisation occurs in either mafic to ultramafic volcanic sequences (Talga Talga and Warrawoona projects) or in younger sedimentary turbiditic sequences (Mosquito Creek project).

One of the most important hosts to gold mineralisation in the East Pilbara are basaltic and ultramafic rocks of the Warrawoona Group. Important districts and deposits that are hosted within the Warrawoona Group include Marble Bar, Bamboo Creek, North Pole, Mt York-Lynas Find, Warrawoona and Talga Talga. The Klondyke Gold deposit is located in the Warrawoona Group and comprises a resource of 4.3 Mt @ 2.1 g/t Au for 294,000 ounces of gold (Jupiter 2006 Annual Report) located in the higher grade portion of the Klondyke shear zone.

Much of the gold mineralisation in the East Pilbara is associated with shear zones and the faulted contacts between units of contrasting competencies and lithology. These shear zones and faults range in strike length, geometry and structural level now exposed. Sheared contacts between units with a marked

competency contrast controlled mineralisation in many areas, where deposits are commonly hosted by altered, competent mafic rocks near sheared contacts with ultramafic rocks, eg Talga Talga, and Bamboo Creek.

Turbiditic sedimentary rocks, mainly of the De Grey Group, are also an important host to gold mineralisation in the Pilbara. Districts hosted by these rocks include the Eastern Creek, Middle Creek, Mosquito Creek, Five Mile Creek, and Twenty Mile Sandy area to the east of Nullagine. Some of the important recent developments in the East Pilbara have occurred in these districts and include the Blue Spec mine and Golden Eagle deposits, while the Indee gold deposit of the West Pilbara is developed in stratigraphically identical rocks.

Gold mineralisation in the Pilbara was probably introduced during two separate events, the first at 3400 Ma, and the second at 2900 Ma. Blewett (2000) identified a multiphase deformation history for the Pilbara Craton, and interpreted these two mineralising events to possibly correlate with the regional D2, and the regional D4 events respectively.

The 3400 Ma lode Au event was probably associated with the regional D2 deformation event. The 2900 Ma event appears to be associated with northwest-southeast convergence (D4) that developed east-northeast trending structural elements in the Mosquito Creek Belt. At Mount York-Lynas Find, gold deposition was associated with renewed D4 sinistral shear, many of the shear zones being reworking of earlier faults.

The Marble Bar greenstone belt along the southwestern margin of the Mount Edgar Igneous Complex (Figure 4) produced in excess of 6.0 tonnes of gold, about 44% of the total for the older lode-gold deposits. This area contains a further 11.6 tonnes or resources, for a total global resource of 17.6 tonnes. This area, which contains the Marble Bar, Comet and Warrawoona districts, comprises mafic and felsic volcanic rocks of the Talga Talga and overlying Coongan Subgroups of the Warrawoona Group. The Duffer Formation, the basal unit of the Coongan Subgroup, has an age of ca. 3470 Ma (Van Kranendonk et al., 2002).

At the Comet deposit, located 9 kilometres south-southwest of Marble Bar gold is hosted by talc-chlorite-carbonate schist, which Finucane (1937) interpreted as sheared and carbonated mafic lava.

3.4 GOLD MINERALISATION OF THE WARRAWOONA AND TALGA TALGA DISTRICTS

The Warrawoona and Talga Talga projects are situated within rocks of the Warrawoona Group comprising interbedded mafic volcanics, ultramafics, chert units and minor sandstone surrounding and marginal to the Mount Edgar Igneous Complex.

The Talga Talga and Bamboo Creek mining centres share a similar geological setting in different positions around the Mount Edgar Igneous Complex. The Talga Talga project covers stratigraphically lower portions of the lower Warrawoona Greenstone group wrapped around the northwestern rim of the Mount Edgar Igneous Complex and is located 28 kilometres north of Marble Bar. The Warrawoona project is located 28 kilometres southeast of Marble Bar and covers significant portions of a highly attenuated wedge-shaped belt of upper Warrawoona Greenstone group sandwiched between the Mount Edgar Complex and the Corunna Downs Batholith.

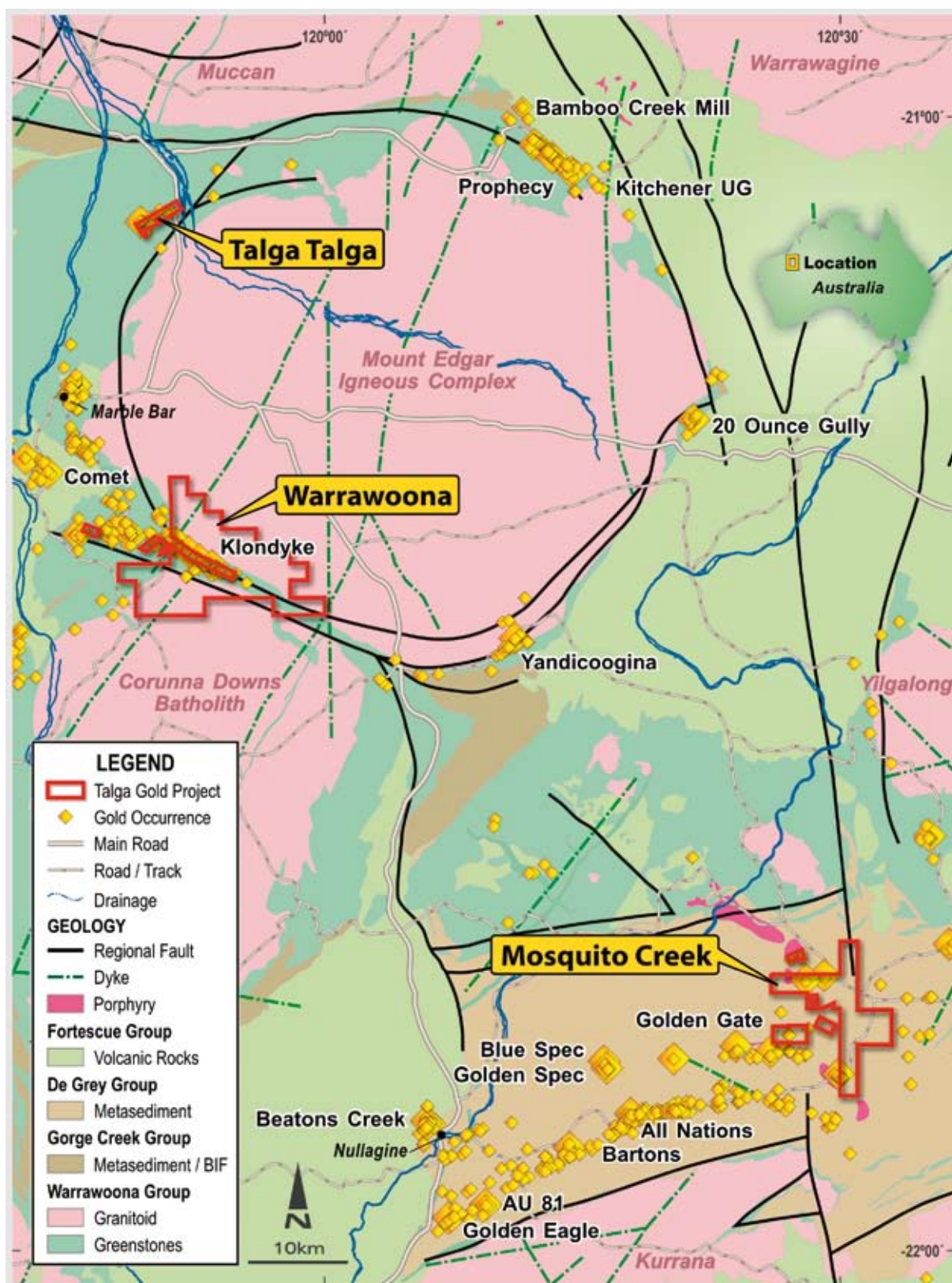


Figure 4: Talga Gold Pilbara Projects Regional Geology and Gold Occurrences

4.0 TALGA TALGA PROJECT

INTRODUCTION

The Talga Talga Project is located approximately 150 kilometres east south east of Port Hedland in the East Pilbara Mineral Field, Western Australia. The project may be accessed from Marble Bar by travelling north for about 28 kilometres on the sealed road to Port Hedland that passes through the eastern side of the project tenements, and then by station and mining tracks to the west to access the gold workings. Talga Talga is secured by one granted mining lease and three prospecting license applications. The granted mining lease covers the McPhees Reward prospect which has been worked intermittently over the last 100 years and contains a number of undrilled gold workings centred on shallowly dipping shears and veins localised within sheared ultramafic +/- carbonate and quartz schists.

4.1 TALGA TALGA GEOLOGY

At Talga Talga a northeast striking, northwest shallow dipping (20 - 45 degrees) sequence of pillow basalts, sheared ultramafic/carbonate rock, basalts, minor thin BIF units and cherts are present sitting on a basal basalt unit called the North Star Basalt. The geology dips variably to the northwest related to doming of the Mt Edgar Igneous Complex that outcrops to the southeast of the project area but likely underlays it at depth. From the southeast, the geologically lowest unit is the North Star Basalt which is comprised of a lower pillow basalt overlain by serpentinised talc-carbonate rock, then vesicular pillow basalt followed by silicified spinifex-textured basalt. Above the North Star Basalt, the McPhee Formation is made up of a lower 25 metre thick chert member which is overlain by a 2 metre thick banded ironstone unit (BIF) followed by an 8 metre thick altered basalt which is overlain by a thick unit of altered carbonate-chlorite-quartz ultramafic rock. The lower section of the Mt Ada Basalt is a pillow basalt which overlies the ultramafic rocks of the upper McPhee Formation.

Semi concordant gold mineralisation occurs in a number of different stratigraphic positions within the volcanic sequence and is localised within the ultramafic/carbonate schist and the chert/BIF units. The McPhees prospect is situated in a bedding-

parallel brittle-ductile shear zone located in a thick, highly sheared and altered ultramafic unit of the McPhee formation. Similar but stratigraphically lower the North Star-Galatea zone is located in a highly sheared and altered ultramafic sill in contact with komatiite unit. Gold in both these zones at known prospects is coarse grained and commonly in laminated quartz-carbonate lodes. In contrast the Quartzite No.1 prospect is hosted by the chert/BIF unit at the base of the McPhee formation, a unit that extends through the 4.8 kilometres length of the project tenements. Gold mineralisation here may have an early stage/syngenetic component and from the repetition of assay grades the gold distribution may not be as coarse as the ultramafic hosted lodes.

Steep north-northwest trending faults which in places dislocate the stratigraphy are present and are likely to have played a role in the distribution of the gold mineralisation, possibly tapping fluids and heat from the Mt Edgar Igneous Complex. Gold mineralised areas are characterised by an abundance of quartz veining, minor iron enrichment and the development of shears and faults. In addition to the vein hosted primary gold mineralisation quantities of placer gold are present within present day and ancient dryland channel deposits in drainage systems located to the south of the outcropping prospects.

4.2 EXPLORATION HISTORY

Gold was originally discovered at Talga Talga in the mid 1890's by brothers Angus and Charles McPhee who located outcropping "phenomenally rich specimens" of gold in excess of 300 ounces associated with quartz. Mining continued sporadically up to 1940 when production from the whole mining centre was recorded to have totalled 1432 tonnes for 1614 ounces of specimen gold equating to an average grade of 35.1 g/t Au. The average grade of the McPhee Reward site was 65.6 g/t Au. Several thousand ounces of placer gold were also reportedly produced.

In 1936 the Aerial Geological and Geophysical Survey of Northern Australia (WA) conducted a field review of the Talga Talga mining centre with geologist O'Halloran completing mapping and rock channel sampling, revealing outcrops returning

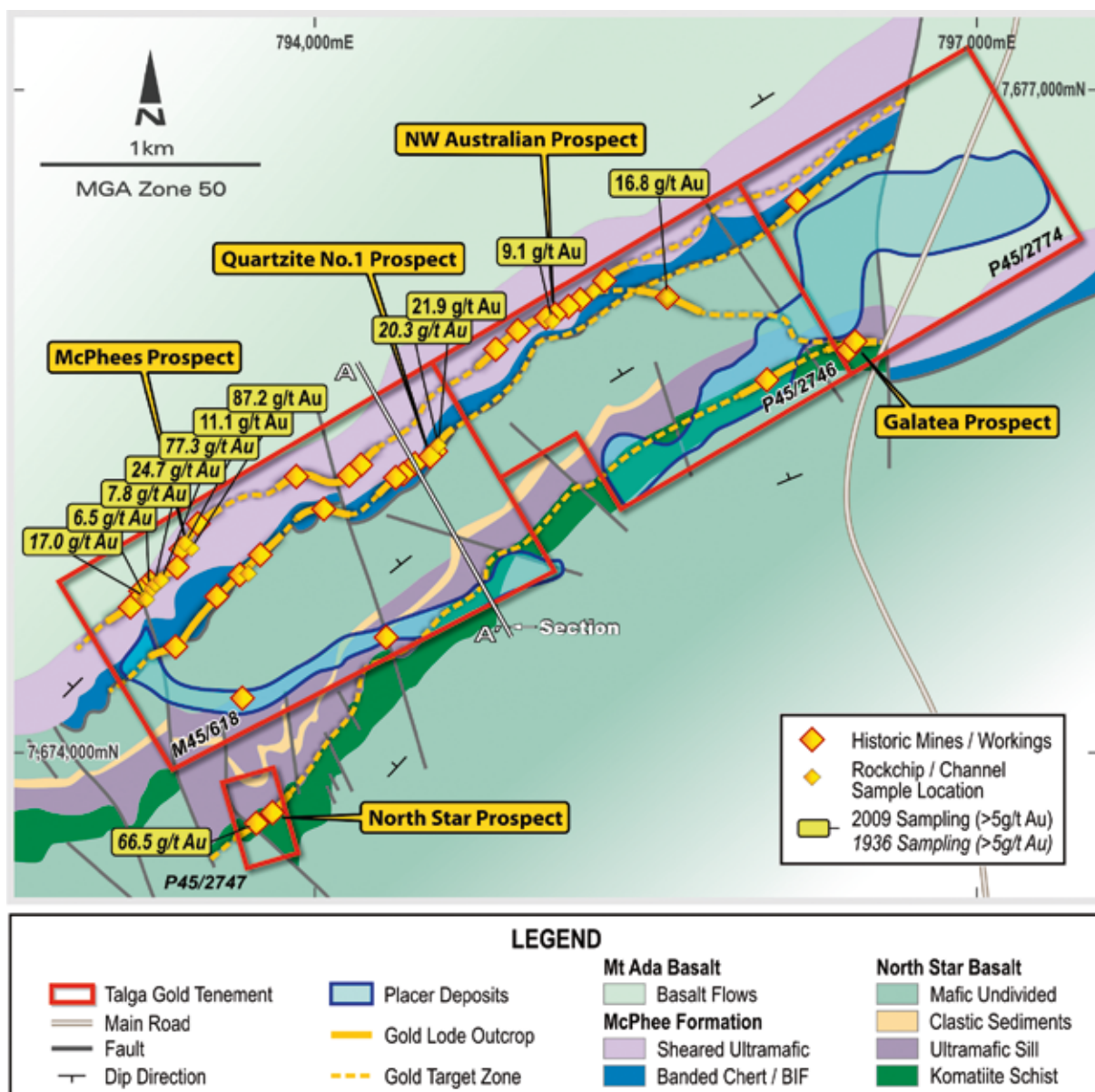


Figure 5: Talga Talga project geology and rockchip/channel sample gold results

up to 0.91m at 77.3 g/t Au in the McPhees area while at the North Star mine, samples of the reef at approximately 16 metres depth returned up to 0.43m at 66.5 g/t Au, highlighting the fact that additional narrow vein structures were present, unmined and that the gold bearing structures and veins had demonstrated depth potential.

In 1968 through to 1970 Anglo American Corporation (Australia) Ltd targeted the entire East Pilbara for nickel and uranium mineralization. Anglo American conducted regional scale programs targeting

nickel mineralisation utilising stream sediment and soil geochemical sampling, mapping and minor magnetic surveys over areas that included Talga Talga. Stream sediment anomalies for Ni, Pb and Zn were located but not followed up and no sampling for gold was undertaken. They conclude "...rocks of Talga Talga Temporary Reserve have potential for economic nickel mineralization..."

In 1969 Picklands Mather & Co, investigated the same area of Talga Talga and located coarse textured gossans at Talga Talga. Minor rock geochemical

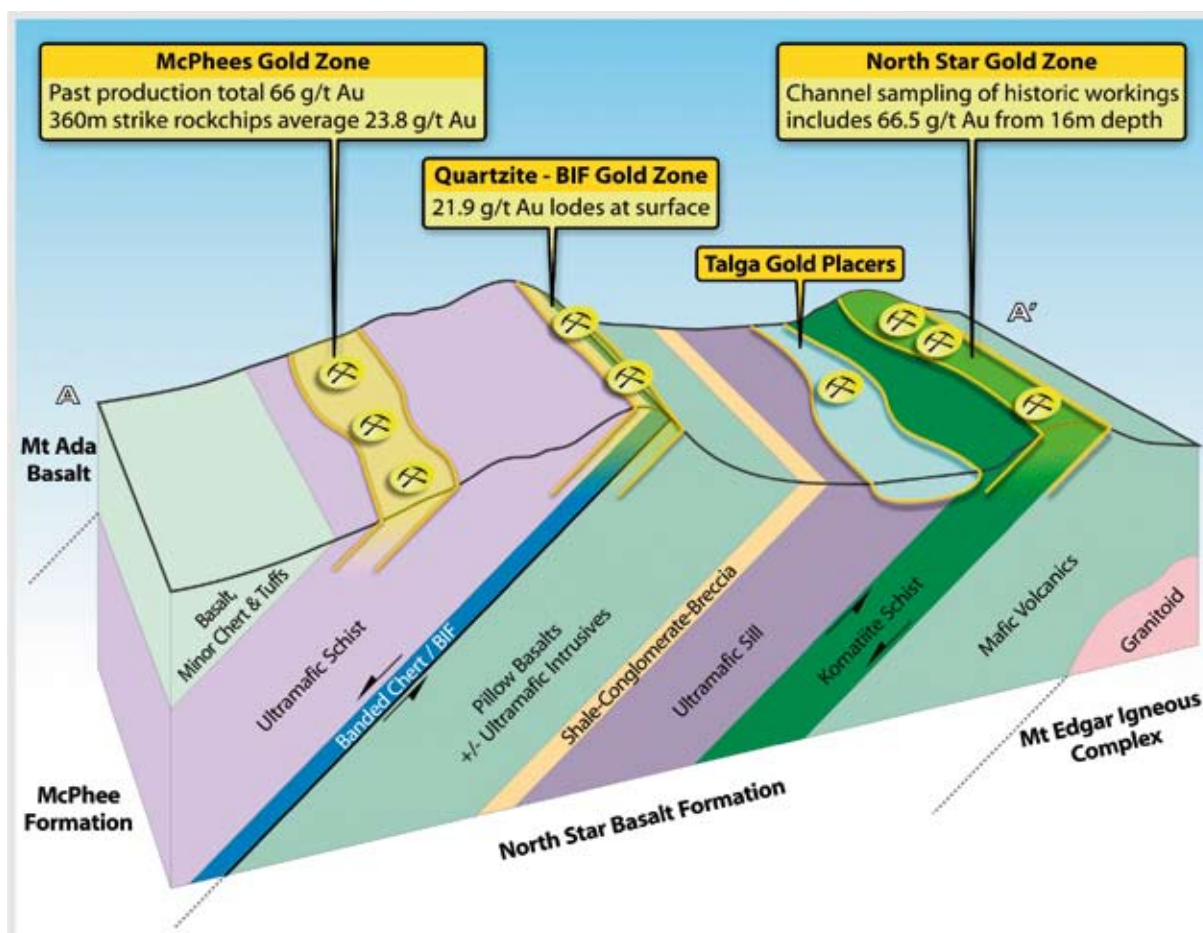


Figure 6: Talga Talga project 3D schematic geology section (note not to scale)

sampling revealed anomalous nickel and copper mineralization and no further work was completed.

Hawkstone Minerals explored from 1969-1973 for base metals in the East Pilbara including some areas adjacent to the Talga Talga centre, with anomalism in rock chip samples being as high as 2295 ppm Ni (gossan). The elevated nickel values are likely to be associated with the ultramafic units within the sequence. They utilised air photography, gridding, soil geochemical sampling, ground electromagnetic ("Turam") surveys and reconnaissance Induced Polarisation and Airborne magnetometer surveying. Four diamond and nine percussion drillholes were attempted to target geophysical anomalies and fault zones, most intercepting broad zones of disseminated sulphides, predominantly pyrite associated with alteration zones in the district. No systematic sampling for gold was undertaken.

Some percussion drilling for water noted the water table being at approximately 15m depth, which corresponded with the depth of the majority of workings at Talga Talga implying that the water table prevented further mining at depth historically. Vein-hosted nickel occurrences have also been more recently reported at Talga Talga (Ferguson and Ruddock, 2001).

Between 1986-88 R. Edwards conducted sporadic mining of elluvium around McPhees Reward and down the drainage to the boundary of current M45/618 utilising an onsite wet gravity plant. Some parcels of placer gravels were also screened and processed through the Marble Bar state battery.

Between 1995-1997 Compass Resources NL conducted regional exploration for gold that included a part of the Talga Talga project area where



Figure 7: Quartzite No.1 prospect historic and recent rockchip/channel sample gold assay results

reconnaissance scale stream sediment sampling (highest value 326ppb Au), rock chip sampling (highest value 140 g/t Au) and soil geochemistry sampling (highest value 1255 ppb Au) were completed. Compass drilled four shallow percussion holes over a 200m long zone of the eastern ridge for a total of 150m with best result 1m at 4.6 g/t Au from 16m. In relinquishing their tenements they noted that soil anomalies remain untested and stream sediment anomalies not traced to source.

Since 1993, when the current vendor gained control of the Mining Lease, no technical work has been reported. A considerable quantity of gold has been produced by the vendor from bulldozing and detecting the drainage system and a short program of bulk sampling alluvium with a wet gravity plant reportedly returned grades around 0.88gm Au/bcm. A collection of gold produced from the site reveals a large proportion of gold in quartz specimens,

indicative of the eroding primary source being quite close. Some of the specimens have been cut and polished for value adding jewellery items and have been compared favorably with that of Gympie Mining's successful gold specimen sales operation of the 1990's.

During 2009, the Company collected 22 rockchip samples of the veins over approximately 3.5 kilometres strike length which averaged 8.7 g/t Au and ranged from below detection to 87.2 g/t Au. Seven samples of a gossan averaged 0.12% Ni. The average of the 2009 sampling in the McPhees prospect area when combined with the recorded 1936 assays was 23.8 g/t Au over a cumulative 360m long zone. The average of nine samples assayed in 1936 from McPhees Reward returned 15.4g/t Au which is the same grade as a 70 tonne batch of ore processed in 1984 (Staples Geophysics, 1988).

Table 2: Talga Talga 2009 significant rockchip/channel sample assay results

Sample	Au g/t	Ag g/t	As ppm	Cu ppm	Pb ppm	Te ppm	Zn ppm
CM0863	87.20	169	244	1160	6100	17.30	3770
CM0864	11.10	28	151	244	1860	0.92	1130
CM0869	2.05	2	19	126	105	0.05	85
CM0870	2.82	2	67	39	39	0.09	36
CM0881	16.75	18	163	230	118	0.30	1390
CM0886	3.01	1	230	28	118	0.19	65
CM0887	9.07	1	207	105	44	0.23	66
CM0888	21.90	1	38	49	67	0.04	46

4.3 TALGA TALGA PROPOSED EXPLORATION

Talga Gold has proposed a logical exploration program covering the Talga Talga project with the work aimed at testing via drilling the depth extensions of the main gold bearing veins and structures. Reverse circulation drilling at nominal 40 metre centres are planned to be completed targeting the higher grade zones identified from the previous mapping and sampling. Initially a total of twenty holes to approximately 100 metres vertical depth are planned with results dictating the next phase of work. On the assumption that a number of significant gold intersections are returned, diamond drilling to tighten up the drill spacing and geological understanding of the zones are envisaged. The reasonably steep nature of some of the hills in the area suggests that some bulldozer work will be required for the drill rig access tracks. Given the extent of the placer gold that has been previously produced from the project, a systematic review of the placer deposits should be undertaken. Bulk sampling of the paleo and present drainage sediments will assist in determining the economic viability of a placer gold project in the area. Under full subscription a total of \$400,000 has been budgeted for Year 1 and follow up work of \$350,000 has been budgeted for Year 2. The results from Year 1 will dictate activities in Year 2.

5.0 WARRAWOONA PROJECT

INTRODUCTION

The Warrawoona Project is located approximately 150 kilometres east south east of Port Hedland in the East Pilbara Mineral Field, Western Australia. The project may be accessed from Marble Bar by travelling south for about 25 kilometres on the Salgash road and then by station and mining tracks across to the east and south to access the gold workings and tenements. Warrawoona is secured by one large exploration license application and four prospecting licenses (three granted). The granted prospecting licenses cover the Cutty Sark, Foxs Battery and Kiwi Ridge gold workings, while the exploration license application (143 km²) covers the potential Klondyke resource extensions to the south east and surrounds much of the historic workings.

The Kiwi Ridge Project is located within P45/2736 where gold was first found in 1992. A subsequent soil geochemical survey defined a 400 metre long part of the 1.4 kilometre long ridge that was shedding visible gold in a soil anomaly peaking at 180ppb Au, open to the east. The gold is interpreted to be hosted by a cherty BIF/mafic/felsic sequence similar to the adjacent Fielding's Gully gold deposit. Additionally a zone of high grade base metal mineralisation was located 500m south east of the gold strike, with subcropping gossanous veins returning rock sample assay results up to 14% Cu and 1.6 g/t Au. The average of 5 rock samples returned 7% Cu.

The Cutty Sark (P45/2661) prospect is located approximately 5 kilometres east from Kiwi Ridge and consists of numerous zones of historic gold workings developed in strongly sheared and deformed volcanic schists. The Cutty Sark mine recorded average production grades of 57.49 g/t Au and previous open hole drilling by the vendor under the workings reportedly intersected a best result 8m at 8.65 g/t Au from 16-24m EOH that has not been followed up.

At the Fox's Battery prospect (P45/2662) the tenement lies adjacent to a line of intermittent historical gold workings covering approximately 8 kilometres of strike. The major gold target is interpreted to occur along a fault splay west from

structures relating to the Klondyke deposit and east along strike of the BIF/Metasediment horizon hosting the open-pit gold deposit at Copenhagen (Haoma Mining Ltd). Additionally a gold in soil anomaly peaking at 1330ppb Au in the north of the tenement remains untested.

5.1 WARRAWOONA GEOLOGY

The tenement areas have reasonably rugged relief with the exposed Archaean greenstone units producing strike ridges and long narrow valleys related to the different competencies and subsequent weathering of the steeply dipping individual rock units. In the southern section of the tenements undeformed basalts and acid volcanic units form gently sloping rounded hills while the areas of granite outcrop to the north and south are characterised by flat topography comprising sandy plains.

The rocks include felsic volcanic rocks of the Duffer Formation (3470 Ma), mafic to ultramafic rocks of the younger Salgash Subgroup (Hickman, 1983), and slices of the 3325 Ma Wyman Formation (Thorpe et al., 1992).

In the Warrawoona district, gold is hosted mostly by boudinaged quartz veins that strike subparallel to the main west-northwest oriented tectonic fabric of the greenstone belt. A more tabular set of later quartz veins possibly infilling earlier faults intersect the main trend at a high angle. The intersection of these two trends results in very steeply north-plunging ore shoots implying that gold may have been introduced during two different events.

The known gold deposits occur as auriferous reefs within mafic, ultramafic and sedimentary schists in a zone at least 12 kilometres long and two kilometres wide. At least four sub-parallel shear zones are recognised and two of these are associated with abandoned gold workings. Hickman (1983) states that the Warrawoona Field historically produced 766.8 kg of gold from 25,191 tonnes of ore at an average grade of 31g/t Au (1oz/t) making it one of the richest goldfields in the Pilbara region. An early report on the goldfield by Maitland (1905) commented on the large development of laminated/banded quartz veins with most of the gold described as occurring in fold hinges of normal or fissure type

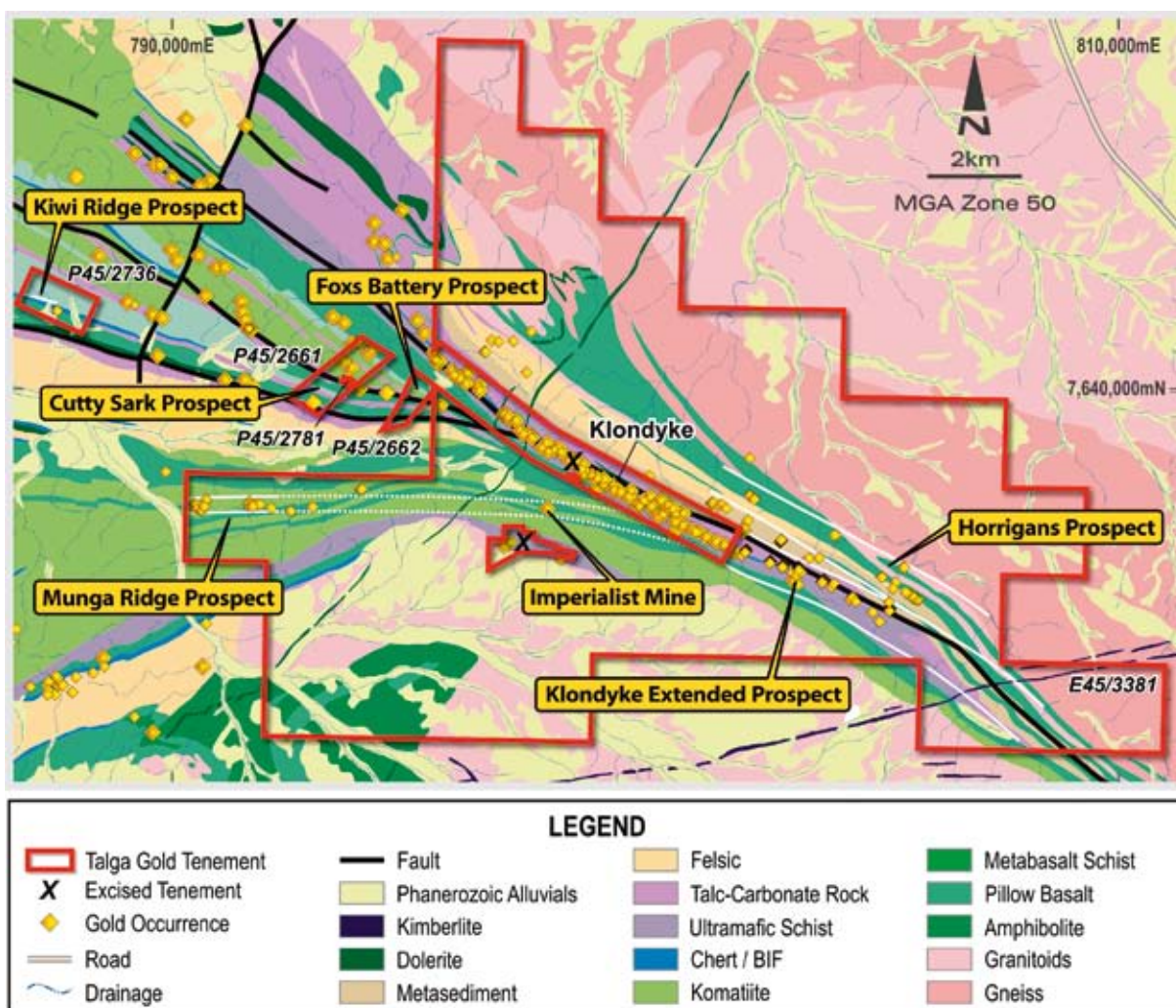


Figure 8: Warrawoona project geology and gold occurrences

quartz veins which in places are continuous over "2.5 miles with a width of 3->24 inches". Normal vertical faults are also recorded as a good host to gold as were reverse faults with crystalline quartz and copper-fuchsite alteration.

The largest known deposit in the Warrawoona district, the Klondyke deposit is situated between the Mt Edgar Igneous Complex to the north northeast and the Corunna Downs Batholith to the south southwest and is localised within a highly attenuated portion of the Warrawoona Group. The Company does not hold title to the Klondyke main deposit area, however its tenements contain potential southeast extensions and surround the tenements of the Klondyke resource area.

The gold mineralisation is localised within the zone of intense shearing and carbonate and sericite alteration. The gold, along with disseminated pyrite and to a lesser degree chalcopyrite and arsenopyrite, occur in quartz veins and stringers in the Klondyke Shear Zone which runs approximately parallel to the dominant northwest shear direction. Within the shear are silicified zones as parallel bands, often showing bounding structures both down dip and along strike.

5.2 EXPLORATION HISTORY

The Warrawoona area was subject to intensive prospecting in the late 1890s along with the general Nullagine and Marble Bar areas. Numerous

mines were established targeting the high grade suboutcropping gold bearing quartz reefs, veins and shears prevalent throughout the district as well as the extensive placer gold occurrences. The immediate Warrawoona area had in excess of 12 underground mines being developed at the turn of the century. As the easy hard rock and placer gold was mined from the district, mining production slowed down and the area became home to only small scale prospectors and miners.

Modern exploration commenced in 1969 when Hawkstone Minerals in joint venture with Cominco and Newmont, explored a number of tenements and abandoned mining centres focussing on base metals and gold. Detailed mapping, stream sediment sampling and soil sampling was completed coupled to geophysical methods, such as IP (Induced Polarisation). The widespread stream sediment sampling program identified several anomalies, but follow up proved the source to be pyritic sediments and the few surface gossans drilled returned only low level base metal values. The IP survey and follow up drilling programs highlighted the presence of

graphitic horizons (black shales) and carbonaceous chert in the metasedimentary sequence, but also importantly identified two probable gold bearing pyrite horizons in the vicinity of the Copenhagen mine, west along strike of the Cutty Sark prospect of the Company.

A number of narrow gold intersections were returned from the drill testing of the better anomalies, but the low gold price coupled with the slump in base metal prices during the mid 1970s saw interest in the area slowly diminish.

During the mid to late 1980's gold boom, Aztec Mining Company acquired a number of tenements over the Warrawoona syncline with the aim of identifying open pittable gold resources. Detailed stream and soil sampling centred around the Copenhagen-Trump and Klondyke areas outlined a number of coherent gold anomalies with percussion and diamond drilling returning a number of encouraging intersections at depth including 1m @ 88.3 g/t Au from 132 metres at Klondyke. Several diamond holes were only selectively sampled for gold.

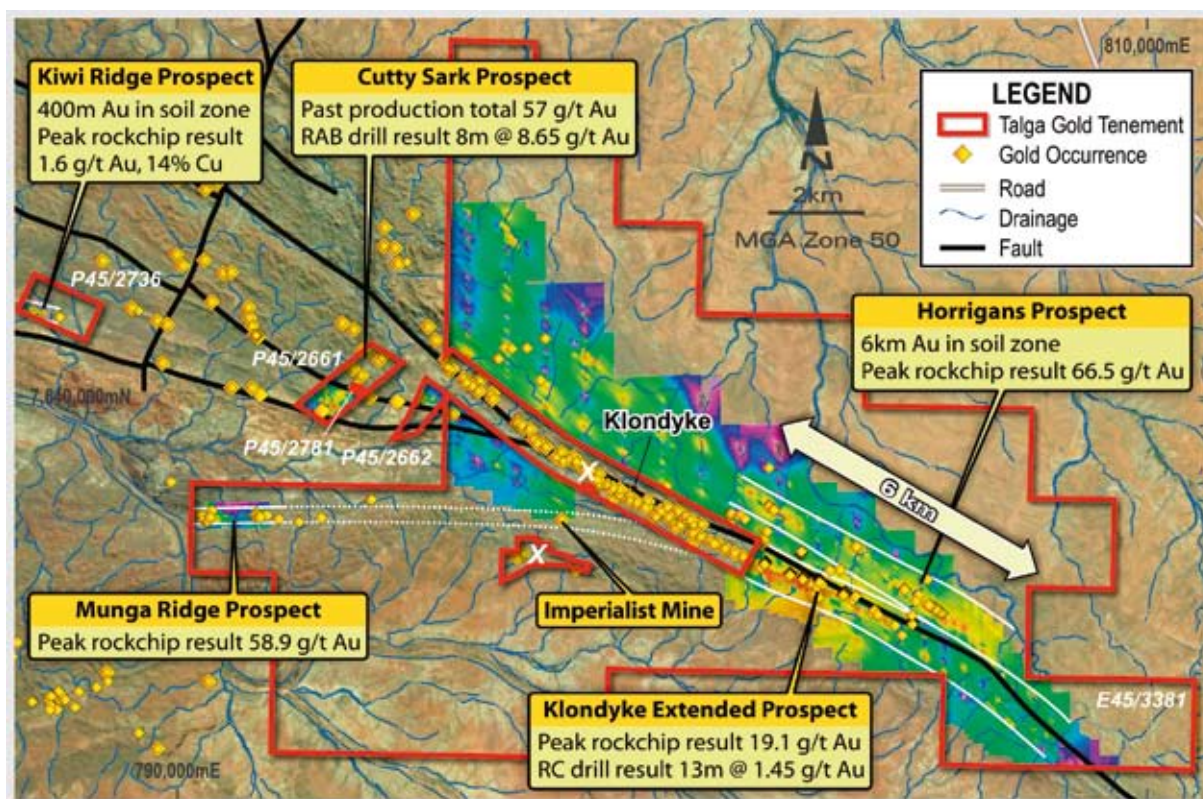


Figure 9 : Warrawoona project gold in soil geochemistry image with exploration highlights

The Klondyke project was later explored by Newcrest and Equatorial Gold who drilled a number of reverse circulation and diamond holes returning intersections such as 10m @ 5.2 g/t Au and 10m @ 1.2 g/t Au in partial oxide material at less than 50 metres vertical depth.

In 1994 Conzinc Riotinto of Australia Ltd ("CRA") became interested in the region and the belief that the Warrawoona syncline had the potential to host a large low grade ore body and optioned a number of the leases in the Warrawoona area including the main Klondyke line of workings. Following their first years work in the area they concluded that;

- 1) The gold mineralisation at Klondyke was continuous over at least 2.5 kilometres strike length.
- 2) That the gold is distributed in both the quartz stringers and the altered country rock and is associated with pyrite mineralisation.
- 3) The controlling structure was interpreted to be a ductile dip slip shear zone with an additional two other similar structures identified.

CRA conducted RC drilling at Klondyke in 1995 with significant intercepts including 41m @ 1.91 g/t Au, 27m @ 1.77 g/t Au and 29m @ 1.66 g/t Au. Additionally they re-logged and assayed the untested portions of Aztecs core and recorded 62m @ 6.54 g/t Au from the Klondyke Queen prospect. Soon after CRA withdrew from the project as it rationalised many worldwide exploration programs and divisions amidst slumping base and precious metals prices.

In late 1996 Lynas Gold Ltd ("Lynas") took over the property and conducted follow up regional soil sampling. Stockdale Prospecting Ltd ("Stockdale") concurrently explored the same area, discovering the diamondiferous but sub-economic Brockman kimberlite dyke that transects Talga Gold's current ground. Stockdale's bulk stream sampling along the margins of the syncline located several zones of visible gold that suggested the gold was eroded from proximal undiscovered deposits rather than the distal historic workings of the Klondyke lodes. A large number of the soil samples taken and analysed on Talga Gold's ground at Warrawoona (ELA45/3381) were collected by Lynas and CRA during their initial evaluation. Subsequently Lynas followed up these anomalies with soil and rock sampling that led to the delineation of a gold in soil anomaly present in the gneissic margin

Table 3: Significant results from RC drilling (CRA 1996)

Hole ID	AMG Easting	AMG Northing	From (m)	To (m)	Intersection
RC96WA01	802064	7636566	22	23	1m @ 1.72 g/t Au
			80	83	3m @ 1.11 g/t Au
			99	100	1m @ 1.69 g/t Au
			119	121	2m @ 2.18 g/t Au
RC96WA03	802600	7636343	69	76	8m @ 1.04 g/t Au
			99	100	1m @ 3.62 g/t Au
RC96WA04	802760	7636332	112	115	3m @ 1.60 g/t Au
RC96WA05	802847	7636293	100	101	1m @ 5.75 g/t Au
			128	129	1m @ 1.15 g/t Au
RC96WA06	802931	7636253	56	69	13m @ 1.45 g/t Au
RC96WA07	803041	7636212	31	33	2m @ 2.16 g/t Au
RC96WA08	803114	7636196	97	99	2m @ 1.06 g/t Au
RC96WA10	805538	7635234	144	146	2m @ 1.34 g/t Au

of the syncline and Mount Edgar Igneous Complex. This data has been recently compiled and imaged by Talga.

In 1996 CRA conducted regional exploration within the area now covered by Talga Gold's ELA45/3381. They recognised that the area contained possible mineralised strike extensions to the known mineralisation on the historic Klondyke area. Their work included stream sediment sampling, "Kanga" channel sampling, reverse circulation drilling and airborne magnetic and radiometric surveys. CRA drilled a total of 11 reverse circulation holes over 4 kilometres of strike for a total of 1691 metres of drilling. All holes returned anomalous gold with seven holes recording intercepts over 1 g/t Au. Significant results from the drilling are presented in Table 3.

Shallow holes on a closer spaced pattern are recommended to follow up in the near surface position of the better intersections returned.

In 1999 resource estimation by Lynas of the main Klondyke line estimated a total resource of 3.5 Mt @ 1.32 g/t Au. The possible strike extensions of the mineralised zone to the southeast into the current Talga Gold ground was recognised and further work was recommended, but not completed due to the declining gold price at the time.

Jupiter Mines Ltd took over control of the Klondyke resource area in 2005 and completed drilling programs and metallurgical testwork in order to examine more closely the projects economics. In 2006 they estimated a JORC compliant gold resource of 4.3 million tonnes at a grade of 2.1 g/t Au located within a portion of the mineralised shear. (Jupiter Mines Ltd 2006 Annual Report)

The Fox's Battery tenement P45/2662 was briefly explored by CRA in 1995. This tenement abuts the mining leases covering the historic line of gold mineralisation which includes the Klondyke, Gauntlet and Kopckes Reward workings can be accessed by the Marble Bar-Corunna Downs road and then by minor prospecting tracks. CRA completed data review and a small helimagnetic survey and concluded that no immediate targets of the size CRA were looking for were present.

5.3 WARRAWOONA PROPOSED EXPLORATION

The detailed data compilation of previous work which Talga Gold has already completed provides the Company with a robust starting platform for their exploration work. The gold in soil anomalies extending from the main Klondyke deposit to the south east and extending six kilometres into Talga Gold's ground (ELA45/3381) are obvious drill targets. The geological nature of the area coupled to the previous drilling completed by CRA suggests that a number of shoots may be located along the target zone/s and that detailed drilling will be required to locate and define any potential mineable areas. Initial reverse circulation drilling at nominal 40 metre centres in the vicinity of the higher grade soil anomalies and previous RC drilling sections (CRA) are planned, followed by closer spaced and deeper drilling to track any mineralised zones in greater detail.

The Kiwi Ridge Project will be specifically targeted in the area where previous work has defined a 400 metre long gold in soil anomaly. This zone is planned to be drill tested to a vertical depth of 100 metre. Additionally the identified zone of high grade base metal mineralisation will be geologically mapped and drill tested. Consideration will be given to a fixed loop EM survey covering the downdip portions of the base metal mineralisation to identify potential sulphide conductors.

First pass drill testing in the vicinity of the better gold in soil anomalies and areas of historic workings is warranted in all of Talga Gold's Warrawoona tenement areas. The gold mining history and past exploration of the area suggests the gold shoots have relatively short strike length (+/- 100->200 metres) with a steep plunge and will continue at depth. First pass drilling programs will need to be at a minimum section spacing of 40 metres to identify the higher grade areas. Talga Gold has proposed a staged exploration program which will build on positive results.

6.0 MOSQUITO CREEK PROJECT

INTRODUCTION

The Mosquito Creek Project is located in the east Pilbara region of Western Australia, some 40 kilometres east of Nullagine which is in turn 190 kilometres north from the regional centre of Newman. Talga Gold owns the right to purchase 100% of the tenements comprising two exploration licences (one granted) and ten prospecting licence applications which cover 70 km² total area of the East Pilbara mineral field. Access to the tenement areas is via the unsealed Skull Springs Road which heads east from Nullagine for a distance of approximately 50 kilometres. Old mining and station tracks head north to access the tenements.

Of the various Archaean sedimentary units in the Pilbara Block only the Mosquito Creek Formation contains significant deposits of gold and these are largely associated with schistose finer grained sediments. Most of the gold mineralisation and gold deposits take the form of auriferous quartz veins generally orientated parallel to the regional strike. A number of late stage granitic intrusions/porphyry units are present within the sedimentary pile and may have assisted in providing the heat source for mobilisation of gold concentrated during deformation and quartz veining. The project area has a history of placer gold mining with past exploration work demonstrating potential for the delineation of placer gold deposits in addition to hardrock gold deposits.

6.1 MOSQUITO CREEK GEOLOGY

The Mosquito Creek basin to the north of the Kuranna terrane contains sandstone, shale, and conglomerate of the Mosquito Creek Formation (Hickman, 1983). Thin units of metamorphosed mafic and ultramafic schist and chert occur at the base of the formation in both the northern and southern parts of the basin. The northern margin locally preserves a shallow-dipping, angular unconformity on previously deformed volcanic rocks of the Warrawoona Group. At Mosquito Creek the Mosquito Creek Formation unconformably overlies the volcanic Warrawoona Group, stratigraphic host to the gold occurrences of Talga Talga and the Warrawoona areas. The rocks become tightly folded

and more highly metamorphosed in the southern part of the basin and lie in tectonic contact with rocks of the Kuranna terrane across a wide zone of mylonite (Williams, 1989).

In the Mosquito Creek Belt the majority of the gold mineralisation is situated along the central portion of the basin (the Middle Creek Line) which is located just to the north of the contact between chloritic schist to the south and metasedimentary rocks to the north. The deposits are oriented both parallel to this contact and at a high angle to this contact. The controls on mineralisation along the Middle Creek Line appear to be related to competency (Golden Eagle, Shearers, and Otways deposits), and shear zones (Bartons and Hopetoun North deposits).

The project tenements cover a number of gold prospects located in the Archaean aged Mosquito Creek formation, a 5+ kilometre thick sequence of metamorphosed and interbedded conglomerate, sandstone, siltstone and shale. The project hosts orogenic style lode-gold deposit targets where structurally emplaced quartz veins along shear zones and faults can develop both high grade/low tonnage or large tonnage/low grade gold resources. This is demonstrated by production and resources of adjacent deposits reported by other companies such as 1.33 Mt @ 8.3 g/t Au at the Blue Spec/Golden Spec system (Northwest Resources Ltd 2009 Annual Report) to the west of the project and 2.43Mt @ 2.12 g/t Au at the adjacent Golden Gate deposit as part of a total project resource of 28 Mt @ 1.26 g/t Au (Millenium Minerals Ltd Gold Investor Forum 2009 Presentation).

The tenements are considered prospective for both hard rock gold mineralisation and placer gold occurrences. A significant portion of previous historic work completed has been aimed at defining economic placer operations where coarse gold derived from erosion of the numerous auriferous veins and outcrops in the area is deposited in zones of flow change (velocity and gradient) within the recent colluvium, drainage and dryland channels.

6.2 MOSQUITO CREEK EXPLORATION HISTORY

Numerous workings for gold occur within the project area but there is no record of technical

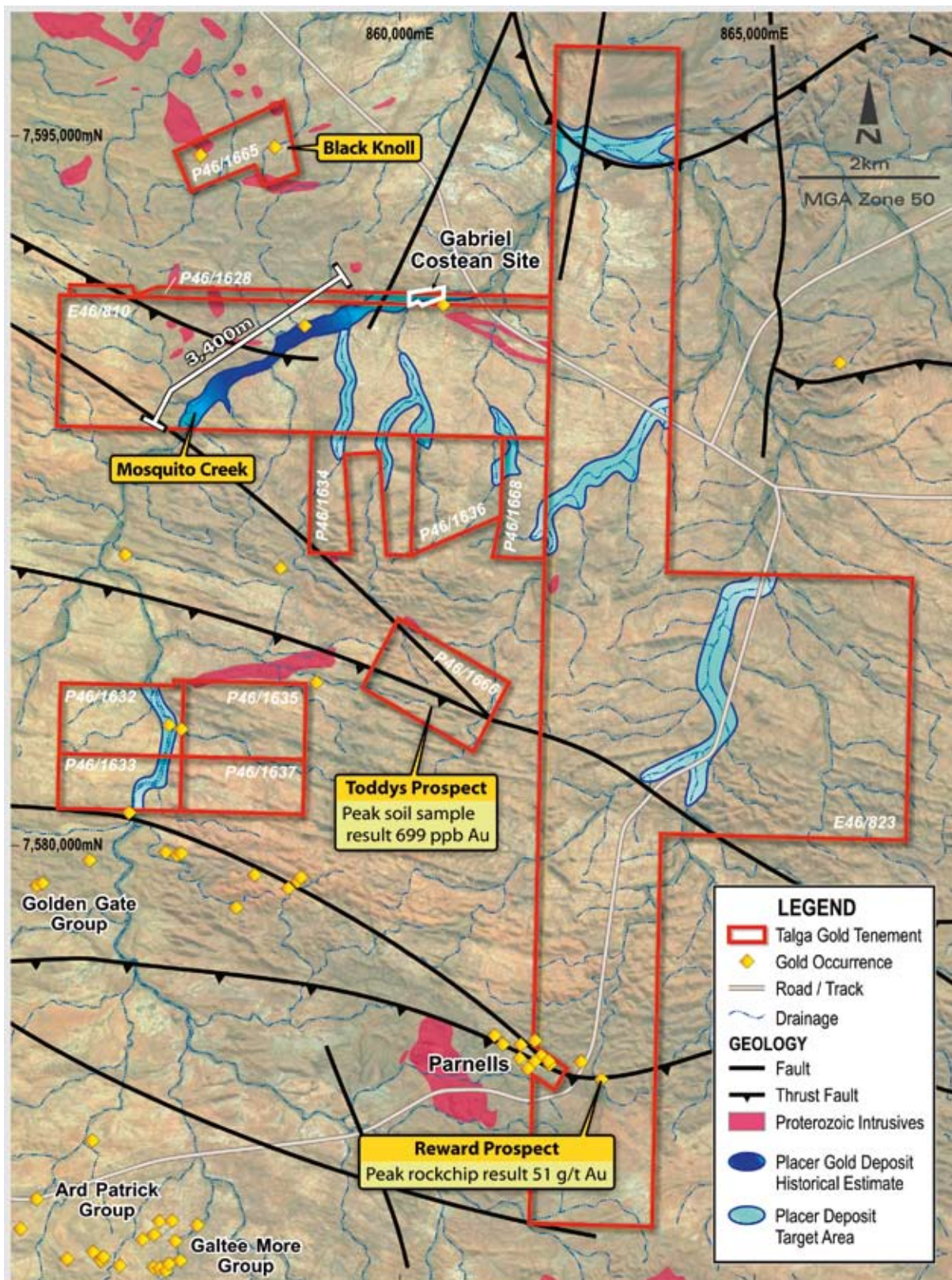


Figure 10: Mosquito Creek project

work until 1974 when the Carpentaria Exploration Company Pty Ltd conducted fieldwork targeting base metals over areas now lying in the eastern part of Talga tenement group. Carpentaria recognised anomalous sulphidised clastic rocks in the area and completed stream sediment and soil sampling for Cu, Pb and Zn. Several anomalies were found but not followed up. Some limited rock samples were assayed for gold and returned up to 4.3 g/t Au.

In 1984 Invincible Gold NL investigated the Mosquito Creek placer deposits that lie within Talga Gold's E46/810 and P46/1628 area. They completed fieldwork that included geological reconnaissance, geochemical sampling and mapping. A total of 31 samples were excavated weighing 74-110kg each and processed by sluice to produce a concentrate. It was noted that 30 of the 31 samples contained visible gold and that the physical gold recovered from each sample ranged from trace amounts to 4.621gm weight Au (Rafty, 1984). It was also noted that the gold was very fine but angular, suggesting a local source rather than distal, and that gold was widely dispersed throughout the Mosquito Creek peneplain. Invincible defined "two zones considered worthy of mining operations based on positive grades of gold being present over a sufficient area and depth to estimate large tonnages of gold bearing wash available for mining"

In 1985 a report discussing portions of Talga Gold's current E46/810 documented work completed on the southern 1700 metre long portion of the 3400 metre main channel deposit in the terrace of Mosquito Creek. The zone was gridded and mapped to establish volumes. Assays were not registered but samples collected along the channel and panned were noted as mostly containing visible gold. Grid survey measurements indicated that at a minimum, this zone consisted of thickness 2 metres, width of 150 metres and length of 1700 metres to contain at least 500,000m³ gold bearing gravels. Total overburden stripping ratios were estimated to be in the range of 1:1 to 3.5:1. A bulk test program to confirm gold grade was recommended and preliminary financial modelling indicated that (in 1985) a 100m³/hour wet plant being fed ore at a grade of 0.75 g/t Au and at the AUD\$450 oz gold price could achieve significant profit (K.Harmanis 1985).

In 1987 Aztec explored part of the Mosquito Creek area around the Parnells mining centre as part of a JV with Condor Minerals. They conducted geological reconnaissance and rock chip sampling, recording 51 g/t Au from the historical workings currently on Talga Gold's tenement ELA46/823.

Between 1988 and 1995 most of the Mosquito Creek area was tested by private holders who lodged no technical reports. Between 1994 and 1996 the northern part of the Mosquito Creek placer areas were held by Gabriel Resources NL and termed the Riverdale prospect. This area is the downstream and adjacent part of the prospect worked on by Harmanis, now within Talga Gold's E46/810 and P46/1628. Johnston (1996) refers to several unpublished internal reports that estimate the potential size of placer deposits in the prospect area. These include Mullumby (1984) who calculated 4.4 million tonnes based on approximately 2.6 million bank cubic metres (bcm). Then Girschik (1985) estimated volumes of 0.86 million bcm of gold bearing gravels and 1.83 million bcm of silts to be present for a total of 2.69 million bcm. McCaw (1988) made an estimate of 1.64 million bcm of gold bearing channel deposit material only. The precise location and grade of the potential gold bearing gravels is uncertain and work by Talga Gold to further investigate the placer gold occurrences within its tenements is recommended. Several hydrogeological reports were commissioned and these refer to several water sources, both bored groundwater and dammed surface water, as being available in potentially commercial quantities in the event a mining operation could be established.

Although targeting the placer deposits they also carried out mapping to locate potential gold bearing quartz reefs that might be shedding placer gold into the nearby creeks. The mapping confirmed the nature of the Mosquito Creek metasediments and the gold bearing nature of the extensive quartz reefs. Johnston (1995) reported investigating the placer terraces with 44 RAB holes drilled to a depth of 20 metres with the entire drillhole composited which returned low to negligible results. A systematic placer sampling exercise was undertaken in 1995 where samples were obtained by cutting costeans at regular intervals through the paleochannels using a hydraulic excavator. Channel samples were

taken at 10 metre horizontal intervals along costeans and the samples sluiced to produce a concentrate that was fire assayed in Perth (see table 4 below).

Table 4: Historic Mosquito Creek costean sample sluice concentrate assay results (Gabriel Resources 1995)

Costean ID	Concentrate Au ppm	Costean ID	Concentrate Au ppm	Costean ID	Concentrate Au ppm	Costean ID	Concentrate Au ppm
A1	26.10	A10	56.60	B3	50.70	C3	2.93
A2	7.68	A11	3.13	B4	16.00	C4	10.80
A3	35.10	A12	4.78	B5	11.30	C5	26.40
A4	58.80	A13	3.68	B6	4.13	C6	27.00
A5	114.80	A14	16.20	B7	2.08	C7	1.58
A6	2.00	A15	6.73	B8	27.00	C8	10.40
A7	31.30	A16	6.47	B9	1.43	C9	2.03
A8	9.92	B1	7.62	C1	1.59	C10	1.53
A9	14.50	B2	11.80	C2	12.40		

The concentrate assays are interesting and highlight the presence of significant amounts of probable coarse gold within the placer deposits, however based on the data reported it is difficult to quantify the amount of gold which may be present within the ancient and recent alluvium.

The costeans remain visible and have been located on the ground by Talga Gold. Gabriel Resources concluded that considerable gold is present but the sluice concentrate results of channel samples do not suit being used to calculate a resource grade. Gabriel then recognised that treating bulk samples through an onsite gravity wet plant was the only way to obtain accurate assessments of the contained gold in the paleochannels, and constructed a treatment plant and associated infrastructure. However accurate grades for the bulk samples were not obtained or recorded.

6.3 MOSQUITO CREEK PLANNED EXPLORATION

More recently work by Talga Gold (2008-2009) has been directed at data compilation, geological mapping and interpretation. The work has provided the Company with a pragmatic and flexible planned exploration program over its tenement holdings at Mosquito Creek which revolves around a two pronged approach targeting both the insitu hard rock gold opportunities and the placer gold occurrences throughout the tenements.

A comprehensive rock and soil sampling program directed at the outcropping prospective stratigraphy and quartz veins has been planned and aims to identify hard rock drill targets, similar in nature and style to Golden/Blue Spec and Bartons. In addition detailed mapping and sampling of the various placer gravels, both recent and ancient, to evaluate the potential of the placer gold opportunities within the tenement package is proposed.

Placer gold, although difficult to accurately estimate, can be readily processed through gravity plants and offers a simple path to gold production in the event of successful exploration. The previous work has been encouraging in terms of identifying likely areas to host economic quantities of gold, however systematic bulk sampling will be necessary to quantify likely tonnes and grade.

7.0 BULLFINCH PROJECT

Talga Gold's Bullfinch project is situated in the Southern Cross Greenstone Belt located within the Archaean aged Yilgarn craton of Western Australia. The project is located 40 kilometres north of Southern Cross, adjacent to the township of Bullfinch, and is secured by one large granted exploration license (E77/1641) covering a total of 161 km². Access to the tenement area is provided by the Bullfinch-Evanston road and the Bullfinch to Turkey Hill road. Much of the area is covered by agricultural wheat paddocks so numerous station tracks and fence lines provide ready access to much of the tenement.

The Bullfinch project is located approximately 5 kilometres northeast from the +1.5 Moz Copperhead gold deposit and is centred on a poorly exposed largely untested belt of greenstone with Banded Iron Formation ("BIF"). Historical exploration was hampered by shallow transported cover, but the prospective greenstone/BIF unit is now accurately traced by modern geophysical surveys that reveal it extending for 15 kilometres length through the project (Figure 12).

Several areas of gold workings have also been identified within rocks of gneissic and granitic composition in the project and most of the gold occurrences have not been subject to any modern exploration. Identified gold prospects within the project area include the Matilda, Jumbuck and Bottom Group prospects. Fieldwork by Talga Gold has discovered outcropping gold mineralisation up to 19.9 g/t Au at the Harold Holt prospect that requires systematic followup work including drill testing. Talga Gold's Bullfinch project also covers the Reynolds historic mine where reverse circulation drilling in the 1980's returned anomalous gold intersections over narrow widths of up to 54.8 g/t Au.

7.1 BULLFINCH GEOLOGY

The general stratigraphy of the Southern Cross Province has been outlined by Griffin (1990) who suggests the greenstones consist of an upper and a lower sequence, separated by a major unconformity. The lower sequence contains a quartzite unit at the base, which is overlain by dominantly mafic

and ultramafic volcanics. Clastic sedimentary rocks (with minor felsic volcanics) occur at the top of this lower sequence. The upper sequence consists of clastic sedimentary rocks (Diemals Formation) and felsic volcanic rocks (Marda Complex) which unconformably overlies the mafic dominated lower sequence.

The Bullfinch-Parker Range greenstones are atypical of the Yilgarn Craton in that they have generally undergone amphibolite facies metamorphism as compared to the more usual lower grade greenschist facies of the Eastern Goldfields ie, Kalgoorlie, Leonora. The higher grade metamorphism causes loss of the original fabric and textures of the rocks making identification of the primary host rocks more difficult. The reason for the higher grade metamorphism is unclear, but is likely to be related to the depth of burial and deformation history.

Gold mineralization in the district is commonly located along contacts where there is a ductility contrast between rock types. Sediment/ultramafic and mafic/ultramafic contacts provide such a contrast and in the granitic domains variations in compositions of the intrusives also provides contrasts. The major gold deposits are predominantly quartz sulphide lodes in shear zones and lithological contacts, and can attain significant size. The gold endowment of the district including previous production and current resources is over 15 million ounces of gold recorded within a 100 kilometre radius of Talga Gold's project.

Historical gold exploration and mining commenced in the Southern Cross district in 1887 with the discovery of gold at Ansteys Find in the Eenuin area by prospectors. This was closely followed by further discoveries at Southern Cross and then Bullfinch. In the Eenuin area gold was associated with banded iron (BIF) lithologies cut by quartz veins.

The Bullfinch area is dominated by the Copperhead mine which has proved to be one of the most productive mines in the Southern Cross Province and is surrounded by many smaller gold occurrences within both greenstone, BIF, granite and gneissic rocks. Historically Copperhead was an underground mine with production from 1910 - 1944 including 567,000 t @ 11.2 g/t Au (oxide ore) with a further 3.2 Mt @ 4.23 g/t Au (sulphide ore) produced from 1952-1962. Larger scale open pit mining at

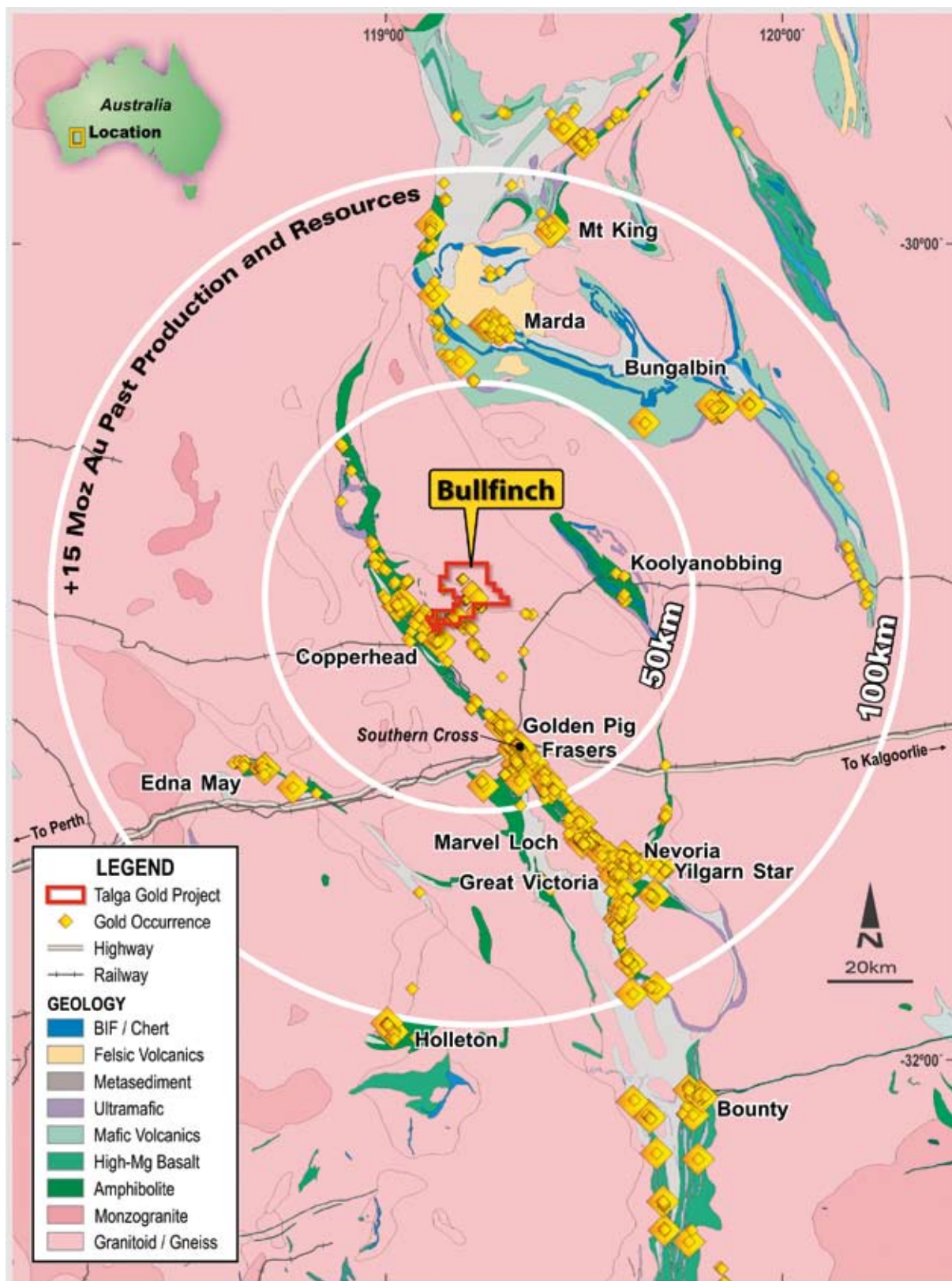


Figure 11: Talga Gold Bullfinch project location and regional geology

Copperhead commenced following the introduction of CIP/CIL gold recovery technology and the open pit produced an additional 4.7 Mt @ 1.81 g/t Au from 1985–1997 (Mueller and McNaughton 2000). The mineralisation at the Copperhead deposit is stratabound-like within a dominantly ultramafic sequence bounded by two BIF horizons. The main orebodies occur within and adjacent to a complexly folded, faulted and deformed quartz-magnetite-grunerite iron-formation where wallrocks have undergone intense carbonate alteration. Associated sulphide mineralisation is dominantly pyrrhotite, but includes pyrite and galena.

In Talga Gold's project a complexly folded, faulted and partially resorbed greenstone +/- BIF unit has been identified that is prospective for the discovery of Copperhead-style gold deposits. Aeromagnetic surveys and fieldwork show the belt extends for up to 15 kilometres total strike under shallow cover through the centre of the tenement. This belt of interpreted amphibolite facies greenstone and silicate facies iron formation is deformed as it

drapes contact zones in the Ghooli Dome granitoid complex where intruded by younger stocks. Similar late stage intrusives have been identified to be important in localising gold deposits in the enveloping greenstone belts (Qiu, Y.M et al, 1999).

To the northeast of the belt a large linear northwest-striking structural corridor is interpreted from aeromagnetic surveys to extend for 16 kilometres through the project area. Some of the new gold prospects identified by Talga Gold such as Harold Holt, and Jumbuck are spatially related to this feature, with the highest gold grades from sampling to date being from closer to the centre of the corridor.

Shear zones and associated multi-phase quartz veining occur near the metamorphosed greenstone/ BIF package at some Talga Gold prospects. Similar geological settings host significant gold deposits in the district associated with sheared lithologic contacts at the limb or in the hinge of regional folds deformed during batholith emplacement.

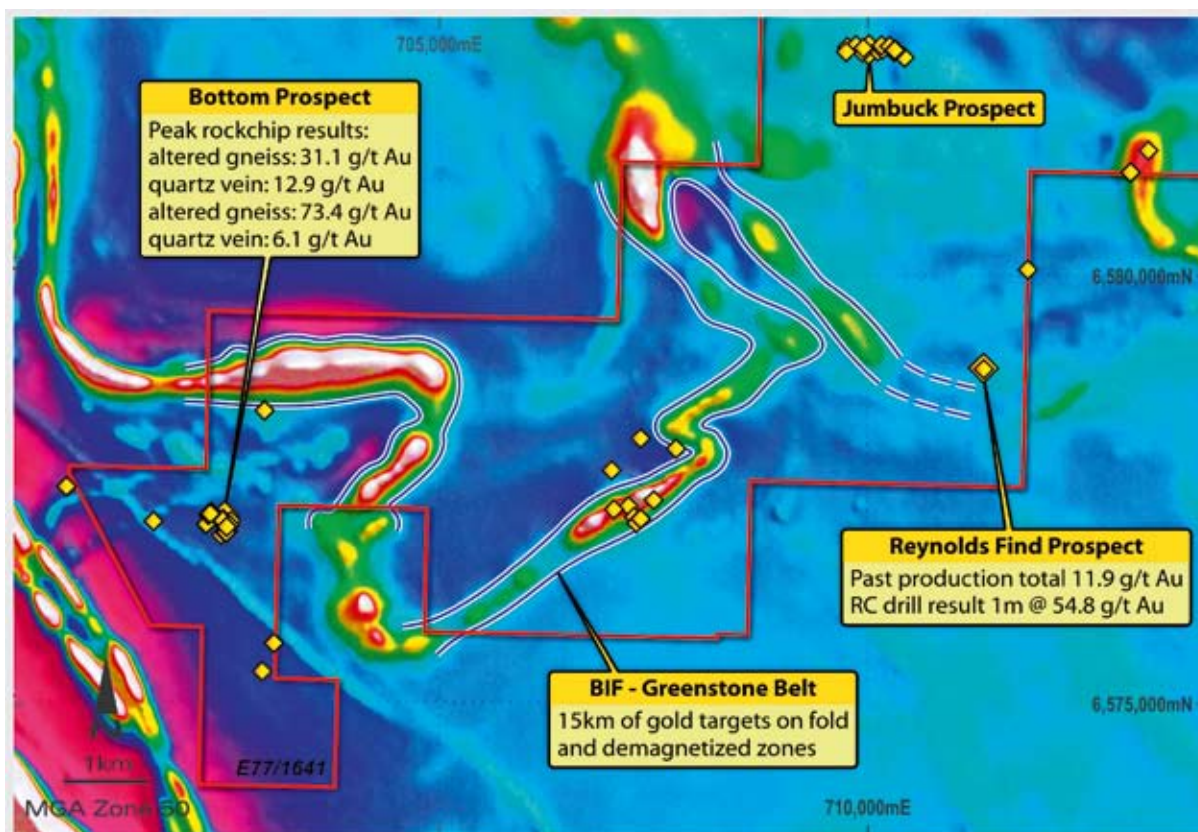


Figure 12: Bullfinch project detailed aeromagnetic image showing BIF-Greenstone belt and exploration highlights

7.2 EXPLORATION HISTORY

The fact that a large portion of the Talga Gold Bullfinch area is soil covered and interpreted to be underlain by granitic rocks has in the past hampered its perceived prospectivity. However early prospectors did locate gold in the project area where sparse outcrops revealed mineralised lodes, either in greenstone or granitoid and gneissic rocks. Most of their workings and production went unrecorded and unmapped until recent times, the exception being Reynolds Find that produced 1643 t @ 11.9 g/t Au from a quartz lode up to 6m wide hosted by biotite gneiss.

In 1988 New Holland Mining NL explored the area of Reynolds Find and completed widespaced composite soil and laterite sampling with some shallow (5m) RAB drilling. This identified three zones of anomalous gold and arsenic, independent of the historic workings but these were not followed up. RC drilling was carried out at the workings and New Holland recorded best intersections of 1m @ 6.58 g/t Au from 33m depth, 2m @ 4.53 g/t Au from 17m depth and 1m @ 54.8 g/t Au from 3m. No recommendations for further work were made.

Table 5: Reynolds Find - significant results from RC drilling (New Holland Mining 1988)

Hole	AMG Northing	AMG Easting	From (m)	To (m)	Intersection
RC-1	6579068	711098	15	16	1m @ 3.76 g/t Au
RC-2	6579068	711123	13	14	1m @ 6.04 g/t Au
RRC-4	6579081	711224	6	7	1m @ 1.25 g/t Au
RRC-5	6579061	711222	3	4	1m @ 54.80 g/t Au
RRC-6	6579042	711221	37	39	2m @ 3.38 g/t Au
RRC-7	6579079	711166	8	9	1m @ 1.49 g/t Au
RRC-12	6579042	711106	33	34	1m @ 6.58 g/t Au
RRC-14	6579063	711073	17	19	2m @ 4.53 g/t Au

In 1989 Mawson Pacific flew an aeromagnetic survey over portions of Talga Gold's current project area that revealed the underlying geology of the project area to be more prospective than previously thought. They identified structural dislocations in the intrusive granite complex and importantly an interpreted resorbed greenstone belt. About the same time the discovery of the granite hosted Golden Cities gold deposits, located just 20 kilometres north of Kalgoorlie Boulder revealed that granitic rocks can be prospective for gold mineralization (along with the known greenstone belts) and opened up a new chapter of exploration specifically targeting gold in granites.

Between 1994 and 1996 Comet Gold, in joint venture with Equatorial Mining commenced an exploration program over the southern portions of the Talga Gold Bullfinch project area consisting of aerial photo interpretation and aeromagnetics followed up by auger, RAB drilling and limited reverse circulation drilling. The initial focus was paleochannel hosted gold eroded from the Copperhead deposit but a number of hard rock gold targets were also identified and subject to first pass drill testing. Depth to bedrock in the target areas ranged from 12 to >40 metres with sticky puggy clays and ferruginous gravels intersected. A number of samples were submitted for analysis with no significant results returned. Comet withdrew from the project before further fieldwork by Equatorial discovered many groups of unmapped historic gold workings occurring in wheat paddocks and thickly wooded areas, including the Bottom, Matilda and Jumbuck prospects.

From 2001 Image Resources NL conducted exploration for gold in joint venture with MPI Gold Ltd using broadly spaced reconnaissance auger and soil sampling, rock chip sampling and a few holes of exploratory RAB drilling on part of the southern half of the project area. Some moderate gold anomalies were outlined but followup work was not conducted until in early 2002-2003 when Meteoric Resources NL carried out several programs of

RAB and RC on old workings in the area. At Reynolds Find RC drilling was completed down dip of previous RC drill intercepts by New Holland.

Table 6. Significant rock chip sample assays from Harold Holt prospect, 2009

Sample	Au g/t	Ag g/t	Bi ppm	Cu ppm	Fe2O3 %	Pb ppm	Te ppm	Zn ppm
BF907	3.36	<1.0	>250	28	9.6	16	16.9	3
BF907E	4.70	1.1	>250	80	14.2	86	76.5	4
BF908	19.95	2.1	>250	65	33.6	41	54.6	16

Talga Gold's work in 2009 included acquisition of new aeromagnetic data, analysis and reinterpretation of geological structures, and the compilation of previous work into modern database form. This was followed by field reconnaissance of new targets to confirm the greenstone/BIF belt and test several gold targets with rock chip geochemistry. The most significant gold grades were returned from the newly discovered Harold Holt prospect, where a recent prospecting pit highlighted lateritised weakly ferruginous and veined granitoid with anomalous gold grades up to 19.95 g/t Au.

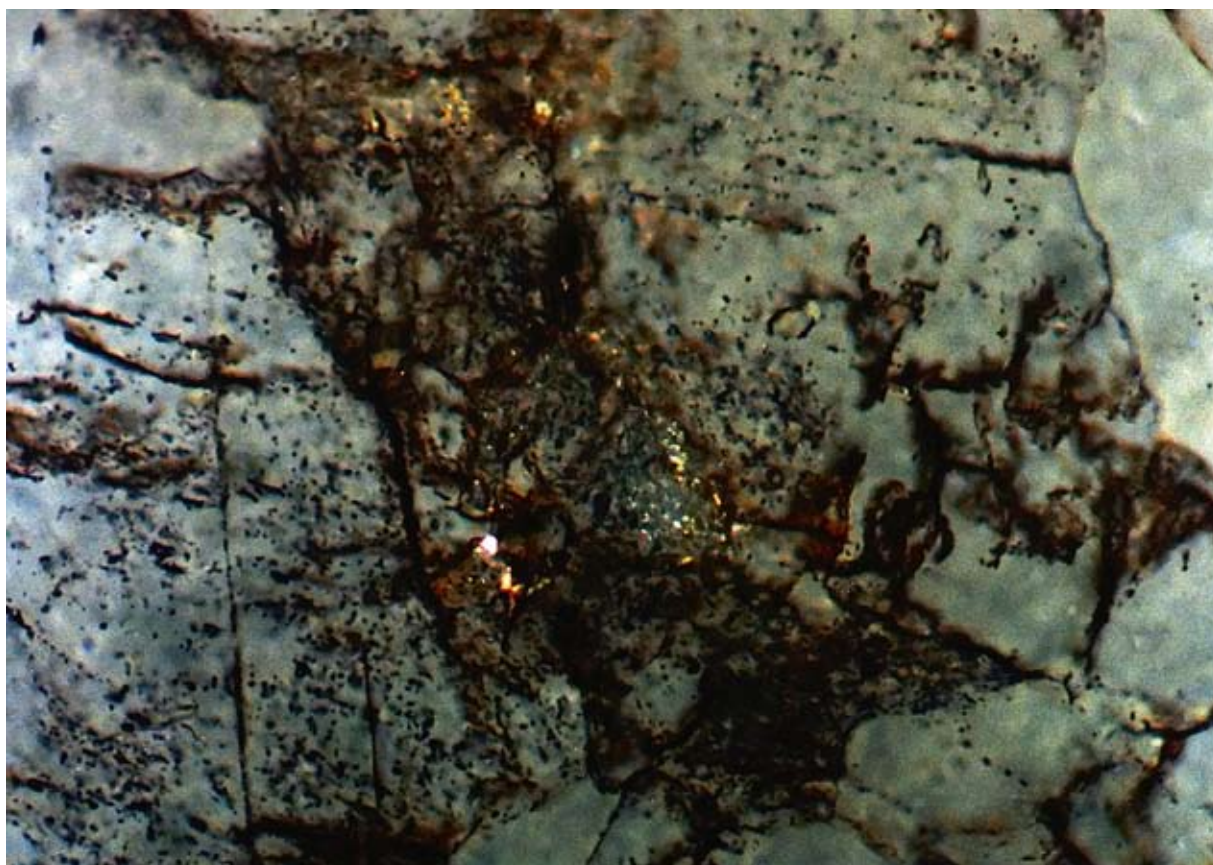


Figure 13: Bullfinch Project - Microphotograph of feldspar hosted gold (Sample BF183, Field width 0.432mm)

PLANNED EXPLORATION

Talga Gold's work has identified a number of gold targets along the belt evidenced by demagnetised zones and fold hinge structural targets that have potential for gold orebodies. Additional untested or poorly followed up gold targets have been defined including the Reynolds Find historic mine where 1980's RC drilling included 1m at 54.8 g/t Au from 3m depth, and the new (2009) discovery of the Harold Holt prospect (Figure 14) where initial sampling returned grades up to 19.95 g/t Au in outcrop, confirming the presence of a gold mineralised zone that requires drill testing.

Talga Gold's planned exploration work, following listing on the ASX, is to focus exploration along the identified resorbed greenstone/BIF units and to specifically target complex structural zones within the granitic and gneissic rocks. A review and interpretation of the available magnetic data will assist identifying corridors and structures where gold mineralization is more likely to be found. The testing of the geological model by Talga Gold has to date been successful at identifying new gold occurrences. Systematic work is now required to consolidate and further test and define the gold targets. Comprehensive RAB drilling in areas of thick cover is planned to outline targets worthy of further testing via aircore drilling and anomalous intersections are planned to be followed up with deeper reverse circulation drilling. Drilling to test all of the anomalous gold occurrences is warranted.

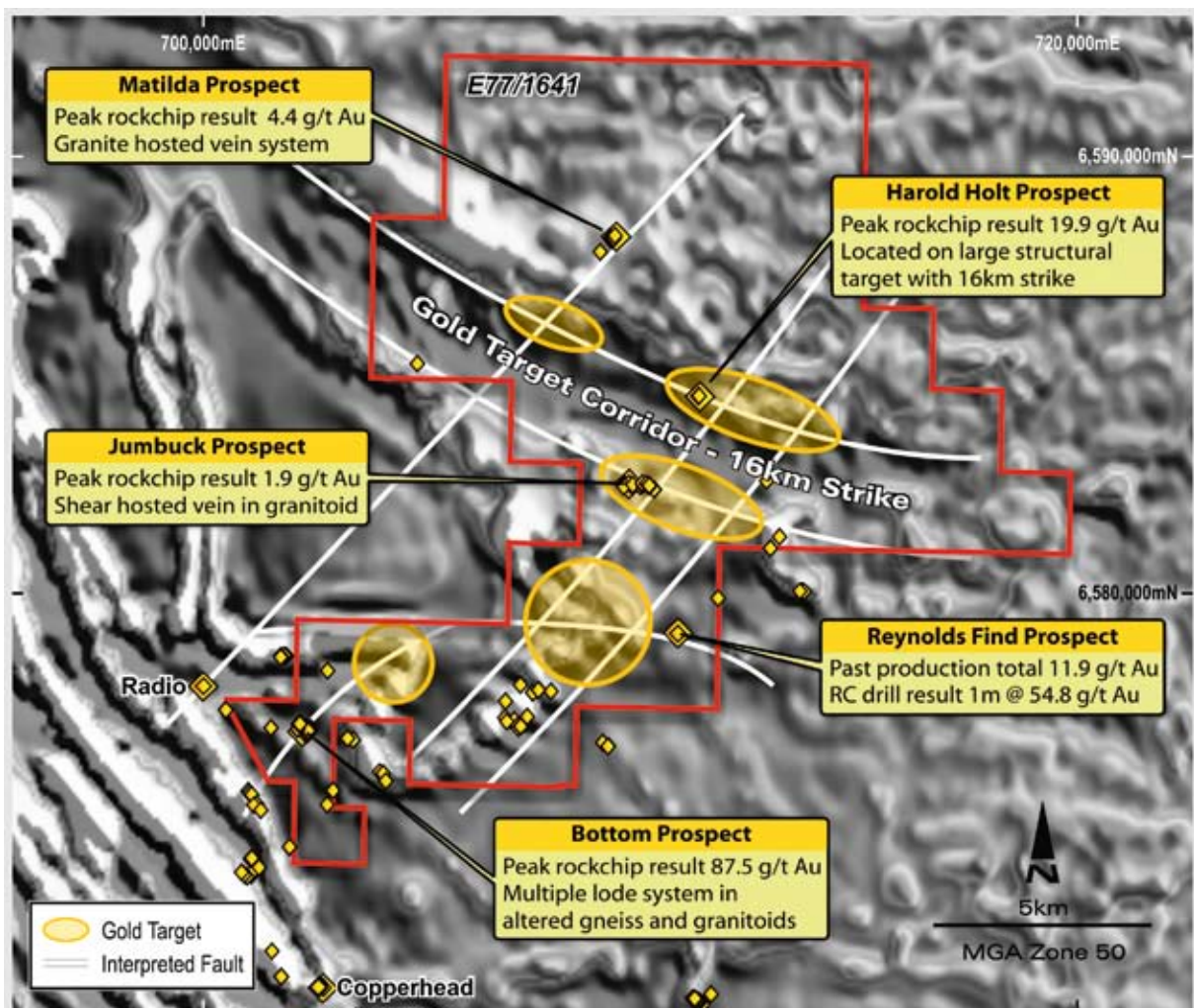


Figure 14: Bullfinch project gold occurrences and target zones highlighted on aeromagnetic image

GLOSSARY OF GEOLOGICAL AND TECHNICAL TERMS

Aerial photography:	The taking of airphotos for surveying or other purposes.
Aeromagnetics:	Measurement of the earth's magnetic field from a surveying aircraft for the purpose of recording the magnetic characteristics of rocks.
Alteration or weathering:	Change in mineralogical composition of a rock commonly brought about by Reactions with hydrothermal solutions.
Amphibolite:	A metamorphic rock composed mainly of amphibole.
Archaean:	The oldest rocks of the Pre Cambrian Era, older than about 2500 million years.
Arsenic (As):	A mineral, the native element, occurring in grey masses.
Auger drilling:	A drilling shallow drilling technique which uses auger drilling rods.
Au:	Chemical symbol for gold
Auiferous:	Gold Bearing
Banded Iron Formation/BIF:	Chemical sedimentary rock composed mainly of finely alternating layers of silica and iron oxide.
Basalt:	Dark coloured fine grained rock composed mainly of feldspar and pyroxene.
Base metals:	Non-precious metal-usually refers to lead, copper, zinc, nickel.
bcm:	A measure of volume representing a cubic metre of in-situ soil or rock.
Bedrock:	Solid rock underlying surficial deposits.
BLEG sample:	Bulk leach exploration gold sample (see soil sampling).
Blocks (blks):	Graticular area bounded by 1 minute of latitude and 1 minute of longitude. Equal to approximately 2.8km ² in WA.
Breccia:	Rock fragmented into angular components.
Carbonate:	A salt or ester of carbonic acid; a compound containing the CO ₃ .
Chert:	Very fine grained rock composed of silica.
Chlorite:	A platy hydrous silicate related to mica.
Clastic:	Rocks composed of fragmental material derived from pre-existing rocks.
Copper:	A metallic element with the chemical symbol Cu.
Craton:	The stable portions of the continents that have largely escaped orogenic activity.
Diamond drilling:	Method of obtaining cylindrical core of rock by drilling with a diamond-set or diamond-impregnated bit.
Dolerite:	A medium grained mafic intrusive rock composed mainly of pyroxene and plagioclase.
Dryland Channel:	Arid environment drainage feature and related sedimentary deposits caused by erratic and extreme flood events.
Dyke:	A tabular body of igneous rock, crosscutting the host strata at a high angle.
EOH:	End of hole.
Fault:	A fracture in rock along which there has been relative displacement of the two sides either vertically or horizontally
Felsic:	Descriptive of light coloured rock containing an abundance of feldspar and quartz.
Fold:	A bend in strata or any planar structure.
Formation:	The basic unit for the naming of rocks.
Ga:	Time Scale, where 1 Ga is equal to one billion years
g/t:	Grams per tonne.
Geochemistry:	The study of the abundance of elements in rocks by chemical methods.
Gneiss:	A coarse grained rock in which bands rich in granular minerals alternate with bands in which schistose minerals predominate.
Gold:	A metallic element with the chemical symbol Au.
Granitoid:	A field term for a coarse grained felsic rock resembling granite.

Grass Roots:	Initial stages of a mineral exploration program involving a preliminary assessment of potential.
Greenstone:	A field term for metamorphosed mafic and ultramafic igneous rocks.
Ha:	Hectare.
Igneous:	Formed by solidification of hot mobile material termed magma.
Intermediate rock:	An igneous rock containing between 52 and 66% SiO ₂ .
Intrusion:	A body of igneous rock that invades older rocks.
Laterite:	A strongly leached iron and aluminium rich rock, formed at the surface by weathering in tropical conditions.
Lineament:	A linear geological feature.
Lithology:	Composition and texture of rock.
Lode:	A tabular or vein like deposit of valuable mineral between well defined walls.
m:	Metre.
Ma:	Million years.
Mafic:	Descriptive of rocks composed dominantly of magnesium and iron forming silicates.
Metamorphosed:	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
Migmatitisation:	The process whereby a rock undergoes partial melting during extreme metamorphism, producing a migmatite.
Mineralisation:	The natural concentration of a potentially valuable mineral or metal in the Earth's crust.
Mt:	Million tonnes
Mylonite:	A fine-grained, laminated rock formed by micro-brecciation during movement on fault surfaces
Ore:	Mineral bearing rock that may be mined and treated at a profit.
Outcrop:	An exposure of bedrock at the surface.
Oxidation:	Near surface decomposition by exposure to the atmosphere and ground water.
Paleo:	Ancient creek and river systems.
Pelite:	A very fine grained sedimentary rock composed of clay or finer material.
Placer:	Result of waterborne processes.
Plunge:	Inclination of a fold axis or other structure.
Plutonic:	Rocks formed at depth and high pressures.
ppb or ppm:	Parts per billion (1000 million) or parts per million.
Porphyry:	A rock with conspicuous crystals in a fine grained ground mass.
Pyroclastic:	Detrital volcanic material that have been explosively ejected from a volcanic vent.
Quartz:	A mineral composed of silicon dioxide, (SiO ₂).
Reconnaissance:	A general examination or survey of a region with reference to its main features, usually as a preliminary to a more detailed survey.
Resorbed:	To dissolve and assimilate: solid greenstone/BIF rock partially digested, but still intact.
Resource:	In-situ mineral occurrence from which valuable or useful minerals may be recovered.
Reverse circulation or RC:	A percussion drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
Rotary air blast drilling/RAB:	Rotary drilling technique in which sample is returned to surface outside the rod string by compressed air.
Schist:	A metamorphic rock with a platy or foliated texture.
Sediment:	Rocks formed by the deposition of solids from water.

Shale:	A fine grained, clay rich sedimentary rock with a well developed bedding plane fissility.
Shear:	A fracture in rock similar to a fault.
Sill:	A tabular intrusion of igneous rock that is concordant with the structure of the enclosing rocks.
Siltstone:	A very fine grained consolidated clastic rock composed predominantly of silt grade.
Soil sampling:	Systematic collection of soil samples at a series of different locations in order to study the distribution of soil geochemical values.
Splay fault:	A secondary shear or fault divergent from the principal structure.
Stockwork:	A network of, usually quartz veinlets diffused in the original rock.
Stratigraphy:	Composition, sequence and correlation of stratified rock in the earth's crust.
Structural:	Pertaining to geological structure.
Strike:	The course or bearing of a bed or layer of rock.
Sulphide:	A mineral compound containing a metal and sulphur.
t:	Tonne.
Tenement:	A legal title to land for the purposes of exploration and/or mining. A boundary indicating the limits of such title.
Tuff:	A rock formed of compacted volcanic fragments, generally less than 4mm in diameter.
Ultramafic:	Descriptive of igneous rock containing virtually no quartz or feldspar and composed essentially of ferromagnesium silicates, mainly olivine and pyroxene.
Vein:	A thin sheet-like intrusion into a fissure or crack, commonly bearing quartz.
Volcanic:	Descriptive of rocks originating from volcanic activity.
Volcanoclastic:	Pertaining to a clastic rock containing volcanic material without regard to its origin or environment.
Volcanogenic:	Formed by processes directly connected with volcanism.
Weathering:	The processes that decay and break up bedrock, by a combination of physical fracturing and or chemical decomposition.

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A24583: Staples Geophysics, 1988
A46937: Great Southern Mines, 1995
A51502: Compass Resources, 1997

Warrawoona

A14134: BP Minerals, 1984
A45774: CRA, 1995
A48809: CRA, 1996
A50118: CRA, 1996
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A63751: Image Resources, 2001

Mosquito Creek

A17620: Harmanis, 1985
A44015: Gabriel Resources, 1995
A47250: Gabriel Resources, 1996

Bullfinch

A24508: New Holland Mining NL 1988
A42856: Comet Gold 1994
A53719: Equatorial Mining NL
Meteoric Resources 2004 Prospectus
A82126: Meteoric Resources 2009

INVESTIGATING ACCOUNTANT'S REPORT

6.0

Stantons International Pty Ltd trading as

Stantons International Securities

ABN 41 103 088 697

AFS Licence No. 319600

LEVEL 1, 1 HAVELOCK STREET
WEST PERTH WA 6005, AUSTRALIA
PH: 61 8 9481 3188 • FAX: 61 8 9321 1204

13 May 2010

The Directors
Talga Gold Limited
Ground Floor
41-47 Colin Street
WEST PERTH WA 6005

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Talga Gold Limited ("Talga Gold" or "the Company") for inclusion in a Prospectus to be dated on or around 17 May 2010 ("the Prospectus") relating to the proposed issue by Talga Gold of up to 25,000,000 Shares to be issued at a price of 20 cents per Share to raise \$5,000,000. The minimum subscription has been set at \$4,200,000 represented by 21,000,000 Shares at 20 cents each.

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the statement of financial position of Talga Gold and the pro-forma consolidated statement of financial position of Talga Gold as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities has not been requested to consider the prospects for Talga Gold, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stantons International Securities accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 4 of the Prospectus.

*Liability limited by a scheme approved under
Professional Standards Legislation*

Member of Russell Bedford International



3. Background

Talga Gold was incorporated on 21 July 2009 in Australia with an issued capital of 9,000,000 Shares at 0.01 cents each (\$900). During the period to 16 December 2009, the Company issued 1,150,000 Shares at 0.1 cents each to various promoters of the Company to raise a gross \$1,150 (along with 1,100,000 Share Options issued for a consideration totalling \$110, exercisable at 20 cents each on or before 16 December 2012). To 28 April 2010, the company issued a further 3,200,000 Shares to seed investors at 10 cents each to raise \$320,000.

Pursuant to an option agreement of 23 December 2009, the Company has the option ("Talga Option") to acquire various mineral tenements (EL46/810, EL46/823, PL46/1628, PL46/1632-1637, PL46/1665, PL46/1667-1668 EL77/1641, PL45/2746-47 and PL45/2774, EL77/1641) from Talga Mining Pty Ltd ("Talga Mining"). The Talga Option fee was the payment of \$5,000 in cash. The amount payable to exercise the Talga Option (on achieving an ASX listing) is \$22,000 being the reimbursement to Talga Mining (a company that is associated with Mark Thompson) of past exploration expenditures.

In December 2009 Talga Gold entered into an option to acquire a 100% interest in a mineral tenement (ML45/618) from Kevin Graham Danks ("Danks") for a cash option fee of \$10,000 ("Danks Option"). The Danks Option once exercised (on achieving an ASX listing) is settled by the payment of \$90,000 on achieving an ASX listing and the issue of 2,000,000 Shares in Talga Gold at a deemed issue price of 20 cents per Share (\$400,000).

In December 2009 Talga Gold entered into an option to acquire a 100% interest in a mineral tenement EL45/3381 from Milan Mirkovic as trustee for Red Dog Prospecting Pty Ltd, a company that Mr Mark Thompson has a beneficial interest ("Red Dog") for a cash option fee of \$5,000 ("Mirkovic Option"). The Mirkovic Option once exercised (on achieving an ASX listing) is settled by the payment of \$162,839.69, being the reimbursement of past exploration expenditures.

In December 2009 Talga Gold entered into an option to acquire a 100% interest in mineral tenements (PL45/2661 and PL45/2662) from Thompson as trustee for Red Dog for a cash option fee of \$5,000 ("Thompson Option"). The Thompson Option once exercised (on achieving an ASX listing) is settled by the payment of \$129,824, being the reimbursement of past exploration expenditures.

In December 2009 Talga Gold entered into an option to acquire a 100% interest in a mineral tenement (PL45/2736) from Danks as trustee for Red Dog for a cash option fee of \$5,000 ("Danks Warrawoona Option"). The Danks Warrawoona Option once exercised (on achieving an ASX listing) is settled by the payment of \$62,769.43, being the reimbursement of past exploration expenditures.

The Company on 6 May 2010 entered into an employment service contract with Thompson. The basic terms that are effective from achieving an ASX listing are a base salary of \$150,000 per annum plus statutory superannuation. The remuneration component will be reviewed after 6 months and thereafter every 12 months. The Company is required to give 9 months notice to terminate the contract but under certain circumstances may terminate the contract immediately. Thompson may give 6 months notice to terminate the contract. If the position ceases to exist, a redundancy payment will be made to Thomson of the equivalent of 9 months of annual salary.

Mr Sean Neary, a director of Talga effective from 21 July 2009 will be paid directors fees at the rate of \$40,000 per annum plus statutory superannuation upon successful listing of the Company on ASX. Mr Piers Lewis, a director of Talga effective from 16 December 2009 will be paid directors fees at the rate of \$35,000 per annum plus statutory superannuation upon successful listing of the Company on ASX.

Potential investors should read the Prospectus in full that includes an Independent Geologist's Report and a Solicitors' Report on Tenements. We make no comments as to ownership or values of the current and proposed mineral tenement interests of Talga Gold. Further details on all significant contracts entered into by the Company since incorporation are referred to in the Material Contracts Section 8.2 of the Prospectus.

4. Scope of Examination

You have requested Stantons International Securities to prepare an Investigating Accountant's Report on:

- a) the results (statement of comprehensive income) of Talga Gold from incorporation to 30 April 2010;
- b) the statement of financial position of Talga Gold as at 30 April 2010; and
- c) the pro-forma statement of financial position of Talga Gold at 30 April 2010 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited however has been subject to audit review. The Directors of Talga Gold are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- a) discussions with directors and other key management of Talga Gold;
- b) a review of contractual arrangements;
- c) a review of publicly available information; and
- d) a review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly the pro-forma balance sheet of Talga Gold as at 30 April 2010 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and balance sheets, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statement of financial position as at 30 April 2010 and the results of the period identified. To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 April 2010 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stantons International Securities or Stantons International Pty Ltd (trading as Stantons International) do not have any material interest in Talga Gold either directly or indirectly, or in the outcome of the Offer. Stantons International, a firm that owns the business name of Stantons International Securities were appointed as auditors of Talga in July 2009. Stantons International Securities and

Stantons International Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES

A handwritten signature in dark ink, appearing to read 'J P Van Dieren', followed by a long horizontal flourish.

**J P Van Dieren – FCA
Director**



INVESTIGATING ACCOUNTANTS REPORT continued

APPENDIX 1 – UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Talga Gold 1 July 2009 to 30 April 2010 \$
Interest income	52
Corporate costs	(1,575)
Exploration costs written off	(103,956)
Other costs	(30,532)
Net (loss) before tax	(136,011)
Income tax expense attributable to net loss	-
Net (loss) after tax	(136,011)

APPENDIX 2 – UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	Talga Gold 30 April 2010 \$	Pro-forma Talga Gold 30 April 2010 \$
Current Assets			
Cash assets	3	127,236	4,155,493
Receivables		13,768	13,768
Total Current Assets		141,004	4,169,261
Non Current Assets			
Plant and equipment		5,543	5,543
Capitalised acquisition costs	4	30,912	898,345
Total Non Current Assets		36,455	903,888
Total Assets		177,459	5,073,149
Current Liabilities			
Trade payables and loans	5	65,674	-
Total Current Liabilities		65,674	-
Total Liabilities		65,674	-
Net Assets		111,785	5,073,149
Equity			
Issued capital	6	247,686	5,279,050
Option Reserve	7	110	110
Accumulated losses	8	(136,011)	(206,011)
Total Equity		111,785	5,073,149

Notes forming part of the unaudited statement of comprehensive income and statements of financial position are set out in Appendix 3.

APPENDIX 3 - NOTES TO THE UNAUDITED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The unaudited Statement of Comprehensive Income and unaudited Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the IPO being successful and/or the Company raising additional seed capital to continue in business.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(c) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs are written off in the year they are incurred. Costs of acquisition are capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated acquisition costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(d) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(e) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(f) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(g) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

(h) Issued Capital

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(j) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

(k) Share Based Payments

The Group provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined

by an internal valuation using Black-Scholes or Binomial option pricing models. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Consolidated Statement of Financial Position

Actual and proposed transactions adjusting the 30 April 2010 unaudited Statement of Financial Position of Talga Gold in the pro-forma Statement of Financial Position of Talga Gold are as follows:

- (a) The issue of 25,000,000 Shares at 20 cents each to raise a gross \$5,000,000 pursuant to the Prospectus;
- (b) The exercise of the Talga Option by way of the payment of \$22,000 reimbursement of past exploration expenditures;
- (c) The exercise by Talga Gold of the Dank Option by way of the payment of \$90,000 and the issue of 2,000,000 Shares in Talga Gold at a deemed 20 cents per Share (\$400,000);
- (d) The exercise by Talga Gold of the Mirkovic Option by way of the payment of \$162,840 reimbursement of past exploration expenditures;
- (e) The exercise by Talga Gold of the Thompson Option by way of the payment of \$129,824 reimbursement of past exploration expenditures;
- (f) The exercise by Talga Gold of the Danks Warrawoona Option by way of the payment of \$62,769 reimbursement of past exploration expenditures;
- (g) The payment of 30 April 2010 accounts payable and accruals of \$10,000 and repayment of a director loan of \$55,647;
- (h) The payment of further expenses of the Prospectus issue totalling an estimated \$368,636 (\$74,364 already paid and set off against issued capital), so total capital raising costs are \$443,000;
- (i) The incurring of additional administration, corporate and stamp duty costs of approximately \$70,000.

	Note 2	Unaudited Talga Gold 30 April 2010 \$	Unaudited Talga Gold Pro-forma 30 April 2010 \$
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3. Cash Assets

The movements in cash assets are as follows:

Unaudited 30 April 2010		127,236	127,236
Issue of Shares pursuant to the Prospectus	(a)	-	5,000,000
Payment of cash on exercise of various Options to acquire tenements	(b to f)	-	(467,433)
Payment of payables and loans	(g)	-	(65,674)
Prospectus issue costs	(h)		(368,436)
Administration costs	(i)		(70,000)
		127,236	4,150,493

4. Capitalised Acquisition Costs

Capitalised exploration costs		30,912	30,912
Exercise of Options	(b to f)	-	867,433
Capitalised exploration costs		30,912	898,345

5. Trade and other payables

Trade and other payable		10,000	10,000
Director loans		55,674	55,674
Less: Payment of trade and other payables	(g)	-	(65,674)
		65,674	-

6. Issued Capital

Ordinary Shares

13,350,000 Shares at 30 April 2010		322,050	322,050
25,000,000 Shares pursuant to the Prospectus	(a)	-	5,000,000
2,000,000 Shares to exercise option over tenements	(c)	-	400,000
		322,050	5,722,050
Less: estimated Share issue costs	(h)	(74,364)	(443,000)
Pro-forma (40,350,000 Shares)		247,686	5,279,050

In the event that only the minimum subscription of \$4,200,000 was raised, the number of Shares on issue would reduce to 36,350,000, the issued capital would reduce to \$4,529,050 (assuming capital raising costs reduced by \$50,000) and the cash funds would reduce to \$3,405,493.

7. Option Reserve

Issue of Options	110	110
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As at 30 April 2010 there are 1,100,000 Share Options exercisable at 20 cents each and all Options are to be exercisable before 16 December 2012. An Employee Incentive Scheme has been adopted and details are set out in section 8.11 of the Prospectus.

8. Accumulated Losses

	Note 2	Unaudited Talga Gold 30 April 2010 \$	Unaudited Talga Gold Pro-forma 30 April 2010 \$
Balance 16 April 2010		136,011	136,011
Administration costs	(d)	-	70,000
		<u>136,011</u>	<u>206,011</u>

9. Contingent Liabilities and Commitments

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Solicitor's Report and the Independent Geologist's Report for further possible contingencies and commitments.

For details on proposed exploration commitments on mineral tenements, refer to the Solicitor's Report in the Prospectus and section 1.6 of the Prospectus.

10. Rental Of Premises Commitments

The Company has an informal arrangement to sub lease premises at the rate of approximately \$1,200 per month. There is no fixed term. The Company may seek new premises on achieving an ASX listing.

11. Employment and Management Agreements

The Company has entered into an employment contract with Mark Thompson as Managing Director effective from the date the Company achieves an ASX listing. A summary of the financial details on the employment agreement are outlined in the Background Section of this report and/or in the Material Contracts section 8.2 of the Prospectus. Messrs Neary and Lewis are to be paid non executive director fees of \$40,000 per annum and \$35,000 per annum plus statutory superannuation from the date the Company achieves an ASX listing.

SOLICITOR'S REPORT 7.0



PHONE (618) 9221 6733 | FAX (618) 9221 6744 | ABN 83 662 050 668
POSTAL ADDRESS PO Box Z5433 St Georges Tce Perth WA 6831
ADDRESS Level 24, St Martin's Tower, 44 St Georges Tce
Perth WA 6000

6 April 2010
The Directors
Talga Gold Limited
Level 1, 41-47 Colin Street
WEST PERTH WA 6005

Dear Sirs

Solicitors' Report on Mining Tenements Talga Gold Limited (ACN 138 405 419)

This report has been prepared for inclusion in the prospectus to be issued by Talga Gold Limited ("the Company") to raise up to \$5,000,000 ("Prospectus"). The offer in the Prospectus comprises the issue by the Company of up to 25,000,000 fully paid ordinary shares at \$0.20 each. The offer has a minimum subscription of \$4,200,000.

We have been requested to report on the mining tenement interests to which the Company is entitled or has acquired rights ("Tenements"). Details of the Tenements are set out in the attached Schedule of Tenements ("Schedule") which, together with the notes to the Schedule ("Notes"), forms part of this report.

All of the Tenements are located in Western Australia and are identified in the Schedule.

1. Searches

We conducted searches of the Tenements in the registers maintained by the Western Australian Department of Mines and Petroleum ("DMP") on 31 March 2010 and 6 April 2010. We also undertook native title quick appraisal searches of DMP's electronic register and cross checked those results against the National Native Title Tribunal's ("NNTT") electronic register in relation to the Tenements as at 31 March 2010.

As a result of these searches and our perusal of the material contracts set out in the summary of material contracts in Section 8.2 of the Prospectus ("Agreements"), we consider this report provides an accurate statement, at the date of the respective searches, as to the status of the Tenements and the interests of the Company in those Tenements. We have assumed the information in the registers maintained by DMP and NNTT is accurate. The references in the Schedule to the areas of the Tenements are taken from details shown on DMP's and NNTT's electronic registers. No survey was conducted to verify the accuracy of Tenement areas.

We have further assumed that the various parties' seals and signatures on all the Agreements are authentic and that the Agreements are and were within the capacity and powers of those who executed them. We assume that all of the Agreements were validly authorised, executed and delivered by and are binding on the parties to them and comprise the entire agreements of the parties to each of them concerning their respective subject matters.

2. General Information about Mining Tenements in Western Australia

2.1 Mining Lease ("ML")

A ML gives the holder the exclusive right to find, extract and dispose of any minerals on the land the subject of that ML. The maximum area over which a ML may be granted must not exceed 10 square kilometres. A ML remains in force for a period of 21 years from the date of grant, the holder has an option to renew for another 21 years on expiry and further renewals are possible under the Mining Act 1978 (WA) ("Mining Act"). MLs are subject to various standard conditions including expenditure, the payment of rent, compliance with environmental protection provisions and reporting requirements. A failure to comply with these conditions may lead to forfeiture of the ML.

The holder of a ML must obtain ministerial consent in order to assign, sublet or part with possession of the ML.

The Company has acquired an interest in ML 45/618.

2.2 Exploration Licence ("EL")

The holder of an EL is entitled to enter the land and undertake operations for the purposes of exploring for minerals. An EL remains in force for 5 years from the date of grant with the possibility of renewal by the Minister for one further 5 year period and then further periods of 2 years. An EL must not be granted in respect of an area which is greater than 70 blocks, unless otherwise designated by the Minister. No legal or equitable interest in or affecting an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. The holder of an EL is required to expend certain amounts upon exploration activities during the term with failure to do this leading to possible forfeiture of the licence. ELs are subject to various standard conditions including expenditure, the payment of rent, compliance with environmental protection provisions and reporting requirements. A failure to comply with these conditions may lead to forfeiture of the EL.

The holder of an EL may apply for approval of retention status where there is an identified mineral resource within the EL, but it is impracticable to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years on such terms and conditions as the Minister determines.

If renewal of an EL is sought, there is a requirement to relinquish 40% of the area of the EL at the end of the fifth year of grant. This requirement can be deferred for up to one year.

The holder of an EL has, subject to the Mining Act, the right to apply for and to have granted a ML over the land the subject of the EL.

The Company has acquired an interest in the following ELs:

EL 46/810

EL 77/1641

2.3 Exploration Licence Application ("ELA")

If an ELA is successful the Minister will grant an EL to the applicant. An ELA gives the applicant no title to land or any exclusive rights relating to the land the subject of the application. For there to be a valid grant of an ELA the procedures outlined in sections 5 and 6 below must have been followed. Once an EL has been granted it cannot be transferred during the first year of the term of the license without the tenement holder obtaining prior Ministerial consent.

The Company has acquired an interest in the following ELAs:

ELA 45/3381

ELA 46/823

2.4 Prospecting Licence ("PL")

The holder of a PL is entitled to enter the land and undertake operations for the purposes of prospecting for minerals. A PL remains in force for 4 years and can be extended for a further 4 years. If retention status is granted, further term or terms of 4 years can be granted. The holder of a PL may apply for approval of retention status where there is an identified mineral resource within the PL, but it is impracticable to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years on such terms and conditions as the Minister determines.

PLs are subject to various standard conditions including expenditure, the payment of rent, compliance with environmental protection provisions and reporting requirements. A failure to comply with these conditions may lead to forfeiture of the PL.

Pursuant to the Mining Act the holder a PL has a right to apply for and have granted a mining lease over any of the land the subject of the PL, subject to the Mining Act and the conditions of the licence. The holder must make an application for conversion prior to the expiry of the PL.

The Company has acquired an interest in the following PLs:

PL 45/2661

PL 45/2662

PL 45/2736

2.5 Prospecting License Application ("PLA")

If a PLA is successful then the Minister will grant a PL to the applicant. A PLA gives the applicant no title to land or any exclusive rights relating to the land the subject of the application. For there to be a valid grant of a PLA the procedures outlined in sections 5 and 6 below must have been followed.

The Company has acquired an interest in the following PLAs:

PLA 45/2746 PLA 46/1634

PLA 45/2747 PLA 46/1635

PLA 45/2774 PLA 46/1636

PLA 45/2781 PLA 46/1637

PLA 46/1628 PLA 46/1665

PLA 46/1632 PLA 46/1667

PLA 46/1633 PLA 46/1668

3. Aboriginal Sites

The Tenements are subject to the provisions of the Aboriginal and Torres Strait Islander Heritage Protection Act (1984) (Cth) ("Commonwealth Heritage Act"). This Act contains provisions designed to preserve and protect from injury or desecration areas and objects which are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.

The Aboriginal Heritage Act 1972 Western Australia ("WA Heritage Act") also applies to all of the Tenements and makes it an offence, among other things, to alter or damage an Aboriginal site or object on or under an Aboriginal site. An Aboriginal site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.

There is no requirement for an Aboriginal site to be registered in any public manner or, indeed, to be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

The Company must ensure that any interference with such sites is in strict conformity with the provisions of the Commonwealth Heritage Act and the WA Heritage Act.

4. Native Title Legislation

Judicial recognition of native title at common law occurred in *Mabo v Queensland (No 2)* (1992) 175 CLR ("Mabo"), a decision of the High Court of Australia on 3 June 1992. Generally native title rights to land will be recognised where:

- (a) the claimants can establish that they have maintained a continuous connection with the land in accordance with their traditional laws and customs since British settlement in 1788; and
- (b) the native title rights have not been lawfully extinguished.

The High Court held in *Mabo* that native title rights can be lawfully extinguished by certain government legislation and executive actions which are not inconsistent with native title. In order for extinguishment to be lawful the extinguishment must comply with the obligations imposed by the Racial Discrimination Act 1975 (Cth).

After *Mabo*, considerable uncertainties existed about the validity of proprietary rights in Australia, including mining tenements. To address those uncertainties the Commonwealth Parliament responded by passing the Commonwealth Native Title Act 1993 (Cth) ("NTA"). The NTA commenced in January 1994 and was substantially amended in 1998 in response to the decision of the High Court in *Wik v Queensland* (1996) 141 ALR 129 ("Wik"). *Wik* recognised that the granting of a pastoral lease did not necessarily extinguish all native title rights, some of which could co-exist with the rights under a pastoral lease.

In summary the NTA:

- (a) provides for recognition and protection of native title;
- (b) sets up mechanisms for determining claims for native title such as the "right to negotiate" which allows native title claimants to be consulted in relation to certain mining and other developments;
- (c) make valid certain "past acts" which would otherwise be invalidated because of native title;
- (d) establish ways in which "future acts" (eg the granting of mining tenement applications and converting exploration licences and prospecting licences to mining leases) affecting native title may proceed and how native title rights are protected, including rights to compensation; and
- (e) provides a process by which claims for native title and compensation can be determined.

The Western Australian Parliament passed its own legislation, the Land (Title and Traditional Usage) Act 1993 ("WA Act") prior to the Commonwealth Act. On 16 March 1995 the High Court found that the WA Act was invalid, which means that Western Australia must comply with the Commonwealth Act.

The High Court decision of *Ward v Western Australia and South Australia* (2002) HCA 28 (8 August 2002) established that where tenure such as a pastoral lease is granted, native title is extinguished to the extent that it is inconsistent with the rights conferred by the pastoral lease.

5. Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. Once a native title claim has been lodged, the Court will refer the application to the Native Title Registrar. The Native Title Registrar must determine whether the claim meets certain conditions concerning the merits of the claim, and certain procedural and other requirements set out by the NTA.

If the Native Title Registrar is satisfied the lodged claim meets the registration requirements set out in the Commonwealth Act ("Registration Test") it will be entered on the Register of Native Title Claims maintained by the National Native Title Tribunal ("Register"). Claimants of registered claims are afforded certain procedural rights under the Commonwealth Act including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Tribunal's Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test.

Existing pastoral leases on land the subject of the Tenements extinguish the right of native title claimants to control the land, restrict access to the land and require permission for acts to be done.

Where the Tenements relate to land which is currently the subject of a determined native title claim, the determination may provide that, in respect of the determination area there is no native title right or interest in minerals as defined by the Mining Act.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that the native title determination may be challenged, or the possibility of any further claims being made in the future.

6. Validity of the Tenements

(a) Tenements granted between 1 January 1994 and 23 December 1996

Some State Governments granted some mining tenements during the period between 1 January 1994 and 23 December 1996 without complying with the requirements of the NTA. Accordingly, there is a risk that some tenements granted in this period may be invalid as a result of non compliance with the NTA. This risk has been removed by the 1998 amendments to the NTA and corresponding state legislation so far as the Tenements were granted over land which is the subject of a pastoral lease or other prescribed leasehold land.

ML 45/618 was granted on 1 September 1994.

(b) Tenements granted since 23 December 1996

Mining Tenements granted since 23 December 1996 which affect native title rights and interests will be valid provided that the future act procedures set out in (d) below were followed by the relevant parties. We have not been instructed to analyse whether or not the relevant NTA procedures were followed in relation to each Tenement, but are not aware of any reason why they would be regarded as not being validly granted.

EL 77/1641, EL 46/810, PL 45/2661, PL 45/2662 and PL 45/2736 were all granted since 23 December 1996.

(c) Future Tenement Grants

The valid grant of any mining tenement which may affect native title requires full compliance with the provisions of the NTA in addition to compliance with the usual procedures under the relevant State or Territory mining legislation. The primary procedure prescribed under the NTA is the “right to negotiate” process.

The right to negotiate process involves the publishing or advertising of a notice of the proposed grant of a tenement followed by a 6 month period of negotiation between the State or Territory Government, the tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the National Native Title Tribunal (“NNTT”), which has a further 6 months to reach a decision. The decision of the NNTT may be reviewed by the relevant Federal Minister.

The right to negotiate process is not required to be followed in respect of a proposed future act in instances where the expedited procedure applies. Under the NTA, a future act is an act attracting the expedited procedure if:

- (i) the act is not to interfere directly with the carrying on of the community or social activities of the persons who are the holders of native title in relation to the land;
- (ii) the act is not likely to interfere with areas or sites of particular significance, in accordance with their traditions, to the persons who are holders of the native title in relation to the land; and
- (iii) the act is not likely to involve major disturbance to any land or waters concerned or create rights whose exercise is likely to involve major disturbance to any land.

When the proposed future act is considered to be one that attracts the expedited procedure, persons have until 3 months after the notification date to take steps to become a native title party in relation to the relevant act (for example the proposed granting of an exploration licence). The future act may be done unless, within 4 months after the notification day, a native title party lodges an objection with the NNTT against the inclusion of a statement that the proposed future act is an act attracting the expedited procedure.

If there are no objections lodged within the 4 month period, the act may be done. If one or more native title parties object to the statement, the NNTT must determine whether the act is an act attracting the expedited procedure. If the NNTT determines that it is, the relevant future act (i.e. the grant of an exploration licence) may be done.

Further, the right to negotiate process does not have to be pursued in cases where an indigenous land use agreement (“ILUA”) is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the ILUA.

7. Renewals and Extensions of Tenements

As with the granting of mining tenements, renewals and extensions of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation.

Renewals of mining tenements granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date will not be subject to the right to negotiate process provided:

- (a) the area to which the earlier right is made is not extended;
- (b) the term of the new right is not longer than the term of the earlier right; and
- (c) the rights to be created are not greater than the rights conferred by the earlier grant.

There is doubt as to whether the right to negotiate process applies to second and subsequent renewals but this matter is yet to be determined by the Courts.

Other than as stated above, renewals of mining tenements are subject to the same right to negotiate process described in Section 6(c) above.

8. Compliance

The Company's interest in or rights in relation to the granted Tenements are subject to the holder continuing to comply with the respective terms and conditions of the granted Tenements under the provisions of the Mining Act of Western Australia and regulations made pursuant to that legislation, together with the conditions specifically applicable to any granted mining tenement.

The searches that we have carried out in relation to the Tenements do not reveal any failure to comply with the conditions in respect of each of the granted mining tenements.

9. Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes to the Schedule we point out by way of summary that:

- (a) we have assumed that all searches conducted on our behalf by the departments are complete and accurate as at the time the searches were conducted;
- (b) we have assumed that all information or advice, whether oral or written provided to us by the Company, its officers, employees, agents or representatives is accurate and complete;
- (c) in relation to each tenement application we express no opinion as to whether such tenement application will ultimately be granted, (including whether relevant Ministerial consent will be obtained) nor the conditions to which such tenement application may be granted or may not be granted subject to; and
- (d) in relation to the native title determination outlined in this report we do not express an opinion on the merits of such determination.

10. Consent

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully



PRICE SIERAKOWSKI

Schedule of Mining Tenements

To be read in conjunction with the abbreviations and notes at the end of the Schedule.

Tenement No.	Project Name	Registered Holder or Applicant	Shares Held	State	Application Date	Grant Date	Expiry Date	Area	Expenditure commitments per Annum	Next Annual Rent	Relevant Notes
ML 45/618	Talga Talga	DANKS, Kevin Graham	100	WA	21/04/1994	01/09/1994	31/08/2015	197.15ha	\$19,800	\$3,092.76	1, 3
EL 77/1641	Bullfinch	Talga Mining	100	WA	05/01/2009	02/10/2009	01/10/2014	56 blocks (16,120ha)	\$56,000	\$6,640.48	2
EL 46/810	Mosquito Creek	Talga Mining	100	WA	31/12/2008	02/03/2010	01/03/2015	4 blocks (1,274ha)	\$15,000	\$414.00	1
ELA 45/3381	Warrawoona	MIRKOVIC, Milan	100	WA	20/02/2009	N/A	N/A	45 blocks	N/A	\$4,657.50	1
ELA 46/823	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	13 BL (4,139ha)	N/A	\$1,345.50	1
PL 45/2661	Warrawoona	THOMPSON, Mark James	100	WA	07/02/2007	05/12/2008	04/12/2012	150ha	\$6,000	\$346.50	1
PL 45/2662	Warrawoona	THOMPSON, Mark James	100	WA	07/02/2007	05/12/2008	04/12/2012	55ha	\$2,200	\$127.05	1
PL 45/2736	Warrawoona	DANKS, Kevin Graham	100	WA	11/02/2009	20/11/2009	19/11/2013	122ha	\$4,880	\$281.82	1
PLA 45/2746	Talga Talga	Talga Mining	100	WA	27/05/2009	N/A	N/A	146ha	N/A	\$292.00	1, 4
PLA 45/2747	Talga Talga	Talga Mining	100	WA	27/05/2009	N/A	N/A	9.7ha	N/A	\$20.00	1
PLA 45/2774	Talga Talga	Talga Mining	100	WA	24/11/2009	N/A	N/A	121.7ha	N/A	\$256.20	1, 4
PLA 45/2781	Warrawoona	Talga Mining	100	WA	08/03/2010	N/A	N/A	2.42ha	N/A	\$21.00	1
PLA 46/1628	Mosquito Creek	Talga Mining	100	WA	31/12/2008	N/A	N/A	100ha	N/A	\$200.00	1
PLA 46/1632	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	172ha	N/A	\$344.00	1
PLA 46/1633	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	133ha	N/A	\$266.00	1
PLA 46/1634	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	172ha	N/A	\$344.00	1
PLA 46/1635	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	185ha	N/A	\$370.00	1
PLA 46/1636	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	175ha	N/A	\$350.00	1
PLA 46/1637	Mosquito Creek	Talga Mining	100	WA	02/06/2009	N/A	N/A	133ha	N/A	\$266.00	1
PLA 46/1665	Mosquito Creek	Talga Mining	100	WA	12/01/2010	N/A	N/A	123ha	N/A	\$258.30	1
PLA 46/1667	Mosquito Creek	Talga Mining	100	WA	20/01/2010	N/A	N/A	198ha	N/A	\$415.80	1, 5
PLA 46/1668	Mosquito Creek	Talga Mining	100	WA	25/02/2010	N/A	N/A	110ha	N/A	\$231.00	1

Legend

"Talga Mining" - Talga Mining Pty Ltd (ACN 124 852 339)

Notes

1. Native Title Application

Application Name: Njamal
Tribunal Number: WC99/8
Federal Court Number: WAD6028/98
Registration Status: Registered
Current Status: Active
Notification Status: Complete
In Mediation: Yes

2. Native Title Application

Application Name: Central West Goldfields People
Tribunal Number: WC99/29
Federal Court Number: WAD65/98
Date Registered: Not registered
Current Status: Active
Notification Status: Complete
In Mediation: Yes

3. Third Party Tenements Affecting Tenement Area (minimum 5% encroachment)

Tenement: ELA 45/3424
Holder: JML Resources Pty Ltd
Application date: 01/05/09
Percentage of encroachment: 27.3%
Tenement: ELA 45/3465
Holder: FMG Pilbara Pty Ltd
Application date: 20/07/09
Percentage of encroachment: 11.9%

4. Third Party Tenements Affecting Tenement Area (minimum 5% encroachment)

Tenement: ELA 45/3424
Holder: JML Resources Pty Ltd
Application date: 01/05/09
Percentage of encroachment: 100%

5. Third Party Tenements Affecting Tenement Area (minimum 5% encroachment)

Tenement: MLA 46/428
Holder: Millennium Minerals Ltd
Application date: 07/07/09
Percentage of encroachment: 56.1%
Tenement: MLA 46/429
Holder: Millennium Minerals Ltd
Application date: 06/07/09
Percentage of encroachment: 43.9%

8.1 RIGHTS ATTACHING TO FULLY PAID ORDINARY SHARES

Full details of the rights attaching to Shares are set out in Talga Gold's Constitution, a copy of which can be inspected, free of charge, at Talga Gold's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will from the time they are issued, rank *pari passu* with all the Company's existing Shares.

8.1.1 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at meetings of Shareholders of Talga Gold:

- a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share.

8.1.2 Rights on Winding Up

Subject to the rights of holders of Shares with special rights in a winding up (at present there are none), on a winding up of Talga Gold all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid Shares held by them.

8.1.3 Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act 2001, and any other laws and ASTC Settlement Rules and ASX Listing Rules, Shares are freely transferable.

8.1.4 Future Increases in Capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act 2001, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

8.1.5 Variation of Rights

Under the Corporations Act 2001, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares. If at any time the Share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the Shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

ADDITIONAL INFORMATION

8.0

8.1.6 Dividend Rights

Subject to the rights of holders of Shares issued with special, preferential or qualified rights (at present there are none), the profits of Talga Gold which the Directors 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.

8.2 SUMMARY OF MATERIAL CONTRACTS

Set out below is a brief summary of certain contracts which have been entered into by the Company and which have been identified as material and relevant to potential investors.

8.2.1 Minc Stockbroking

Under an agreement between Minc Stockbroking ("Minc") and the Company, the Company has engaged Minc to act as manager and leading broker for this Prospectus. Under the terms of the agreement Minc will receive a management fee of 1% plus GST and a capital raising fee of 5% plus GST for all funds raised with this Prospectus. Accordingly the maximum payment which will be made to Minc is \$300,000 plus GST. The agreement cannot be terminated by Talga Gold for a period of two months from the date of this Prospectus. Minc must give seven days notice in writing to terminate the agreement.

Any broker who wishes to obtain a component of the capital raising fee for its client investments should contact Minc on (08) 6364 9623 to discuss those arrangements.

8.2.2 Option to Purchase Talga Talga Project (M45/618)

On 23 December 2009, Talga Gold entered into an option agreement with Kevin Graham Danks ("Danks") to purchase the Talga Talga Project in Western Australia – refer to Section 5 for further information about the Talga Talga Project. The Talga Talga Project comprises Mining License 45/618. Talga Gold paid Danks an option fee of \$10,000. From execution until the option is exercised, the Company will maintain the tenement(s) in good standing, manage the exploration on the tenement(s) and be solely responsible for exploration programs and budgets and statutory reporting. The agreement is conditional on Talga

Gold raising the minimum subscription under the Offer and obtaining conditional approval to be admitted to ASX by no later than 12 months after execution. The agreement contains additional provisions, including warranties and indemnities in favour of the Company, considered standard in an agreement of this type.

Upon successful ASX listing of Talga Gold, consideration received by Danks will be as follows:

- i. \$90,000 (plus GST) in immediately available funds
- ii. 2,000,000 Talga Gold Ordinary Shares at a deemed issued price of \$0.20 per Share (plus GST of \$40,000 in immediately available funds).

8.2.3 Option to Purchase Warrawoona Project (P45/2661 & P45/2662)

On 23 December 2009, the Company entered into an option agreement with Mark James Thompson ("Thompson") as trustee for Red Dog Prospecting Pty Ltd, a company that Mr Mark Thompson is a director and has a beneficial interest ("Red Dog") to purchase 100% of the Warrawoona Project in Western Australia – refer to Section 5 for further information about the Warrawoona Project. The Warrawoona Project comprises Prospecting Licenses 45/2661 and 45/2662. Talga paid Thompson an option fee of \$5,000. From execution until the option is exercised, the Company will maintain the tenement(s) in good standing, manage the exploration on the tenement(s) and be solely responsible for exploration programs and budgets and statutory reporting. The agreement is conditional on Talga Gold raising the minimum subscription under the Offer and obtaining conditional approval to be admitted to ASX by no later than 12 months after execution. The agreement contains additional provisions, including warranties and indemnities in favour of the Company, considered standard in an agreement of this type.

Upon successful ASX listing of Talga Gold Thompson will be reimbursed \$129,840 plus GST for previous exploration expenditure incurred by Thompson in developing the project.

8.2.4 Option to Purchase Warrawoona Project (P45/2736)

On 23 December 2009, the Company entered into an option agreement with Kevin Graham Danks ("Danks") as trustee for Red Dog to purchase the Warrawoona Project in Western Australia – refer to Section 5 for further information about the Warrawoona Project. The Warrawoona Project comprises Prospecting License 45/2736. The Company paid Danks an option fee of \$5,000. From execution until the option is exercised, the Company will maintain the tenement(s) in good standing, manage the exploration on the tenement(s) and be solely responsible for exploration programs and budgets and statutory reporting. The agreement is conditional on Talga Gold raising the minimum subscription under the Offer and obtaining conditional approval to be admitted to ASX by no later than 12 months after execution. The agreement contains additional provisions, including warranties and indemnities in favour of the Company, considered standard in an agreement of this type.

Upon successful ASX listing of Talga Gold Danks will be reimbursed \$62,769.43 plus GST for previous exploration expenditure incurred by Danks in developing the project.

8.2.5 Option to Purchase Warrawoona Project (E45/3381)

On 23 December 2009, the Company entered into an option agreement with Milan Mirkovic ("Mirkovic") as trustee for Red Dog to purchase the Warrawoona Project in Western Australia – refer to Section 5 for further information about the Warrawoona Project. The Warrawoona Project comprises Exploration License Application 45/3381. Talga paid Mirkovic an option fee of \$5,000. From execution until the option is exercised, the Company will maintain the tenement(s) in good standing, manage the exploration on the tenement(s) and be solely responsible for exploration programs and budgets and statutory reporting. The agreement is conditional on Talga Gold raising the minimum subscription under the Offer and obtaining conditional approval to be admitted to ASX by no later than 12 months after execution. The agreement contains additional provisions, including warranties and indemnities in favour of the Company, considered standard in an agreement of this type.

Upon successful ASX listing of Talga Gold Mirkovic will be reimbursed \$162,839.69 plus GST for previous exploration expenditure incurred by Mirkovic in developing the project.

8.2.6 Option to Purchase Talga Talga, Bullfinch, Mosquito Creek and Warrawoona Projects

On 23 December 2009, the Company entered into an option agreement with Talga Mining Pty Ltd ("Talga Mining") to purchase the Talga Talga, Bullfinch, Mosquito Creek and Warrawoona Projects in Western Australia – refer to Section 5 for further information about these projects.

The Talga Talga Project comprises Prospecting License Applications 45/2746, 45/2747, and 45/2774.

The Bullfinch Project comprises Exploration License 77/1641.

The Mosquito Creek Project comprises Exploration License 46/810 and Exploration License Application 46/823, Prospecting License Applications 46/1628, 46/1632 to 46/1637 inclusive, 46/1665, 46/1667 and 46/1668.

The Warrawoona Project consists Prospecting License Application 45/2781.

The Company paid Talga Mining an option fee of \$5,000. From execution until the option is exercised, the Company will maintain the tenement(s) in good standing, manage the exploration on the tenement(s) and be solely responsible for exploration programs and budgets and statutory reporting. The agreement is conditional on Talga Gold raising the minimum subscription under the Offer and obtaining conditional approval to be admitted to ASX by no later than 12 months after execution. The agreement contains additional provisions, including warranties and indemnities in favour of the Company, considered standard in an agreement of this type. Upon successful ASX listing of Talga Gold Talga Mining will be reimbursed \$22,000 plus GST for previous exploration expenditure incurred in developing the project.

8.2.7 Service Agreement with Mark James Thompson

In May 2010 the Company entered into an executive service agreement with Mr Mark Thompson.

By the agreement Mr Thompson is employed as the managing director of the Company to perform the functions and roles of managing director. The engagement by the agreement commenced on 6 May 2010 and continues until terminated in accordance with the agreement. The Company may terminate the employment without cause by providing nine months written notice, Thompson may terminate the employment without cause by providing six months written notice. Additionally, the Company may terminate the employment immediately and without notice upon limited events akin to misconduct or incapacity. If the Company terminates the employment of Mr Thompson for a reason other than those justifying immediate termination, the Company will pay upon termination a sum of money to Mr Thompson being the maximum retirement sum payable in accordance with the Corporations Act.

Mr Thompson's remuneration consists of a base salary of \$150,000 per annum plus statutory superannuation. Mr Thompson will not be paid a separate director's fee for serving on the Board.

The remuneration of Mr Thompson will be reviewed six months after the listing of the Company on the ASX and every 12 months thereafter.

8.3 INTERESTS OF DIRECTORS OF THE COMPANY

Except as disclosed in this Prospectus, no director holds, or during the last two years has held, any interest in:

- the formation or promotion of Talga Gold ;
- property acquired or proposed to be acquired by Talga Gold in connection with its formation or promotion of the Offer; or
- the Offer,

and no amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid to any Director to induce him to become or to qualify as a Director or otherwise for services rendered by him in connection with the formation or promotion of Talga Gold or the Offer.

The Company has entered into option agreements to acquire interests in mining tenements from, among other parties, Managing Director Mark

Thompson ATF Red Dog Prospecting Pty Ltd, Kevin Danks ATF Red Dog Prospecting Pty Ltd, Milan Mirkovic ATF Red Dog Prospecting Pty Ltd and Talga Mining Pty Ltd. Red Dog Prospecting Pty Ltd and Talga Mining Pty Ltd are controlled by Mr Thompson and accordingly, is a related party of the Company. See Sections 8.2.3, 8.2.4, 8.2.5 and 8.2.6 for further details.

Directors' Shareholdings

The Directors are not required to hold any Shares in Talga Gold under the constitution of Talga Gold.

At the date of this Prospectus the relevant interests of each of the Directors in the Shares of the Company are as follows:

Director	Number of fully paid Shares	Number of \$0.20 Options
Mark Thompson (a)	9,000,000	Nil
Sean Neary (b)	575,000	550,000
Piers Lewis (c)	575,000	475,000

Notes:

- 1,000,000 Shares are held by Lateral Minerals Pty Ltd ATF Sungold Superannuation Account, a company that Mr Thompson is a director and has a relevant interest. 8,000,000 Shares are held by Lateral Minerals Pty Ltd ATF Thompson Family Trust;
- All Shares are held personally;
- Cranley Consulting Pty Ltd holds 250,000 ordinary Shares and 175,000 Options. All other equities are held personally;

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of Talga Gold from applying for Shares under this Prospectus.

Directors' Remuneration

Mr Thompson will receive director's fees of \$150,000 per annum.

Non-Executive Letter of Engagements

Mr Neary will receive director's fees of \$40,000 per annum.

Mr Lewis will receive director's fees of \$35,000 per annum.

8.4 INTERESTS OF PERSONS NAMED

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has had within the two years before lodgement of this Prospectus with the ASIC, any interest in:

- a) the formation or promotion of Talga Gold ;
- b) any property acquired or proposed to be acquired by Talga Gold in connection with its formation or promotion or in connection with the Offer; or
- c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Stanton International Securities will receive professional fees of approximately \$15,000 for accounting services in connection with this Prospectus including the provision of the Investigating Accountant's Report.

Stantons International Pty Ltd will act as auditors of the Company. The Company will pay for auditing or related services in the normal course of business.

CoxsRocks Pty Ltd will receive professional fees of approximately \$10,000 for the provision of the Independent Geologist's Report.

Price Sierakowski Corporate will receive professional fees of approximately \$15,000 for the provision of the Solicitor's report included in Section 7 of this Prospectus.

Advanced Share Registry Services have been appointed as Talga Gold's Share registry and will be paid for these services on normal commercial terms.

Cranley Consulting Pty Ltd, a company in which Mr Piers Lewis has a relevant interest, will be paid professional fees of approximately \$20,000 for company secretarial services in relation to the IPO. Cranley Consulting Pty Ltd will provide ongoing Company Secretarial services at a rate of \$110 per hour excluding GST.

8.5 CONSENTS

The following persons have each consented to being named in the Prospectus and to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC:

- CoxsRocks Pty Ltd – Independent Geologist's Report;
- Stanton International Securities – Investigating Accountant's Report; and
- Price Sierakowski Corporate – Solicitor's Report on Tenements.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified in this Prospectus as being based on statements made by those persons.

The following persons have consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those persons, and have not withdrawn their consent before lodgement of this Prospectus with ASIC:

- Price Sierakowski Corporate – as legal advisors to Talga Gold;
- Stantons International Pty Ltd as auditors of Talga Gold ;
- Advanced Share Registry Services as Share Registrar; and
- Cranley Consulting Pty Ltd – IPO Compliance services for Talga Gold.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the references to their name.

8.6 EXPENSES OF THE OFFER

It is estimated that Talga Gold will pay the following costs in connection with the preparation and issue of this Prospectus (on full subscription):

Broker Fees	\$300,000
Corporate Advisory	\$40,000
Legal	\$15,000
Accounting	\$15,000
Geological Consultants	\$30,000
Printing	\$11,000
ASIC and ASX Fees	\$32,000
Total	\$443,000

8.7 TAXATION

The acquisition and disposal of Shares in Talga Gold will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Talga Gold are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, Talga Gold, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

8.8 EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act 2001. Applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge Applications prior to the expiry of the Exposure Period.

8.9 LITIGATION

Other than as disclosed elsewhere in this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

8.10 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at team@talgagold.com and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at: www.talgagold.com

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8.11 EMPLOYEE INCENTIVE SCHEME

As an incentive to employees of Talga Gold, the Company has adopted a scheme called the Talga Gold Employee Incentive Scheme ("Scheme"). At the date of this Prospectus 1,100,000 Options have been granted under this Scheme.

The purpose of the Scheme is to give employees, directors, executive officers and consultants of the Company an opportunity, in the form of Options, to subscribe for ordinary Shares in the Company. The Directors consider the Scheme will enable the Company to retain and attract skilled

and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

Brief Overview of the Scheme

A summary of the Terms and Conditions of the Scheme is set out below:

Participants in the Scheme

The Board may offer Options to persons ("Eligible Persons") who are:

- Full-time or part-time employees;
- Directors; or
- consultants and any persons who are concerned, or take part in the management, of the Company or any subsidiary.

Upon receipt of such an Offer, the Eligible Person may nominate an associate acceptable to the Board to be issued with the Options.

Terms of Options

There is no issue price for the Options. The exercise price for the Options will be:

- 125% of the market value of the Company's Shares on the date on which the Options are issued;
- 20 cents; or
- any greater price determined by the Board, whichever is the greatest.

Shares issued on exercise of Options will rank equally with other ordinary Shares of the Company.

Options may not be transferred without the approval of the Board. Quotation of Options on the Australian Stock Exchange ("ASX") will not be sought. However, in the event that the Company is listed on ASX, it will apply to ASX for official quotation of Shares issued on the exercise of Options.

Restrictions on Issues and Exercise of Options

The Board may not offer Options under the Scheme if the total number of Shares which would be issued were each Option accepted, together with the number of Shares in the same class or Options to acquire such Shares issued pursuant to all employee or executive Share schemes during the previous five years, exceeds 5% of the total number of issued Shares in that class as at the date of the offer.

Options may only be issued or exercised within the limitations imposed by the Corporations Law and the ASX Listing Rules.

Exercise of Options

Options may be exercised at any time between three months and five years after the date of grant of the Options, dependant on length of expiry granted.

If an Eligible Person leaves the employment of the group:

- i) the Options may be exercised within 90 days, or any longer period permitted by the Board. If not exercised in that time, the Options lapse.

If an Eligible Person acts fraudulently, dishonestly or in breach of obligations to the Company or any subsidiary then, at the Board's discretion, Options issued for that person will lapse.

Unexercised Options will automatically lapse five years after they are issued, or at their expiry date.

Participation in Future Issues

The holders of Options will only participate in new issues, including bonus issues, if they have exercised the Options at that time and provided such exercise is permitted by the terms of the Option.

The number of Shares to be issued pursuant to the exercise of Options will be adjusted for bonus issues made prior to exercise of Options. The effect will be that upon exercise of the Options the number of Shares received by the Option Holder will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price of the Options shall not change as result of any such bonus issue.

In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

Capital Reconstruction

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

GLOSSARY

9.0

Applicant means a person who submits an Application.

Application means a valid application to subscribe for Shares.

Application Form means the application form attached to and forming part of this Prospectus.

Application Monies means monies received by Talga Gold from Applicants.

ASIC means Australian Securities and Investments Commission.

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

ASX means Australian Stock Exchange Limited ACN 008 624 691.

Auditors means Stantons International Pty Ltd.

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the date on which the Offer closes.

Company means Talga Gold Limited ACN 138 405 419.

Corporations Act 2001 means the Corporations Act 2001 of Australia.

Directors means the directors of the Company from time to time.

Dollars or \$ means Australian dollars unless otherwise stated.

Exposure Period means the period of seven days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act 2001.

Glossary means this glossary.

Investigating Accountant means Stantons International Securities.

Investigating Accountant's Report means the report contained in Section 6 of this Prospectus.

Independent Geologist means CocksRocks Pty Ltd

Independent Geologist's Report means the report contained in Section 5 of this Prospectus.

Listing Rules means Listing Rules of the ASX.

Offer means the offer of up to 25,000,000 Shares pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the Official List of the ASX.

Opening Date means the date on which the Offer opens.

Option means an Option to acquire one Share.

Prospectus means this prospectus dated 17th May 2010 for the issue of up to 25,000,000 Shares including any electronic or online version.

Quotation means quotation of the Shares on the ASX.

Share means one fully paid ordinary Share in Talga Gold Limited.

Shareholder means a holder of Shares.

Share Registrar means Advanced Share Registry Services

Solicitor's Report means the report contained in Section 7 of this Prospectus.

Talga Gold means Talga Gold Limited ACN 138 405 419.

WST means Western Standard Time, Perth, Western Australia.



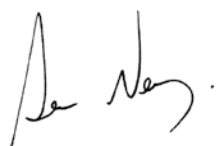
CONSENT BY THE DIRECTORS

10.0

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of Talga Gold Limited has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act 2001 and has not withdrawn that consent.

Dated the 17th May 2010



Signed for and on behalf of

TALGA GOLD LIMITED

By
Sean Neary
Chairman

APPLICATION FORM

Broker/Dealer Stamp

Share Registrar Use Only



Before completing this Application Form, you should read the Prospectus dated 17 May 2010 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.

We apply for

Shares in TALGA GOLD LIMITED at 20 cents per Share (minimum 10,000)
or such lesser number of Shares which may be allocated to me/us by the Directors.

We lodge full application monies of

\$

First Name (PLEASE PRINT)

Surname (PLEASE PRINT)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town

State

Post code

Contact Name

Telephone number – Business hours

()

Telephone number – After hours

()

CHESS HIN (where applicable)

E-mail address

Tax File Number or Exemption

Applicant #2

Applicant #3

CHEQUE DETAILS

Drawer

Bank

BSB

Amount of cheque

Cheques should be marked 'Not Negotiable' and made payable "Talga Gold Limited - Application Funds".

Declaration and Statements:

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Talga Gold Ltd and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 17 MAY 2010.

HOW TO COMPLETE THE APPLICATION FORM

Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

- A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by \$0.20.
- C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the share registry can speak to regarding any queries they may have on the Application.
- F) The Company will become an Issuer Sponsored participant in the Australian Stock Exchange CHESS System. This enables a holder to receive a statement of their shareholdings from the Company's Share Registrar. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issued sponsored on allotment.
- G) Enter the TAX FILE NUMBER(S) of the Applicant(s). Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number(s) is not compulsory and will not affect the Application.
- H) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 17 May 2010. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

PAYMENT

Applications for Shares must be accompanied by the application money of \$0.20 per Share (in Australian currency). Cheques should be made payable to "Talga Gold Limited- Application Funds" and crossed 'Not Negotiable'.

LODGING OF APPLICATIONS

Applications must be received by no later than 5.00pm WST on the Closing Date, currently 24 June 2010 (unless varied by the Company). Completed Application Forms and accompanying application monies must be:

Posted to:

Talga Gold Limited
C/- Advanced Share Registry Services
PO Box 1156
NEDLANDS WA 6909

Or

Delivered to:

Talga Gold Limited
C/- Advanced Share Registry Services
150 Stirling Highway
NEDLANDS WA 6009

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Talga Gold. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual <i>Use given names, not initials</i>	Lisa Marie Smith	L M Smith
Company <i>Use Company title, not abbreviations</i>	AAA Pty Ltd	AAA P/L AAA Co
Trusts <i>Use trustee(s) personal name(s), Do not use the name of the trust</i>	Hayley Jones <Hayley Jones Family A/C>	Hayley Jones Family Trust
Deceased Estates <i>Use executor(s) personal name(s)</i>	Richard Jones <Est Richard Jones A/C>	Estate of late Richard Jones
Partnerships <i>Use partners' personal names, do not use the name of the partnership</i>	Thomas Jones and Michael Jones <Thomas Jones and Son A/C>	Thomas Jones and Son
Clubs/Incorporated Bodies/Business Names <i>Use office bearer(s) personal name(s), do not use the names of the clubs etc</i>	David Jones <AAA Cricket Association A/C>	AAA Cricket Association
Superannuation Funds <i>Use of name of trustee of fund, do not use the name of the fund</i>	Lisa Smith Pty Ltd <Super Fund A/C>	Lisa Smith Pty Ltd Superannuation Fund

APPLICATION FORM

Broker/Dealer Stamp

Share Registrar Use Only



Before completing this Application Form, you should read the Prospectus dated 17 May 2010 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.

We apply for

Shares in TALGA GOLD LIMITED at 20 cents per Share (minimum 10,000)

or such lesser number of Shares which may be allocated to me/us by the Directors.

We lodge full application monies of

\$

First Name (PLEASE PRINT)

Surname (PLEASE PRINT)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number

Street

Suburb/Town

State

Post code

Contact Name

Telephone number – Business hours

()

Telephone number – After hours

()

CHESS HIN (where applicable)

E-mail address

Tax File Number or Exemption

Applicant #2

Applicant #3

CHEQUE DETAILS

Drawer

Bank

BSB

Amount of cheque

Cheques should be marked 'Not Negotiable' and made payable "Talga Gold Limited - Application Funds".

Declaration and Statements:

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in Talga Gold Ltd and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 17 MAY 2010.

HOW TO COMPLETE THE APPLICATION FORM

Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

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Talga Gold Limited
Ground Floor 41 - 47 Colin Street, West Perth, WA 6005
Ph: +61 (0) 8 9422 9506 Fax: +61 (0) 8 9422 9599
Email: team@talgagold.com Website: www.talgagold.com