
TALGA RESOURCES LTD

ACN 138 405 419

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10.00 am (WST)

DATE: Friday, 24 November 2017

PLACE: City of Perth Library Auditorium
Mezzanine Level, 573 Hay St
Perth, Western Australia 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Dean Scarparolo on (+61 8) 9481 6667.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00 am (WST) on Friday, 24 November 2017 at:

City of Perth Library Auditorium
Mezzanine Level, 573 Hay St
Perth, Western Australia 6000

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am (WST) on Wednesday, 22 November 2017.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's

votes, then in accordance with Article 6.14(n) of the Constitution, each proxy may exercise one-half of the votes.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10:00 am (WST) on Friday, 24 November 2017 at City of Perth Library Auditorium, Mezzanine Level, 573 Hay St, Perth, Western Australia.

The Explanatory Memorandum provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 10:00 am (WST) on Wednesday, 22 November 2017.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following ordinary resolution as a **non-binding resolution**:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes approval is given for the adoption of the Remuneration Report, as contained in the Company's annual financial report for the financial year ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chairperson and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairperson to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR GRANT MOONEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Mr Grant Mooney, who retires in accordance with Article 7.4(c) of the Constitution and for all other purposes and being eligible, is elected as a Director."

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR TERRY STINSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Article 7.4(j) of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Terry Stinson, a Director who was appointed on 8 February 2017, retires and being eligible, is elected as a Director."

5. RESOLUTION 4 – ELECTION OF DIRECTOR – MR OLA MØRKVED RINNAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Article 7.4(j) of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Ola Mørkved Rinnan, a Director who was appointed on 7 August 2017, retires and being eligible, is elected as a Director."

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 6 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS TO DIRECTORS

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution the following:

"That for the purposes of section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the issue of Incentive Options to Directors (or their nominees) as follows:

- (a) up to 500,000 Incentive Options to Mr Grant Mooney;*
- (b) up to 500,000 Incentive Options to Mr Stephen Lowe; and*
- (c) up to 500,000 Incentive Options to Mr Ola Mørkved Rinnan.*

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any Directors who are eligible to participate in any employee incentive scheme of the Company and their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Prohibitions

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Further, in accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chairperson; and
- (b) the appointment expressly authorises the Chairperson to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Please note: If the Chairperson is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chairperson will only be able to cast a vote as proxy for a person who is entitled to vote if the Chairperson is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on this Resolution.

DATED: 13 OCTOBER 2017
BY ORDER OF THE BOARD



DEAN SCARPAROLO
COMPANY SECRETARY

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10:00 am (WST) on Friday, 24 November 2017 at City of Perth Library Auditorium, Mezzanine Level, 573 Hay St, Perth, Western Australia.

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum provides the following information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions contained within the Notice of Meeting:

Section 1:	Financial Statements and Reports
Section 2:	Resolution 1 – Adoption of Remuneration Report
Section 3:	Resolution 2 – Re-election of director – Mr Grant Mooney
Section 4:	Resolution 3 – Election of director – Mr Terry Stinson
Section 5:	Resolution 4 – Election of director – Mr Ola Mørkved Rinnan
Section 6:	Resolution 5 – Approval of 10% Placement Facility
Section 7:	Resolution 6 – Approval of issue of Incentive Options to Directors

1. FINANCIAL STATEMENTS AND REPORTS – AGENDA ITEM

In accordance with the Constitution and section 317 of the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the Directors' declaration, the Directors' Report, the Remuneration Report and the Auditor's Report.

There is no requirement for Shareholders to approve the Company's annual financial report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Company's annual financial report which is available on its website at www.talgaresources.com or on the ASX platform for "TLG" at www.asx.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairperson about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the Meeting to the Company Secretary at the Company's registered office.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

Section 250R of the Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and Key Management Personnel of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2017.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Pursuant to Part 2G.2, Division 9 of the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of Shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the Company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting. If at least 25% of the votes are cast against the Remuneration Report at this Meeting, Shareholders should be aware that if the same occurs at the 2018 annual general meeting, this may result in the re-election of the Board.

2.4 Chairperson's intentions

The Chairperson intends to exercise all available proxies in favour of Resolution 1.

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairperson with an express authorisation for the Chairperson to vote the proxy in accordance with the Chairperson's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GRANT MOONEY

Articles 7.4(a)-(d) of the Constitution requires that one third of the Directors (excluding the Managing Director) must retire at each annual general meeting (rounded down to the nearest whole number), but if the Company has less than 3 Directors, one Director must retire at each annual general meeting.

Article 7.4(f) of the Constitution provides that a Director who retires in accordance with Articles 7.4(b)-(d) is eligible for re-election.

The Company currently has five Directors. One of these Directors, Mr Mark Thompson, is the Managing Director. Accordingly, one of the other four Directors must retire. Article 7.4(e) of the Constitution provides that the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

Pursuant to these Articles, Mr Grant Mooney, the longest serving Director without re-election by Shareholders, will retire by rotation and, being eligible, will seek re-election at this Meeting.

Mr Mooney is a non-executive Director of the Company and was first appointed on 20 February 2014. Mr Mooney was most recently re-elected by Shareholders at the Company's 2015 annual general meeting held on 27 November 2015.

Mr Mooney has a background in corporate advisory with a wealth of experience in resources and technology markets that the Board considers will likely benefit the Company as it proceeds with its dual graphene/graphite project development at its world-class deposits in Sweden.

Mr Mooney serves as a non-executive Director to several ASX listed companies including renewable energy, battery storage and micro-grid developer, Carnegie Clean Energy Limited and ASX-listed resource companies, Barra Resources Limited and POZ Minerals Limited.

Mr Mooney is a member of the Institute of Chartered Accountants in Australia.

The Board considers Mr Mooney to be an independent Director.

The Board (excluding Mr Mooney) recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR TERRY STINSON

Article 7.2(b) of the Constitution allows the Directors to appoint a person to the Board at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Listing Rule 14.4 and Article 7.4(j) of the Constitution require a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity, but is then eligible for election by Shareholders at that meeting.

Mr Terry Stinson is the non-executive Chairman of the Company and was first appointed on 8 February 2017.

Mr Stinson has over 35 years of international experience in engineering and technology commercialisation and management across the automotive, aerospace, defence, maritime, industrial products, mining and manufacturing sectors. Mr Stinson's previous roles include Vice-President and General Manager of Siemens VDO, Chief Executive Officer and board member of Synerject LLC and Vice-President Manufacturing for Outboard Marine. Mr Stinson currently serves as a non-executive Director of Orbital Corporation Limited.

Mr Stinson has a Bachelor of Business Administration, majoring in Operations Management, from Marian University in Wisconsin, United States, and is a former National Young Manufacturing Engineer of the Year for the North American-based Society of Manufacturing Engineers.

Mr Stinson is a fellow of the Australian Institute of Company Directors.

The Board considers Mr Stinson to be an independent Director.

The Board (excluding Mr Stinson) recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

5. RESOLUTION 4 – ELECTION OF DIRECTOR – MR OLA MØRKVED RINNAN

Article 7.2(b) of the Constitution allows the Directors to appoint a person to the Board at any time, providing that the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Listing Rule 14.4 and Article 7.4(j) of the Constitution require a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity, but is then eligible for election by Shareholders at that meeting.

Mr Ola Mørkved Rinnan is a non-executive Director of the Company and was first appointed on 7 August 2017.

Mr Rinnan has a Masters degree in Construction and Materials Technology, as well as a Bachelors Degree in Economics. Mr Rinnan has extensive commercialisation and management experience covering Europe and predominantly Scandinavia. This includes the role of CEO at Eidsiva Energi AS, a regional scale energy and infrastructure company in Norway with more than 40 hydroelectric sites. Mr Rinnan has also held the position of CEO with Norgeskreditt AS, a subsidiary of Nordea, one of the largest financial institutions in Northern Europe. Mr Rinnan previously held the position of CFO for Moelven Industrier ASA, a listed wood and construction products company and was regional MD for DNB ASA, the largest bank in Norway.

Mr Rinnan's current board positions include non-executive directorships in Smedvig group companies (Talga's largest shareholder), Avinor AS, Nordavind DC Sites AS, DFCU Bank, and DLA Piper in Norway. He is also a non-executive director of Nordavind DC Sites AS and DFCU

Bank (where he represents the largest shareholder Norfund), serves as the Chairman of Avinor AS and is a member of the advisory board for DLA Piper in Norway.

The Board does not consider Mr Rinnan to be an independent Director, due to his current non-executive directorships in the Smedvig Group companies (Talga's largest shareholder).

The Board (excluding Mr Rinnan) recommends that Shareholders vote in favour of Resolution 4.

Resolution 4 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 4.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

6.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. Based on the ASX closing price on 11 October 2017, the Company has a market capitalisation of approximately \$119 million. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chairperson intends to exercise all available proxies in favour of Resolution 5.

6.2 Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the company.

The Company, as at the date of the Notice, has on issue two quoted class of Equity Securities, Shares and Options.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue during the 12

month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of shares on issue 12 months before the date of issue or agreement:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that "A" has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

(e) **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

- (ii) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

6.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

6.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

(a) Minimum issue price

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If the Equity Securities are issued for non-cash consideration, then, In accordance with the Listing Rules, the Company will provide a valuation of the non-cash consideration to the market that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

(b) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the date the Company agrees to issue the Equity Securities,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows:

- (i) the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities (being variable "A" as calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice);

- (ii) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2*		Dilution		
		\$0.295 50% decrease in Issue Price	\$0.590 Issue Price	\$1.180 100% increase in Issue Price
Current Variable A 202,423,119 Shares	10% Voting Dilution	20,242,312 Shares	20,242,312 Shares	20,242,312 Shares
	Funds raised	\$5,971,482	\$11,942,964	\$23,885,928
50% increase in current Variable A 303,634,679 Shares	10% Voting Dilution	30,363,468 Shares	30,363,468 Shares	30,363,468 Shares
	Funds raised	\$8,957,223	\$17,914,446	\$35,828,892
100% increase in current Variable A 404,846,238 Shares	10% Voting Dilution	40,484,624 Shares	40,484,624 Shares	40,484,624 Shares
	Funds raised	\$11,942,964	\$23,885,928	\$47,771,856

Notes:

* The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. No convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
7. The issue price is \$0.590 being the closing price of the Shares on ASX on 11 October 2017.

(c) **Final date for issue**

The Company will only issue the Equity Securities during the 10% Placement Period.

(d) **Purposes of issues under 10% Placement Facility**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) cash consideration, in which case the Company intends to use funds raised, to fund mine permitting in Sweden, continue process test facility scale up in Germany and product development in the UK, advance feasibility studies, continued Sweden exploration and development and for general working capital; or
- (ii) non-cash consideration for the acquisition of new resources assets and investments, or services. In such circumstances the Company will provide a valuation of the non-cash consideration as required under Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

Further, if the Company is successful in acquiring new projects, assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new projects, assets or investments.

(f) **Issues in the past 12 months**

During the 12 months preceding the date of the 2017 Annual General Meeting and as at the date of this Notice, the Company has issued 27,368,044 Equity Securities (being 20,568,044 Shares and 6,800,000 unquoted Options) and this represents approximately 10.41% of the total number of Equity Securities on issue at the commencement of that 12 month period.

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the 2017 Annual General Meeting are in the table in Schedule 1.

(g) **Voting exclusion statement**

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

7. RESOLUTION 6 – APPROVAL OF ISSUE OF INCENTIVE OPTIONS TO DIRECTORS

7.1 General

The Company is proposing, subject to obtaining Shareholder approval to issue a total of 1,500,000 Incentive Options under the Company's 2016 Employee Incentive Plan (**Plan**) in the amounts and to the Directors (or their nominees) as follows:

Director	Incentive Options
Grant Mooney	500,000
Stephen Lowe	500,000
Ola Mørkved Rinnan	500,000
TOTAL	1,500,000

The Incentive Options will be issued under the terms and conditions of the Plan, and will have an exercise price of 145% of the Company's Share price as at the date of issue. The Incentive Options will have an expiry date of three years from their date of issue.

The terms and conditions of the Plan are summarised in Schedule 1 of the 2016 Notice of Annual General Meeting announced by the Company on 21 October 2016 and also in Schedule 2 to this Notice of Meeting.

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value. In addition, the Board also believes that incentivising with Incentive Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Incentive Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

Resolutions 6(a), (b) and (c) seek Shareholder approval for the issue of the Incentive Options under the Plan to the Directors (or their nominees). Shareholder approval is required under Listing Rule 10.14 where an entity issues, or agrees to issue, securities to a director (or associate of a director) under an employee incentive Plan.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 or 10.11 is not required.

7.2 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and

- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Incentive Options constitutes giving a financial benefit and Messrs Mooney, Lowe and Rinnan are related parties of the Company by virtue of being Directors.

Although the Company considers the grant of the Incentive Options to constitute reasonable remuneration in the circumstances, in the interests of good corporate governance the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Incentive Options.

7.3 Information requirements for Chapter 2E of the Corporations Act

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 6(a), (b) or (c).

- (a) **Identity of the related parties to whom Resolutions 6(a), (b) and (c) permit financial benefits to be given**

The Incentive Options will be issued to Messrs Mooney, Lowe and Rinnan, or their respective nominees.

- (b) **Nature of the financial benefit**

Resolutions 6(a), (b) and (c) seek approval from Shareholders to allow the Company to issue the Incentive Options in the amounts specified in Section 7.1 above to the Directors or their nominees. The Incentive Options are to be issued in accordance with the Plan and on the terms and conditions in Schedule 2.

The Shares to be issued upon conversion of the Incentive Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

- (c) **Valuation of financial benefit**

Using a Black & Scholes valuation model, the Company's valuation of the Incentive Options is in Schedule 3, with a summary for each Director below:

Director	Value of Incentive Options
Grant Mooney	\$113,500
Stephen Lowe	\$113,500
Ola Mørkved Rinnan	\$113,500
Total	\$340,500

(d) **Dilution**

The issue of the Incentive Options to the Directors will have a diluting effect on the percentage interest of existing Shareholders holdings if the Incentive Options are exercised. The potential effect of this dilution is summarised below.

Director	Dilutionary effect
Grant Mooney	0.25%
Stephen Lowe	0.25%
Ola Mørkved Rinnan	0.25%
Total	0.75%

The above table assumes the share capital as at the date of this notice of meeting and that no Shares are issued other than Shares issued on exercise of the Incentive Options.

(e) **Remuneration of Directors**

The total annual remuneration arrangements current for each of the Directors as at the date of this Notice are set out below:

Director	Salary and fees (excluding superannuation)
Grant Mooney	\$43,562 excluding superannuation
Stephen Lowe	\$43,562 excluding superannuation
Ola Mørkved Rinnan	\$43,562 excluding superannuation

(f) **Existing relevant interests**

At the date of this Notice, the Directors hold the following relevant interests in Equity Securities of the Company:

Director	Relevant interests in Company Equity Securities	
	Shares	Options
Grant Mooney	Nil	1,000,000 ¹
Stephen Lowe	660,000	1,140,000 ²
Ola Mørkved Rinnan	Nil	Nil

Notes:

1. Exercisable at \$0.54 each on or before 23 June 2019.
2. Comprised of 140,000 quoted Options exercisable at \$0.45 each on or before 31 December 2018, and 1,000,000 unquoted Options exercisable at \$0.54 each on or before 17 December 2020.

Assuming that Resolutions 6(a), (b) and (c) are approved by Shareholders, all of the Incentive Options are issued, each Director exercises all of the Incentive Options to be

granted to him pursuant to Resolutions 6(a), (b) and (c) respectively and no other Equity Securities are issued or exercised, the respective interests of the Directors in Shares of the Company would be as follows:

Director	Relevant interest in Shares
Grant Mooney	0.25%
Stephen Lowe	0.57%
Ola Mørkved Rinnan	0.25%

(g) **Trading history**

The trading history of the Shares on ASX over the 12 months before the date of this Notice is summarised below:

Measure	Price	Date
Highest	\$0.87	26 April 2017
Lowest	\$0.26	29 November 2016
Last	\$0.58	13 October 2017

(h) **Corporate Governance**

The Board acknowledges the grant of the Incentive Options to the non-executive Directors is contrary to Recommendation 8.2 of the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Incentive Options to the non-executive Directors reasonable in the circumstances for the reasons described in Section 7.1.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Incentive Options (including fringe benefits tax).

(j) **Director recommendations**

Messrs Mooney, Lowe and Rinnan decline to make a recommendation to Shareholders in relation to Resolutions 6(a), (b) and (c) due to their interest in the outcome of the Resolutions.

The remaining Directors, being Messrs Terry Stinson and Mark Thompson, recommend that Shareholders vote in favour of the Resolutions for the following reasons:

- (i) the grant of the Incentive Options will further align the interests of Messrs Mooney, Lowe and Rinnan with those of Shareholders to increase shareholder value;
 - (ii) the issue of the Incentive Options provides Messrs Mooney, Lowe and Rinnan with further incentives to focus on superior performance in creating shareholder value;
 - (iii) the grant of Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Messrs Mooney, Lowe and Rinnan;
 - (iv) if all the Incentive Options are exercised, based on the assumption of an exercise price of \$0.8555 (being a 145% premium the closing Share price on 11 October 2017) the Company will receive \$1,283,250; and
 - (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Incentive Options upon the terms proposed.
- (k) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6(a), (b) and (c).

7.4 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options to the Directors:

- (a) the Directors are Grant Mooney, Stephen Lowe and Ola Mørkved Rinnan;
- (b) the maximum number of Incentive Options to be issued to the Directors (or their nominees) is 1,500,000 as set out in Section 7.1 above;
- (c) the Incentive Options are being issued to the Directors under the Plan for nil cash consideration and otherwise on the terms and conditions set out in Schedule 2;
- (d) since the Plan was adopted by Shareholders on 25 November 2016:
 - (i) 4,800,000 Equity Securities have been issued to a person referred to in Listing Rule 10.14, namely:
 - (A) Mr Terry Stinson: 2,000,000 Options exercisable at \$0.60 each on or before 8 February 2020; and
 - (B) Mr Mark Thompson: 1,500,000 Options exercisable at \$1.02 each on or before 10 August 2020, and 1,300,000 Options with an exercise price of nil, subject to certain vesting conditions being satisfied on or before 10 August 2020; and
 - (ii) 2,000,000 Options have been issued to a person who is not referred to in Listing Rule 10.14,

with all issues of Equity Securities under the Plan having been at an issue price of nil;

- (e) the persons referred to in Listing Rule 10.14 entitled to participate in the Plan are all of the current Directors, namely Mark Thompson, Terry Stinson, Grant Mooney, Stephen Lowe and Ola Mørkved Rinnan;
- (f) no loans will be made in relation to the issue of the Incentive Options;
- (g) the Incentive Options will be issued to the Directors no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Incentive Options will be issued on one date; and
- (h) a voting exclusion statement is included in the Notice.

7.5 Additional information

Resolutions 6(a), (b) and (c) are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 6(a), (b) and (c).

Resolutions 6(a), (b) and (c) are separate resolutions and they are not conditional on the passing of each other.

GLOSSARY

\$ means Australian dollars.

10% Placement Facility has the meaning given in Section 6.1.

10% Placement Period has the meaning given in Section 6.2(f).

2016 Employee Incentive Plan or **Plan** means the 'Talga Resources Ltd Employee Securities Incentive Scheme' approved at the Annual General Meeting held on 25 November 2016.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chairperson means the person appointed to chair the Meeting.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Talga Resources Ltd (ACN 138 405 419).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Incentive Options means the Options proposed to be issued pursuant to Resolution 6, on the terms and conditions in Schedule 2.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

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

Shareholder means a holder of a Share.

Spill Meeting has the meaning given in Section 2.2.

Spill Resolution has the meaning given in Section 2.2.

Trading Day has the meaning given in the Listing Rules.

VWAP means volume weighted average price.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – DETAILS OF ISSUES OF EQUITY SECURITIES

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and any discount to Market Price ¹ (if applicable)	Consideration, current value & use of Funds ² as at the date of this Notice
9/2/17	2,000,000	Unquoted Options ³	Terry Stinson (or his nominee)	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value: \$502,000⁴</p> <p>Use of funds: The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.</p>
26/4/17	5,000	Shares	Holders of quoted Options (exercise of quoted securities)	An issue price of \$0.45 per Share, representing a discount of 43% to Market Price	<p>Consideration: \$2,250.</p> <p>Current value: \$2,950⁵</p> <p>Use of funds: The funds were used for working capital purposes.</p>
4/5/17	36,185	Shares	Holders of quoted Options (exercise of quoted securities)	An issue price of \$0.45 per Share, representing a discount of 31% to Market Price	<p>Consideration: \$16,283.</p> <p>Current value: \$21,349⁵</p> <p>Use of funds: The funds were used for working capital purposes.</p>
4/5/17	12,500	Shares	Holders of unquoted Options (exercise of unquoted securities)	An issue price of \$0.45 per Share, representing a discount of 31% to Market Price	<p>Consideration: \$5,625.</p> <p>Current value: \$7,375⁵</p> <p>Use of funds: The funds were used for working capital purposes</p>
11/5/17	2,000,000	Unquoted Options ⁶	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting on 25 November 2016	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value: \$362,600⁴</p> <p>The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.</p>

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and any discount to Market Price ¹ (if applicable)	Consideration, current value & use of Funds ² as at the date of this Notice
13/6/17	20,500,000	Shares	Sophisticated and professional investors who are not related parties of the Company	An issue price of \$0.60 per Share, representing a premium of 2% to Market Price	<p>Consideration: \$12,300,000.</p> <p>Current value: \$12,095,000⁵</p> <p>Funds spent to date: \$Nil</p> <p>Use of funds spent to date: \$Nil</p> <p>Proposed use of remaining funds: The remaining funds are intended to be applied towards commercial, processing, product development and mineral development programs in Europe and general working capital requirements.</p>
14/8/17	1,500,000	Unquoted Options ⁷	Mark Thompson pursuant to the employee incentive scheme approved at the Shareholder meeting on 11 August 2017.	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value: \$287,700⁴</p> <p>Use of funds: The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.</p>
14/8/17	1,300,000	Unquoted Options ⁷	Mark Thompson pursuant to the employee incentive scheme approved at the Shareholder meeting on 11 August 2017.	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value: \$46,150⁴</p> <p>Use of funds: The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.</p>

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and any discount to Market Price ¹ (if applicable)	Consideration, current value & use of Funds ² as at the date of this Notice
21/9/17	13,859	Shares	Holders of quoted Options (exercise of quoted securities)	An issue price of \$0.45 per Share, representing a discount of 32% to Market Price	Consideration: \$6,237. Current value: \$8,177 ⁵ Use of funds spent to date: \$Nil Proposed use of remaining funds: The remaining funds are intended to be applied towards commercial, processing, product development and mineral development programs in Europe and general working capital requirements.
9/10/17	500	Shares	Holders of quoted Options (exercise of quoted securities)	An issue price of \$0.45 per Share, representing a discount of 15% to Market Price	Consideration: \$225. Current value: \$295 ⁵ Use of funds spent to date: \$Nil Proposed use of remaining funds: The remaining funds are intended to be applied towards commercial, processing, product development and mineral development programs in Europe and general working capital requirements.

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last Trading Day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Statements of future expenditure intentions in the above table are a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
3. Unquoted Options, exercisable at \$0.60 each on or before 8 February 2020.
4. The current value of unquoted Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).
5. The current value of Shares is based on the closing price of the Shares \$0.590 on the ASX on 11 October 2017.
6. Unquoted Options, exercisable at \$1.00 each on or before 10 May 2020.
 - (a) 500,000 vesting 31 October 2017;

- (b) 750,000 vesting 30 April 2018; and
 - (c) 750,000 vesting 31 October 2018.
7. 1,500,000 unquoted Options exercisable at \$1.02, vesting immediately, each expiring 10 August 2020.
- 1,300,000 unquoted Options exercisable at \$Nil, each expiring 10 August 2020, vesting as follows:
- (a) 650,000 vesting upon the Company achieving a market capitalisation of \$200 million for a period of 60 consecutive days;
 - (b) 650,000 vesting upon the Company achieving a market capitalisation of \$250 million for a period of 60 consecutive days.

SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE OPTIONS

The following terms and conditions apply to the Incentive Options:

1. Entitlement

Each Option entitles the holder to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

2. Exercise Price and Expiry Date

The Options are exercisable at 145% of the prevailing Share price at their date of issue (**Exercise Price**) on or before the date that is 3 years from date of issue (**Expiry Date**).

3. Exercise period

An Option is exercisable at any time on or before 5:00pm WST on the Expiry Date.

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Notice of Exercise

The Options may be exercised by notice in writing to the Company Secretary of the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised (if any). Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

5. Shares issued on exercise

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

6. Quotation of Shares on exercise

Application will be made by the Company to ASX, on the business day the Shares are issued, for quotation of the Shares issued upon the exercise of the Options.

7. Timing of issue of Shares

Within 15 Trading Days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) issue the Shares pursuant to the exercise of the Options;
- (d) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

8. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

9. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities (or a share split or similar recapitalisation) to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

10. Adjustment for Share consolidations

If the Company undertakes a consolidation of Shares:

- (a) the number of Shares which must be issued on the exercise of an Option will be reduced by multiplying it by the ratio of the number of Shares in issue immediately after the share consolidation to the number of Shares in issue immediately before the share consolidation; and
- (b) no change will be made to the Exercise Price.

11. Adjustment for entitlements issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of an Option.

12. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

13. Quotation of the Options

The Options will be unquoted.

14. Lodgement Instructions

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's Registry.

SCHEDULE 3 – VALUATION OF INCENTIVE OPTIONS

Director	Grant Mooney	Stephen Lowe	Ola Mørkved Rinnan
Exercise price	\$0.86	\$0.86	\$0.86
Market value on the ASX of underlying Shares at time of setting exercise price	\$0.59	\$0.59	\$0.59
Exercise price premium to market value	45%	45%	45%
Expiry date	3 years	3 years	3 years
Expected volatility	72%	72%	72%
Risk free interest rate	2.1%	2.1%	2.1%
Value of each Incentive Options	\$0.223	\$0.223	\$0.223
Aggregate value of Incentive Options	\$113,500	\$113,500	\$113,500

«EFT_REFERENCE_NUMBER»

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TALGA RESOURCES LTD

ACN: 138 405 419

REGISTERED OFFICE:

SUITE 3, LEVEL 1
2 RICHARDSON STREET
WEST PERTH WA 6005

+

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«Holder_name»

«Address_line_1»

«Address_line_2»

«Address_line_3»

«Address_line_4»

«Address_line_5»

«Company_code» «Sequence_number»

Code:

TLG

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am WST on Friday 24 November 2017 at City of Perth Library Auditorium, Mezzanine Level, 573 Hay St, Perth Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS Where I/We have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 6(a), 6(b) and 6(c) (except where I/we have indicated a different voting intention below) even though resolutions 1, 6(a), 6(b) and 6(c) are connected directly or indirectly with the remuneration of a member of the Key Management Personnel which includes the Chair. However, where the Chairman is the related party the subject of Resolution 6a, 6b or 6c or is an associate of the related party, the Chairman will be excluded from voting undirected proxies.

RESOLUTION

1. ADOPTION OF REMUNERATION REPORT

2. RE-ELECTION OF DIRECTOR - MR GRANT MOONEY

3. ELECTION OF DIRECTOR - MR TERRY STINSON

4. ELECTION OF DIRECTOR - MR OLA MØRKVED RINNAN

5. APPROVAL OF 10% PLACEMENT FACILITY

6a. APPROVAL OF ISSUE OF INCENTIVE OPTIONS TO NON-EXEC DIRECTOR - GRANT MOONEY

6b. APPROVAL OF ISSUE OF INCENTIVE OPTIONS TO NON-EXEC DIRECTOR - STEPHEN LOWE

6c. APPROVAL OF ISSUE OF INCENTIVE OPTIONS TO NON-EXEC DIRECTOR - OLA RINNAN

For Against *Abstain

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If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Wednesday 22 November 2017.

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Name:

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This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

Email registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.