

21 June 2016



Dear Shareholder

## Notice to Eligible Shareholders of Non-Renounceable Entitlement Offer

We write to you as the registered holder of shares in Talga Resources Ltd (ASX: TLG) (Company) as at today's date.

As advised in the Company's ASX announcement dated 20 June 2016, the Company is undertaking a non-renounceable pro rata entitlement offer to eligible shareholders on the basis of 1 new quoted option for every 4 shares held at 5.00pm (WST) on 23 June 2016 (Record Date) (Entitlement Offer). Pursuant to the Entitlement Offer, the Company will issue up to 45,463,769 quoted options to raise up to \$909,275 before costs (assuming no unquoted options are exercised prior to the Record Date). Each quoted option will have an exercise price of \$0.45 and an expiry date of 31 December 2018.

The Company is also undertaking a placement to raise approximately \$10 million by the issue of 35,571,015 shares at \$0.28 per share (Placement Shares) plus 1 free attaching unquoted option for every 4 Placement Shares subscribed for, exercisable at \$0.45 each on or before 31 December 2018 (Placement Options), (Placement Offer). The Placement Options are subject to Shareholder approval.

The Entitlement Offer is available to all Company shareholders (Shareholders) registered on the Record Date whose registered address is in Australia, New Zealand, Hong Kong, the People's Republic of China, the United Kingdom, Ireland, Bermuda, Jersey, the British Virgin Islands or Switzerland (Eligible Shareholders). The Entitlement Offer is not being extended to any Shareholders with addresses outside these jurisdictions.

### 1. Purpose of the Offers and Use of Funds

The Company proposes to use the funds raised under the Entitlement Offer and the Placement Offer as follows:

Item of expenditure	Amount (\$m)	%
Swedish exploration, permitting and trial mining	3.27	30.1
Operations in Germany	4.26	39.1
Feasibility Study	1.14	10.5
Working capital requirements	1.64	15.1
Placement fees	0.50	4.6
Estimate offer expenses	0.06	0.6
<b>TOTAL</b>	<b>10.87</b>	<b>100</b>

#### Talga Resources Ltd

ACN 138 405 419

Level 1, 2 Richardson Street,  
West Perth WA 6005  
PO Box 720, West Perth WA 6872

T +61 8 9481 6667

F +61 8 9322 1935

admin@talgaresources.com

The above expenditure budget is indicative only and may change according to circumstances prevailing at the time.

## 2. Indicative Timetable

The quoted options will be offered in accordance with the following indicative timetable:

Event	Date
Lodgement of Appendix 3B and Prospectus with ASX Notice of Entitlement Offer sent to Optionholders	20 June 2016
Notice of Entitlement Offer sent to Shareholders	21 June 2016
Expected allotment of Placement Shares Shares quoted on an "EX" basis	22 June 2016
Record Date for determining Entitlements	23 June 2016
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	28 June 2016
Last day to extend the offer closing date	4 July 2016
Closing Date of Entitlement Offer (5pm WST)*	7 July 2016
Securities quoted on a deferred settlement basis	8 July 2016
Notification of Shortfall	12 July 2016
Settlement of Underwritten Securities Anticipated date for issue of the Securities Deferred settlement trading ends	14 July 2016
Anticipated date for commencement of Securities trading on a normal settlement basis	15 July 2016

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

## 3. Shortfall and underwriting

The Entitlement Offer is conditionally underwritten by Smedvig G.P. Limited, Kamberg Investments Ltd and Keith Liddell (**Underwriters**). Full details regarding the underwriting are included in the Prospectus dated 17 June 2016.

As the Entitlement Offer is underwritten it is anticipated that there will only be shortfall if any of the underwriting agreements are terminated, at which time the

Directors shall allocate any shortfall at their absolute discretion and subject to compliance with the Listing Rules and the Corporations Act.

#### **4. Capital Structure of the Company**

The Company currently has on issue 146,284,060 shares and 23,300,000 unquoted options exercisable at various prices on with various expiry dates. Before the Record Date for the Entitlements Offer, the Company intends to issue 35,571,015 Placement Shares to the participants of the Placement. On the basis that the Placement Shares are issued and no unquoted options are exercised prior to the Record Date, the Entitlement Offer is for a maximum of 45,463,769 quoted options.

Subject to the receipt of Shareholder approval at a general meeting to be convened shortly, the Company also intends to issue 8,892,754 unquoted Placement Options to the participants of the Placement.

#### **5. Director Participation**

The Directors have indicated that they intend to take up part or all of their entitlement under the Offer and are pleased to present this opportunity to Shareholders.

#### **6. Prospectus**

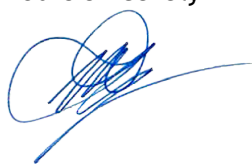
Details of the Offer are contained in the Prospectus. The Prospectus can be accessed from the Company's ASX platform at the ASX website, [www.asx.com.au](http://www.asx.com.au).

A copy of the Prospectus and the Entitlement and Acceptance Form are intended to be sent to Eligible Shareholders on 28 June 2016.

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

If you require clarification on any of the above matters, please contact the Company Secretary on +61 8 9481 6667 or at [admin@talgaresources.com](mailto:admin@talgaresources.com).

Yours sincerely



**Mark Thompson**  
Managing Director  
Talga Resources Ltd