

20 June 2016

Dear Optionholder

Notice to Optionholders of Non-Renounceable Entitlement Issue

We write to you as the registered holder of Talga Resources Ltd (ASX: TLG) (**Company**) options 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 also intends to undertake 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.

On the basis that the Placement Shares are issued before the Record Date and no unquoted options are exercised prior to the Record Date, the Entitlement Offer is for a maximum of 45,463,769 quoted options.

The Entitlement Offer will be available to all Company 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, British Virgin Islands or Switzerland (**Eligible Shareholders**).

A prospectus in relation to the Offer was lodged with ASIC and ASX on 17 June 2016 and will be sent to Eligible Shareholders soon after the Record Date.

Under the terms of the options you currently hold, there is no entitlement to participate in the Entitlement Offer (in respect of your options) unless you exercise your options, and are entered onto the register as a shareholder of the Company by the Record Date.

Talga Resources Ltd

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If you do not wish to participate in the Entitlement Offer (in respect of your options), no action is required. Before deciding whether to exercise all or any of your options, you should consider the prospectus carefully and if in any doubt, consult with your professional advisor.

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.

Yours sincerely

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Managing Director
Talga Resources Ltd