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**TALGA RESOURCES LTD**

**ACN 138 405 419**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10.00 am (WST)

**DATE:** Friday, 25 November 2016

**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

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### TIME AND PLACE OF MEETING

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (WST) on Friday, 25 November 2016 at:

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

### YOUR VOTE IS IMPORTANT

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

### VOTING ELIGIBILITY

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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 10.00am (WST) on Wednesday, 23 November 2016.

### VOTING IN PERSON

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

### VOTING BY PROXY

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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 section 249X(3) of the Corporations Act, 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.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders will be held at 10.00am (WST) on Friday, 25 November 2016 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 10.00am (WST) on Wednesday, 23 November 2015.

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

### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

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#### 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 2016."*

**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.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR KEITH COUGHLAN

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

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

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**4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STEPHEN LOWE**

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 Stephen Lowe, a Director who was appointed on 17 December 2015, retires and being eligible, is elected as a Director."*

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**5. RESOLUTION 4 – 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.

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**6. RESOLUTION 5 – APPROVAL OF EMPLOYEE SECURITIES INCENTIVE SCHEME**

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

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt the employee incentive scheme titled "Talga Resources Ltd Employee Securities Incentive Scheme" and for the issue of securities under that scheme, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. 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.

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**DATED: 18 OCTOBER 2016  
BY ORDER OF THE BOARD**



**DEAN SCARPAROLO  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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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 10.00am (WST) on Friday, 25 November 2016 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 Keith Coughlan
Section 4:	Resolution 3 – Election of director – Mr Stephen Lowe
Section 5:	Resolution 4 – Approval of 10% Placement Facility
Section 6:	Resolution 5 – Approval of Employee Securities Incentive Scheme
Schedule 1:	Summary of Employee Securities Incentive Scheme

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### 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 2016 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](http://www.talgaresources.com) or on the ASX platform for "TLG" at [www.asx.com.au](http://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.

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## **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 2016.

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 2017 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.

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### **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR KEITH COUGHLAN**

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 four Directors. One of these Directors, Mr Mark Thompson, is the Managing Director. Accordingly, one of the other three 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 Keith Coughlan, the longest serving Director without re-election by Shareholders, will retire by rotation and, being eligible, will seek re-election at this Meeting.

Mr Coughlan is a non-executive Director of the Company and was first appointed on 27 September 2013.

Mr Coughlan has over 30 years' experience in stockbroking and funds management where he has been largely involved in the funding and promoting of resource companies listed on the ASX, AIM and TSX. He has advised various companies on the identification and acquisition of resource projects and was previously employed by one of Australia's then largest funds management organisations.

Mr Coughlan is a current executive director of ASX listed European Metals Holdings Limited.

The Board (excluding Mr Coughlan) 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.

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### **4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STEPHEN LOWE**

Article 7.2(b) of the Constitution allows the Directors to appoint a person to fill a casual vacancy 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 Stephen Lowe is a non-executive Director of the Company and was first appointed on 17 December 2015.



Mr Lowe's background is in business management and taxation and he has over 18 years' experience consulting to a range of corporate and high wealth clients. Mr Lowe was previously the Chairman of Sirius Resources and is currently a non-executive director of Coziron Resources Ltd and Windward Resources Ltd.

Mr Lowe is a Fellow of the Taxation Institute of Australia and a Member of the Australian Institute of Company Directors.

Resolution 3 is an ordinary resolution.

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

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## **5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY**

### **5.1 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 17 October 2016, the Company has a market capitalisation of approximately \$55 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 5.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

Resolution 4 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 4.

### **5.2 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.

At the date of the Notice, the Company has on issue 181,855,075 Shares and has a capacity to issue:

- (i) 26,278,261 Equity Securities under Listing Rule 7.1; and
- (ii) 18,185,507 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 5.2(c)).

(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).**

**5.3 Listing Rule 7.1A**

The effect of Resolution 4 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.

**5.4 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 Equity Securities are issued as part of consideration for the acquisition of a new asset,

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		
		\$0.15` 50% decrease in Issue Price	\$0.305 Issue Price	\$0.61 100% increase in Issue Price
<b>Current Variable A</b> 181,855,075 Shares	<b>10% Voting Dilution</b>	18,185,508 Shares	18,185,508 Shares	18,185,508 Shares
	<b>Funds raised</b>	\$2,773,290	\$5,546,580	\$11,093,508
<b>50% increase in current Variable A</b> 272,782,613 Shares	<b>10% Voting Dilution</b>	27,278,261 Shares	27,278,261 Shares	27,278,261 Shares
	<b>Funds raised</b>	\$4,159,935	\$8,319,870	\$16,639,739
<b>100% increase in current Variable A</b> 363,710,150 Shares	<b>10% Voting Dilution</b>	36,371,015 Shares	36,371,015 Shares	36,371,015 Shares
	<b>Funds raised</b>	\$5,546,580	\$11,093,160	\$22,186,319

**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 \$0.305 being the closing price of the Shares on ASX on 17 October 2016 .

(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 for the acquisition of new resources assets or investments (including expenses associated with such acquisitions, such as due diligence costs and external advisors), to fund trial mining in Sweden, to develop pilot test facilities and operations in Germany, continued exploration and development, and for general working capital; or
- (ii) non-cash consideration for the acquisition of new resources assets and investments. 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**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 27 November 2015 (**Previous Approval**).

The Company has issued 14,628,406 Shares pursuant to the Previous Approval (subsequently ratified by Shareholders at the general meeting held on 27 July 2016).

During the 12 months preceding the date of the 2016 Annual General Meeting and as at the date of this Notice, the Company has also issued 96,368,855 Equity Securities (being 28,655 Shares, 44,920,582 quoted Options and 22,792,754 unquoted Options) and this represents approximately 59.46% 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 2016 Annual General Meeting are in the table below:

<b>Date of Issue</b>	<b>Number of Securities</b>	<b>Type of Security</b>	<b>Recipient of Securities</b>	<b>Issue Price and any discount to Market Price<sup>1</sup> (if applicable)</b>	<b>Consideration, current value<sup>2</sup> &amp; use of Funds<sup>3</sup> as at the date of this Notice</b>
1/12/15	4,500,000	Unquoted Options <sup>4</sup>	Mark Thompson, as approved at the Shareholder meeting held on 27 November 2015	Nil issue price (non-cash consideration)	Consideration: performance-based remuneration for services provided to the Company.  Current value = \$180,450  The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
2/12/15	1,919,322	Shares	Holders of quoted Options (conversion of quoted securities)	An issue price of \$0.35 per Share, representing a premium of 20.7% to Market Price	Consideration of \$671,762.70, all of which has been spent.  The funds were used for working capital to fund technical, commercial and mineral development programs in Germany (including pilot plant construction) and Sweden.
7/12/15	4,940,436	Shares	Investors as placed by Canaccord Genuity (Australia) Limited (on conversion of underwritten quoted securities)	An issue price of \$0.35 per Share, representing a premium of 25% to Market Price	Consideration of \$1,729,152.60, all of which has been spent.  The funds were used for working capital to fund technical, commercial and mineral development programs in Germany (including pilot plant construction) and Sweden.

<b>Date of Issue</b>	<b>Number of Securities</b>	<b>Type of Security</b>	<b>Recipient of Securities</b>	<b>Issue Price and any discount to Market Price<sup>1</sup> (if applicable)</b>	<b>Consideration, current value<sup>2</sup> &amp; use of Funds<sup>3</sup> as at the date of this Notice</b>
17/12/15	1,000,000	Unquoted Options <sup>5</sup>	Stephen Lowe (or his nominee)	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value = \$79,100</p> <p>The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.</p>
4/5/16	2,000,000	Unquoted Options <sup>6</sup>	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting on 21 November 2013	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value = \$133,400</p> <p>The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.</p>
22/6/16	35,571,015	Shares	Sophisticated and professional investors who are not related parties of the Company	An issue price of \$0.28 per Share, representing a discount of 14.3% to Market Price	<p>Consideration of \$9,959,884.20, of which \$549,367 has been spent.</p> <p>The funds used were used and the available balance remaining will be used for working capital to fund technical, commercial and mineral development programs in Germany (including pilot plant construction) and Sweden.</p>
11/7/16	1,500,000	Unquoted Options <sup>7</sup>	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting on 21 November 2013	Nil issue price (non-cash consideration)	<p>Consideration: performance-based remuneration for services provided to the Company.</p> <p>Current value = \$105,600</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 <sup>1</sup> (if applicable)	Consideration, current value <sup>2</sup> & use of Funds <sup>3</sup> as at the date of this Notice
14/7/16	44,920,582	Quoted Options <sup>8</sup>	Participants in the non-renounceable pro-rata entitlements offer, which closed on 7 July 2016	An issue price of \$0.02 per quoted Option.  As this was the first issue of this class of quoted Options, there was no trading market and therefore no discount/premium.	Consideration of \$898,411.64, none of which has been spent.  The funds will be used for working capital to fund technical, commercial and mineral development programs in Germany (including pilot plant construction) and Sweden.
28/7/16	8,892,754	Unquoted Options <sup>9</sup>	Sophisticated and professional investors who are not related parties of the Company	Nil issue price (1 free-attaching Option issued for every 4 placement shares subscribed for)	Consideration: Nil  Current value = \$480,209  The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.
12/8/16	2,500,000	Unquoted Options <sup>10</sup>	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting on 21 November 2013	Nil issue price (non-cash consideration)	Consideration: performance-based remuneration for services provided to the Company.  Current value = \$217,000  The Options were issued for nil cash consideration and therefore no funds were raised as a result of the issue.

**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. In respect of quoted Equity Securities the current value is based on the closing price of the Shares (\$0.305) on the ASX on the Trading Day prior to the date of this Notice. The 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).
3. 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.
4. Unquoted Options, exercisable at \$0.60 each on or before 4 October 2018.



5. Unquoted Options, exercisable at \$0.54 each on or before 17 December 2020.
6. Unquoted Options, exercisable at \$0.42 each on or before 3 May 2019, vesting as follows:
  - (a) 500,000 vesting immediately on issue;
  - (b) 750,000 vesting 1 November 2016; and
  - (c) 750,000 vesting 1 May 2017.
7. Unquoted Options, exercisable at \$0.42 each on or before 7 July 2019, vesting as follows:
  - (a) 500,000 vesting immediately on issue;
  - (b) 500,000 vesting 1 December 2016; and
  - (c) 500,000 vesting 1 June 2017.
8. Quoted Options, exercisable at \$0.45 each on or before 31 December 2018.
9. Unquoted Options, exercisable at \$0.45 each on or before 31 December 2018.
10. Unquoted Options, exercisable at \$0.35 each on or before 10 August 2019 and vesting on the achievement of set performance hurdles.

(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.

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## **6. RESOLUTION 5 - APPROVAL OF EMPLOYEE SECURITIES INCENTIVE SCHEME**

### **6.1 General**

Resolution 5 seeks Shareholders' approval for the adoption of the employee incentive scheme titled "Talga Resources Ltd Employee Securities Incentive Scheme" (**Scheme**) in accordance with Listing Rule 7.2 exception 9(b).

The objective of the Scheme is to attract, motivate and retain key Directors, employees and contractors and it is considered by the Company that the adoption of the Scheme and the future issue of Equity Securities under the Scheme will provide selected participants with the opportunity to participate in the future growth of the Company.

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

Resolution 5 is an ordinary resolution.

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

### **6.2 Listing Rule 7.1 and Listing Rule 7.2, exception 9(b)**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, exception 9(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Equity Securities under the Scheme to eligible participants over a period of 3 years without impacting on the Company's ability to

issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that the Scheme is a new employee incentive scheme and has not been previously approved by Shareholders. No Equity Securities have been issued under the Scheme since it was approved by the Board.

Any future issues of Equity Securities under the Scheme to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Scheme is set out in Schedule 1. In addition, a copy of the Scheme is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Scheme can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Facility** has the meaning given in Section 5.1.

**10% Placement Period** has the meaning given in Section 5.2(f).

**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.

**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 2016.

**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.

**Scheme** means the Talga Resources Ltd Employee Securities Incentive Scheme.

**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.

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## **SCHEDULE 1 – SUMMARY OF EMPLOYEE SECURITIES INCENTIVE SCHEME**

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The Company has established an employee incentive scheme (**Scheme**). The full terms of the Scheme may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Scheme is set out below.

### **1. Eligible Participant**

Eligible Participant means a person that:

- (a) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (b) has been determined by the Board to be eligible to participate in the Scheme from time to time.

### **2. Purpose**

The purpose of the Scheme is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

### **3. Scheme administration**

The Scheme will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Scheme rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

### **4. Eligibility, invitation and application**

- (a) The Board may from time to time determine that an Eligible Participant may participate in the Scheme and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.
- (b) On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.
- (c) If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

### **5. Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Scheme rules and any ancillary documentation required.

## **6. Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Scheme.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

## **7. Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

## **8. Exercise of Convertible Securities and cashless exercise**

To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Scheme rules, or such earlier date as set out in the Scheme rules.

## **9. Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Scheme rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

## **10. Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Scheme rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

## **11. Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

## **12. Rights attaching to Scheme Shares**

All Shares issued under the Scheme, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Scheme Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Scheme Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Scheme Shares. A Participant may exercise any voting rights attaching to Scheme Shares.

## **13. Disposal restrictions on Scheme Shares**

If the invitation provides that any Scheme Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Scheme Share is subject to any disposal restrictions under the Scheme, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Scheme Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

## **14. Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

#### **15. Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

#### **16. Amendment of Scheme**

Subject to the following paragraph, the Board may at any time amend any provisions of the Scheme rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Scheme and determine that any amendments to the Scheme rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Scheme rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

#### **17. Scheme duration**

The Scheme continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Scheme for a fixed period or indefinitely, and may end any suspension. If the Scheme is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.



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 A2020  
 South Sydney NSW 1235  
 Suite 511, The Trust Building  
 155 King Street  
 Sydney NSW 2000 AUSTRALIA  
 T: +61 3 9628 2200 F: +61 8 9315 2233  
 E: registrar@securitytransfer.com.au  
 W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»

«Holder\_name»  
 «Address\_line\_1»  
 «Address\_line\_2»  
 «Address\_line\_3»  
 «Address\_line\_4»  
 «Address\_line\_5»

«Company\_code» «Sequence\_number»

Code:

Holder Number:

**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](http://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.

**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 25 November 2016 at The City of Perth Library Auditorium, Mezzanine level, 573 Hay St, Perth, Western Australia 6000 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 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel which includes the Chair.

RESOLUTION	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-Election of Director - Mr Keith Coughlan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Director - Mr Stephen Lowe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Employee Securities Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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  Sole Director & Sole Company Secretary

Security Holder 2  Director

Security Holder 3  Director/Company Secretary

**Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Wednesday 23 November 2016.**



My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

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.

### 2. APPOINTMENT OF A PROXY

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.

### 3. DIRECTING YOUR PROXY HOW TO VOTE

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.

### 4. APPOINTMENT OF A SECOND PROXY

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.

To appoint a second Proxy you must:

- 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.

### 5. SIGNING INSTRUCTIONS

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

**The proxy form does not need to be returned to the share registry if the votes have been lodged online.**

#### Security Transfer Australia Pty Ltd

**Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

**Postal Address** PO BOX A2020  
South Sydney NSW 1235

**Street Address** Suite 511, The Trust Building  
155 King Street  
Sydney NSW 2000 AUSTRALIA

**Telephone** +61 3 9628 2200

**Facsimile** +61 8 9315 2233

**Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### PRIVACY STATEMENT

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.

