

# **Talga Resources Ltd**

**ACN 138 405 419**

## **NOTICE OF GENERAL MEETING**

**AND**

## **EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**A PROXY FORM IS ATTACHED**

**Date of Meeting  
3 August 2015**

**Time of Meeting  
10.00 am WST**

**Place of Meeting  
The Park Business Centre  
45 Ventnor Avenue  
West Perth WA 6005**

**Please read the Notice and Explanatory Memorandum carefully.**

**If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.**

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## Notice of General Meeting

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Notice is given that a general meeting of the Shareholders of the Company will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005, on 3 August 2015 at 10.00 am WST.

### Agenda

#### Business

An Explanatory Memorandum containing information in relation to each of the following resolutions accompanies this Notice of General Meeting.

#### Resolution 1 – Ratify previous placement of 13,750,000 Shares

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratifies and approves the issue of 13,750,000 Shares to sophisticated and professional investors, on the terms set out in the Explanatory Memorandum.”*

#### Resolution 2 – Ratify previous placement of 3,000,000 Options

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Company ratifies and approves the grant of 3,000,000 Options to CG Nominees (Australia) Pty Ltd, on the terms set out in the Explanatory Memorandum.”*

#### Resolution 3 – Approval of Performance Rights Plan

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That for the purpose of Exception 9 of Listing Rule 7.2, and for all other purposes, Shareholders approve the issue of Performance Rights under the Plan within the period of 3 years after the date of the Meeting, upon the terms and conditions of the Plan which are summarised in the Explanatory Memorandum and otherwise on the terms set out in the Explanatory Memorandum.”*

#### Resolution 4 – Issue of performance rights to Mr Mark Thompson, Managing Director

To consider, and if thought fit, to pass the following resolution as an **ordinary** resolution:

*“That, for the purposes of Listing Rule 10.14, sections 200B, 200E and 208 of the Corporations Act and for all other purposes, the Company approves the grant of 4,000,000 Performance Rights to Mr Mark Thompson, Managing Director of the Company, (and/or his nominees) under the Plan and otherwise on the terms set out in Explanatory Memorandum.”*

#### Resolution 5 – Approval to change Company name

To consider, and if thought fit, to pass the following resolution as a **special** resolution:

*“That, for the purposes of section 157(1) of the Corporations Act, and for all other purposes, the name of the Company be changed to “Talga Ltd” with effect from the day on which ASIC alters the details of the Company’s registration.”*

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### Other business

To deal with any other business which may be brought forward in accordance with the Company's constitution or the Corporations Act.

### Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting.

Capitalised terms which are not defined in this Notice of General Meeting and Explanatory Memorandum are defined in **Annexure A** to the Explanatory Memorandum.

### Resolutions are not inter-dependent

The Resolutions are not inter-dependent. This means that a Resolution may be passed notwithstanding that one or more of the other Resolutions are not passed.

### Entitlement to vote

#### Snapshot date

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Meeting, Shares will be taken to be held by the persons who are the registered holders at **10.00 am WST on 1 August 2015**. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

#### Voting exclusions for Resolution 1

The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any of their Associates.

However, under Listing Rule 14.11 the Company need not disregard a vote on Resolution 1 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 person chairing the Meeting 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 exclusions for Resolution 2

The Company will disregard any votes cast on Resolution 2 by CG Nominees (Australia) Pty Ltd and any of its Associates.

However, under Listing Rule 14.11 the Company need not disregard a vote on Resolution 2 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 person chairing the Meeting 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 exclusions for Resolution 3

The Company will disregard any votes cast (in any capacity) on Resolution 3 by or on behalf of any of the following persons:

- (a) a director of the Company who is eligible to participate in the Plan; or
- (b) an Associate of that person.

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However, under Listing Rule 14.11 the Company need not disregard a vote cast on Resolution - 3 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 a person chairing the Meeting 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 exclusions for Resolution 4**

The Company will disregard any votes cast on Resolution 4 by a Director and any of their Associates.

However, under Listing Rule 14.11 the Company need not disregard a vote on Resolution 4 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 person chairing the Meeting 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.

Under section 200E(2B) of the Corporations Act the Company need not disregard a vote on Resolution 4 if:

- (a) it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Mr Mark Thompson or an associate of Mr Mark Thompson.

### **Voting exclusions in relation to proxy voting by Key Management Personnel or Closely Related Parties where they hold an undirected proxy**

Under section 250BD(1) of the Corporations Act, a person appointed as proxy must not vote, on the basis of that appointment, on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company if:

- (a) the person is either a member of the Key Management Personnel for the Company, or a Closely Related Party of the member of the Key Management Personnel for the Company; and
- (b) the appointment does not specify the way the proxy is to vote on the resolution.

Under section 250BD(2) of the Corporations Act the Company need not disregard a vote because of section 250BD(1) of the Corporations Act if:

- (a) the person is the chair of the Meeting acting as proxy; and
- (b) the appointment expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Resolution 4 is a resolution which is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

### **Chairman and Chairman's voting intentions for undirected proxies**

It is proposed that the Chairman of the Meeting be the Chairman of the Board of Directors, Mr Keith Coughlan. It is the Chairman's intention to vote undirected proxies which he holds as proxy in favour of all resolutions where possible.

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### How to vote

You may vote by attending the Meeting in person, by proxy or by authorised representative. A corporate Shareholder may also appoint a corporate representative.

### Voting in person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at **10.00 am WST on 3 August 2015**.

### Voting by proxy

A Shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that 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 no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

### Lodgement of proxy forms

To be effective, completed proxy forms must be returned to Security Transfer Registrars by:

- post, Security Transfer Registrars, PO Box 535, Applecross, WA 6953 Australia; or
- fax on +61 8 9315 2233; or
- email at [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au); or
- online at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

so that they are received no later than **10.00 am WST on 1 August 2015**.

Proxy forms or proxy voting instruction received after this time will be invalid.

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in like manner as the proxy.

Note, the proxy form does not need to be returned to Security Transfer Registrars if the votes have been lodged online.

### Voting by corporate representative

To appoint a corporate representative contact the Company's share registry and obtain an Appointment of Corporate Representative form.

### By order of the Board

Dated: 19 June 2015



Mark Thompson  
Managing Director

## **Explanatory Memorandum**

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### **Introduction**

This Explanatory Memorandum has been prepared to assist Shareholders to understand the business to be put to Shareholders at the forthcoming Meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice. Please refer to **Annexure A** of this Explanatory Memorandum for definitions of capitalised terms in the Notice and Explanatory Memorandum.

### **Business**

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#### **1 Resolution 1 – Ratify previous placement of 13,750,000 Shares**

##### **1.1. Background**

As announced on 18 March 2015, the Company issued 13,750,000 Shares at an issue price of \$0.40 per Share to professional and sophisticated investors (**Placement**).

The \$5,500,000 raised through the Placement will be applied to funding trial mining in Sweden, constructing a demonstration graphene production plant in Germany, continued exploration and development and general working capital.

##### **1.2. Listing Rules 7.1 and 7.2**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period any Equity Securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with the approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

##### **1.3. Shareholder approval sought**

Under Resolution 1, the Company seeks Shareholder approval for, and ratification of, the issue of the Shares under the Placement.

This approval is sought notwithstanding the fact that the issue was within the Company's 15% placement capacity at the time, so as to limit the restrictive effect of Listing Rule 7.1 on the issue of securities by the Company in the next 12 months.

##### **1.4. Disclosure required by Listing Rule 7.5**

Listing Rule 7.5 requires the following specific information to be provided in respect of the Placement:

- (a) 13,750,000 Shares were issued.
- (b) The issue price was \$0.40 per Share.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- (c) The Shares were issued to sophisticated and professional investors.
- (d) The Company raised \$5,500,000 through the issue of the Shares. The Company will apply the funds raised to fund trial mining in Sweden, construction of a demonstration

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graphene production plant in Germany, continued exploration and development and general working capital.

(e) A voting exclusion applies to Resolution 1 in the terms set out in the Notice.

### 1.5. Directors' recommendations

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

## 2 Resolution 2 – Ratify previous placement of 3,000,000 Options

### 2.1. Background

As announced on 23 December 2014, the Company granted 3,000,000 Options to CG Nominees (Australia) Pty Ltd (**CG Nominees**), a subsidiary of Canaccord Genuity (Australia) Limited (**Canaccord**), as consideration for provision of corporate advisory and broking services.

The performance based vesting conditions of the CG Nominees Options also apply to the terms of the earlier issued options to EAS Advisors LLC ("EAS"). The quantum and the terms and conditions of the Options are identical for both Canaccord and EAS and hence the dual reference to both companies in Annexure C, D and E.

### 2.2. Listing Rules 7.1 and 7.2

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period any Equity Securities if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with the approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

### 2.3. Shareholder approval sought

Under Resolution 2, the Company seeks Shareholder approval for, and ratification of, the grant of the Options to CG Nominees.

This approval is sought notwithstanding the fact that the issue was within the Company's 15% placement capacity at the time, so as to limit the restrictive effect of Listing Rule 7.1 on the issue of securities by the Company in the next 12 months.

### 2.4. Disclosure required by Listing Rule 7.5

Listing Rule 7.5 requires the following specific information to be provided in respect of the grant of Options to CG Nominees:

Date of grant	Number	Option Exercise Price	Expiry Date	Option Issue Price
23 December 2014	1,000,000	\$0.52	31 December 2016	Nil
	1,000,000	\$0.60	31 December 2016	Nil
	1,000,000	\$0.65	31 December 2016	Nil

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The 3,000,000 Options are unlisted and were issued for a nil option issue price. The Company did not raise any funds through the issue of the Options to CG Nominees.

The Options vest on the achievement of various performance criteria. On vesting, CG Nominees will have the right to exercise the Options (and be issued Shares) by paying the exercise price. Options that do not vest or which are not exercised will lapse on the expiry date.

The Options do not carry a right to participate in dividends of the Company until they are converted into Shares at which time those Shares will rank equally with all existing Shares.

The full terms and conditions of the Options are set out in Annexures C, D and E respectively in relation to each tranche of Options.

A voting exclusion applies to Resolution 2 in the terms set out in the Notice.

### **2.5. Directors' recommendations**

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

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## **3 Resolution 3 – Approval of Performance Rights Plan**

### **3.1. Background**

Resolution 3 seeks Shareholder approval of the employee performance rights plan (**Plan**) for the purpose of Exception 9 of Listing Rule 7.2.

Listing Rule 7.1 allows the Company to issue a maximum of 15% (**15% Limit**) of the number of Equity Securities on issue in any 12 month period without requiring Shareholder approval. Listing Rule 7.1 does not apply in certain circumstances (set out in Listing Rule 7.2), allowing certain issues of Equity Securities to be excluded from the calculation of the 15% Limit.

An exception to Listing Rule 7.1 is set out in Exception 9(b) of Listing Rule 7.2 – an issue under an “employee incentive scheme” if, within 3 years before the date of issue of securities, Shareholders approve the issue of securities under the “employee incentive scheme” as an exception to Listing Rule 7.1.

For the purposes of the Listing Rules an “employee incentive scheme” must be a scheme for the issue or acquisition of Equity Securities in the Company to be held by, or for the benefit of, participating employees or non-executive directors of the Company or a related entity or their Associates.

This Resolution proposes that Shareholders approve the issue of any Performance Rights to be made under the Plan within 3 years after the date of the Meeting, so that such issue will be excluded from the application of Listing Rule 7.1 and the 15% Limit.

### **3.2. Reasons for the Plan**

The Board believes that the future success of the Company will depend in large part on the skills and motivation of the people employed in the business. To achieve its corporate objectives, the Company needs to attract and retain its key staff. The Board considers that the implementation of the Plan will:

- (a) enable the Company to recruit, incentivise and retain eligible participants of the Plan;
- (b) link the reward of eligible participants of the Plan with the achievements of strategic goals and the long term performance and success of the Company;



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- (c) align the financial interests of eligible participants of the Plan with those of Shareholders; and
- (d) provide incentives to eligible participants of the Plan to focus on superior performance that creates Shareholder value.

### 3.3. Summary of the Plan

The Plan, which is separate and distinct from the Company's existing non performance based Employee Incentive Scheme and the Talga Management Incentive Equity Plan, provides for the grant of Performance Rights which, upon a determination by the Board that the Performance Conditions (if any) attached to the Performance Rights have been satisfied, will result in the issue of a Share for each Performance Right.

The Board is cognisant of general Shareholder requirements that long-term equity based rewards for staff should be linked to the achievement by the Company of Performance Conditions. Performance Rights granted under the Plan to eligible participants may be subject to Performance Conditions as determined by the Board from time to time. If the Performance Conditions are achieved by the relevant milestone date, the Performance Rights will vest and the Performance Rights may be exercised into the equivalent number of Shares in accordance with the Plan and the Invitation (defined below).

**Eligible Participants:** The eligible participants under the Plan are:

- (a) full time employees and part-time employees of the Company and its subsidiaries;
- (b) Directors and any company secretary;
- (c) eligible contractors engaged by the Company; and
- (d) any other person who is determined by the Board to be an eligible employee.

**Limits on Entitlements:** An offer of Performance Rights may only be made under the Plan if the Board has reasonable grounds to believe that the number of Performance Right Shares that may be acquired on exercise of the Performance Rights offered under that Invitation, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:

- (a) the Plan or any other incentive scheme; or
- (b) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding an offer made, or Performance Right acquired or Share issued by way of or as a result of:

- (i) an offer to a person situated at the time of receipt of the offer outside Australia;
- (ii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
- (iii) an offer made under a disclosure document,

does not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Australian Corporations Act) of the total number of issued Shares as at the time of the offer.

**Individual Limits:** The Plan does not set out a maximum number of Performance Rights that may be made granted to any one person.

**Consideration Payable:** Performance Rights will be granted for no consideration payable by the eligible participant and no amount will be payable by the eligible participant upon their vesting.

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**Employee share trust:** The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Performance Rights for eligible participants under the Plan and delivering Shares upon exercise of the Performance Rights.

**Invitation and Performance Conditions:** Performance Rights granted under the Plan to eligible participants will be subject to Performance Conditions, determined by the Board from time to time and expressed in a written invitation letter (**Invitation**). The Performance Conditions may include one or more of the following:

- (a) achievement of specific Performance Conditions by the participant and/or by the Company;
- (b) a minimum vesting period following satisfaction of Performance Conditions before the Performance Rights vest (if required); or
- (c) such other Performance Conditions as the Board may determine and set out in the Invitation.

The Board in its absolute discretion determines whether Performance Conditions have been met and whether Performance Rights have vested.

**Expiry Date & Lapse:** Performance Rights will have an expiry date upon which unvested Performance Rights will lapse, as the Board may determine in its absolute discretion and specify in the Invitation but in any event, no later than 5 years from the grant date. The Board is not permitted to extend an expiry date without Shareholder approval.

**Retirement, Disability, Redundancy or Death:** Where a participant ceases to be an eligible participant before the Performance Rights then held by him or her become vested by reason of his or her:

- (a) death or total and permanent disability;
- (b) bona fide redundancy; or
- (c) bona fide retirement,

then in respect of those Performance Rights which have not satisfied the Performance Condition but have not lapsed, the Board shall have the discretion to:

- (i) permit the participant to continue to hold those Performance Rights as if the holder was still an eligible participant; or
- (ii) deem the Performance Condition to have been met.

Unless the Board determines otherwise, if a participant ceases to be an eligible participant for any reason other than contemplated above, all Performance Rights then held by the participant will be deemed to immediately lapse.

**Forfeiture:** unless the Board resolves otherwise, where, in the opinion of the Board, a participant at any time:

- (a) acts or has acted fraudulently or dishonestly; or
- (b) is in breach or has breached any of his or her obligations to the Company, the Board will:
  - (i) deem any unvested Performance Rights of the participant to have immediately lapsed; and/or
  - (ii) deem all or any Performance Right Shares transferred or issued to the participant to be forfeited, in which event the participant will be deemed to either have (i) agreed to sell such Performance Right Shares to the Company

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pursuant to a Share Scheme Buy-Back (as defined in the Corporations Act) for no consideration or (ii) appointed an officer of the Company as his or her agent to sell such Shares on market; and/or

- (iii) where any Performance Right Shares transferred or issued to the participant have been sold by the participant, require the participant to pay all or part of the net proceeds of that sale to the Company.

**Assignment:** Without approval of the Board, Performance Rights may not be transferred, assigned or novated.

**Change of Control:**

Upon:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and;
  - (i) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
  - (ii) been declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Performance Rights have not vested due to satisfaction of the Performance Conditions, the Performance Rights automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue in the Company at that time. Performance Rights that are not vested and converted into Shares will continue to be held by the holder (on a pro-rata basis) on the same terms and conditions.

**Alteration in Share Capital:** Appropriate adjustments will be made to Performance Rights in the event of a reconstruction of the share capital of the Company in accordance with the Listing Rules.

**Adjustments for Entitlements Issue:** If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which the paragraph below will apply) there will be no adjustment to the number of Shares which will be issued upon the vesting of a Performance Right.

**Bonus Issue:** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the vesting of a Performance Right will be increased by the number of Shares which the holder would have received if the Performance Right had vested before the record date for the bonus issue.

**Participation in New Issues:** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of unvested Performance Rights.

**Termination, Suspension or Amendment:** The Board may terminate, suspend or amend the Plan at any time subject to any resolution of the Company required by the Listing Rules.

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### **3.4. Listing Rule 7.2 Requirements**

In accordance with the requirements of Exception 9(b) of Listing Rule 7.2, the Company provides the following information:

- (a) The terms of the Plan are summarised above under section 3.3.
- (b) The Plan has not been previously approved by Shareholders for the purpose of Exception 9 of Listing Rule 7.2.
- (c) No Performance Rights have been issued under the Plan.
- (c) A voting exclusion statement for the Resolution is included in the Notice of General Meeting.

### **3.5. Directors' Recommendation**

The Directors make no recommendation to Shareholders on how to vote in favour of Resolution 3.

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## **4 Resolution 4 – Issue of Performance Rights to Mr Mark Thompson, Managing Director**

### **4.1. Introduction**

The Company proposes to grant Performance Rights to Mr Mark Thompson, who is the Managing Director of the Company, under the terms of the Plan and the Invitation.

Due to the current size of the Company and the present Board structure in which Managing Director, Mr Thompson, is the only full time executive Director, he is critical to the achievement of Company goals including the objectives outlined below. To this end, the Board has researched the listed company performance incentive landscape and has settled upon what it believes are reasonable and relevant incentives that will retain Mr Thompson and support his alignment to the success of the Company (see section 4.2). The proposed Performance Rights contain vesting milestones which are significant catalysts that must be achieved over the next two years to ensure the Company continues along its development path to production.

Since listing on the ASX in 2010, the Company's strategy has evolved and it is now a technology materials company with a unique and cost effective process to produce both graphite and graphene directly from its large high quality graphite ore deposits in northern Sweden. At present the Company's aim is to commence a novel trial mining program in Sweden that will deliver feedstock ore to its demonstration site in Rudolstadt, Germany. Importantly, the Company is at a critical juncture as it looks to advance and complete commercial discussions and negotiations with end users. There is an imperative to satisfy potential clients who require near term large graphene samples. These same parties will also look to satisfy their commercial standards from visiting and seeing the demonstration facility which will be unique given its significant scale in the context of Europe's limited volume graphene processing capabilities.

Given the magnitude of importance around success of trial mining and demonstration plant activities, the milestones linked to Mr Thompsons Performance Rights are all directly related to measurable outcomes from these two activities.

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### 4.2. Terms of grant of Performance Rights

The Performance Rights proposed to be granted to Mr Thompson for no consideration have milestone vest dates spanning to mid 2017 and will be granted in the following three tranches pursuant to the Performance Conditions detailed further below:

	Performance Condition	Number	Milestone Date
Tranche A	ASX announcement of the completion of 2015 trial mining in Sweden.	1,000,000	31 December 2015
Tranche B	ASX announcement of the completion of the Pilot plant commissioning in Germany.	1,000,000	30 June 2016
Tranche C	ASX announcement of the completion of an off-take agreement for 10,000 tonnes of graphite and/or graphene with a value of not less than AUD 3,000,000 and only after both the milestones under Tranche A and Tranche B have been completed.	2,000,000	30 June 2017

The Performance Rights will be subject to the Performance Conditions detailed in the above table (**Performance Conditions**), as well as the terms and conditions set out in **Annexure B**.

If the Performance Conditions are achieved by the relevant milestone date, the Performance Rights will vest and the Performance Rights may be exercised into equivalent number of shares in the Company in accordance with the Plan and the Invitation.

For clarity, the Pilot plant facility is expected to commence processing samples from the trial mining in 2015 (Q3 CY15) and will be developed in phases where the plant scale is anticipated to be progressively increased and optimised as the Swedish graphite ore is processed. As such, commissioning will be achieved upon the production and supply of the first tonne of graphite/graphene product to customers during ramp-up throughout 2016.

The Performance Rights will expire on the date that is the fifth anniversary of the grant date

No consideration is payable by Mr Thompson in order to exercise a Performance Right.

If Resolution 4 is passed, the Company proposes to grant the 4,000,000 Performance Rights to Mr Thompson (and/or his nominees) within 2 business days after the date of the Meeting.

### 4.3. Approvals required

Shareholder approval for the Company to grant the above Performance Rights to Mr Thompson (and/or his nominees) is sought for all purposes under the Corporations Act and the Listing Rules, including the following purposes:

- Under Listing Rule 10.14, the acquisition of securities by a Director under an Employee Incentive Scheme requires Shareholder approval. Shareholder approval is therefore sought for the acquisition by Mr Thompson of Performance Rights (and therefore the subsequent issue of ordinary shares upon vesting of Performance Rights).
- Under section 208 of the Corporations Act which regulates giving of financial benefits to related parties. Chapter 2E of the Corporations Act prohibits a public company, or an entity that the public company controls, from giving a financial benefit to a related party of the public company unless either:

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- (1) the giving of the financial benefit falls within one of the nominated exceptions to the provision (e.g. section 212); or
- (2) prior shareholder approval of the public company is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Mr Thompson is considered to be a related party of the Company.

The grant of the Performance Rights to Mr Thompson will be deemed to be provision of a financial benefit to related parties of the Company within the prohibition provided by Chapter 2E of the Corporations Act.

- Under section 200B of the Corporations Act, a company is prevented from giving a benefit to a person in connection with the person's retirement from an office, or position of employment, if that office or position is a managerial or executive office, unless the company's shareholders approve the benefit under Section 200E of the Corporations Act or the benefit falls within certain exceptions set out in the Corporations Act. The concept of retirement from an office or position under the Corporations Act includes loss of the office or position, resignation from the office or position, and the death of a person at a time when they hold the office or position.

Shareholder approval is sought so as to allow the Board, if it considers it appropriate, to exercise its discretion to deem that the Performance Rights have vested in the above circumstances.

#### **4.4. Listing Rule 10.14 and Section 219 of the Corporations Act**

Listing Rule 10.14 provides that the Company must not permit a Director or an Associate of a Director to acquire securities under an employee incentive scheme without the approval of Shareholders.

Listing Rule 7.1 provides that the Company must not, subject to specified exceptions, issue, or agree to issue, during any 12 month period, any Equity Securities, if the number of those securities exceeds 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 10.11 provides that the Company must not, subject to specified exceptions, issue or agree to issue Equity Securities to a related party of the Company without the approval of Shareholders.

Shareholder approval under Listing Rule 10.14 is an exception to Listing Rules 7.1 and 10.11.

One of the effects of Resolution 4 will be to allow the Company to grant the Performance Rights proposed to be granted without using the Company's 15% placement capacity.

Pursuant to and in accordance with Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in respect of the Performance Rights for the purposes of obtaining Shareholder approval:

- (a) The Performance Rights will be granted to Mr Mark Thompson, who is a related party of the Company as he is a Director (and/or his nominees).
- (b) The maximum number of Performance Rights to be granted under Resolution 4 is 4,000,000.

# Talga Resources Ltd

ACN 138 405 419

## Explanatory Memorandum

- (c) The Performance Rights will be granted on the terms set out under section 4.2 of this Explanatory Memorandum and in **Annexure B**.
- (d) The Board intends to use an employee share trust for the purposes of holding Performance Rights for eligible participants under the Plan and delivering Shares upon exercise of the Performance Rights. For accounting purposes, the Trust will provide an interest free, non-recourse loan to the eligible participant equivalent to the value of the Performance Rights to enable the eligible employee to subscribe for share units in the Trust, however, no consideration shall be payable by the eligible employee.
- (e) Mr. Thompson will not be required to pay any consideration for the Performance Rights.
- (f) No person has received securities under the Plan..
- (g) The classes of persons entitled to participate in the Plan are set out under section 3.3 of this Explanatory Memorandum.
- (h) Mr Thompson declines to make a recommendation to Shareholders in relation to Resolution 4 due to Mr Thompson's material personal interest in the outcome of Resolution 4. The other Directors each recommend the grant of the Performance Rights to Mr Thompson as it aligns the interests of the Company and Mr Thompson to maximise Shareholder value (in particular, the Performance Conditions that must be satisfied). For more information on the Directors recommendation, please see section 4.5.
- (i) The theoretical value of the Performance Rights as determined by Black & Scholes approximates \$1,600,000. This valuation is based on the current market price of the Shares on 19 June 2015.
- (j) Mr Thompson currently holds 14,206,841 Shares and 463,947 listed options in the Company (either directly or indirectly).
- (k) The remuneration and emoluments from the Company to Mr Thompson for the previous two financial year ends is summarised below:

June Year End	Salary	Super-annuation	Non-monetary	Total excluding equity	Equity	Total including equity
2014	239,000	22,182	2,424	263,606	1,044,712*	1,309,118
2015	321,500	30,542	2,424	354,466	-	354,466

\*relates to the theoretical value applied to shares issued to Mr Thompson pursuant to a interest free loan under the Company Management Incentive Plan (which is a separate incentive plan to the Plan).

- (l) If Shareholders approve the grant of the Performance Rights, the exercise of those Performance Rights will result in a dilution of all other Shareholders holdings in the Company of:
- 2.81% based on the issued Shares as at the date of this Notice;
  - 2.47% on a fully diluted basis.

## Explanatory Memorandum

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- (m) Historical share price information for the last twelve (12) months as at 19 June 2015 is as follows:

	Price	Date
Highest	\$0.500	9 Mar 2015
Lowest	\$0.215	17 Dec 2014
Last	\$0.400	19 Jun 2015

- (n) The Performance Rights will be granted no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (o) A voting exclusion applies to Resolution 4 in the terms set out in the Notice.
- (p) Other than the information above and otherwise in this Explanatory Memorandum, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolution 4.
- (q) The Chairman will cast all available proxies in favour of Resolution 4.

### 4.5. Directors recommendation

The Directors (apart from Mr Thompson) in forming their recommendation in relation to Resolution 4 considered the experience of Mr Thompson and the considerable ongoing international responsibilities in his role as Managing Director and the retaining of his services. The number of Performance Rights has also been determined having regard to providing ongoing equity incentives over time to advance the Company and its assets and also the alignment of interests to the Company through an equity holding. The Directors apart from Mr Thompson recommend that Shareholders vote in favour of Resolution 4 for the following reasons:

- (a) the issue of the Performance Rights is in the best interests of the Company because they provide Mr Thompson with an incentive to enhance the future value of the Company's Shares for the benefit of all Shareholders;
- (ii) the issue of the Performance Rights is a reasonable and appropriate way to retain Mr Thompson's professional services at reasonable market rates;
- (iii) the grant of the Performance Rights 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 Mr Thompson;
- (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed;
- (v) the Plan cannot be compared or valued against the Talga Management Incentive Equity Plan approved by Shareholders in 2014 ("Management Incentive Plan") which is an entirely different inducement. Pursuant to the Management Incentive Plan, the Company issued 4,000,000 shares which are the subject of a limited recourse, interest free loan. The loan amount equals the number of shares issued at the closing price on the day of issue. The shares themselves ultimately need to be paid (approximately \$AUD1.5 million) in settlement of the outstanding loan amount (Mr Thompson is personally liable for the loan and he cannot sell the shares without triggering the need to repay the loan).



# Talga Resources Ltd

ACN 138 405 419

## Explanatory Memorandum

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Mr Thompson declines to make a recommendation in relation to Resolution 4 because he has a material personal interest in the outcome of the Resolution, on the basis that he will be granted Performance Rights in the Company should the Resolution be passed. Therefore, he is not in a position to recommend either for or against the proposed Resolution.

Shareholders should take note that the valuation set out in section 4.4 is based solely on the current market price of the Shares and does not take into account each of the Performance Conditions that must be satisfied for the Performance Rights to vest. There are no guarantees that any of the Performance Conditions will be satisfied and therefore no guarantees any Performance Rights will vest to Mr Thompson.

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### **5 Resolution 5 – Approval to change Company name**

#### **5.1. Introduction**

Talga Resources Ltd (“Talga”) has for some time been straddling both the resources and high growth technology materials sectors. With a graphene demonstration plant under construction, the Board believes now is an appropriate time to have the Company name better reflect its vision. Talga is a technology materials company aiming to become a global leader in graphene. Given the myriad industrial products that are enabled by graphene, Talga no longer sees itself as solely a “resources” company. At the same time, the Board also recognises that the name “Talga” is unique and has become synonymous with the graphene technology industry. For these reasons, the Board believes that the Company should adopt a new name.

The Board seeks to change the Company’s name to Talga Ltd.

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

#### **5.2. Requirements under the Corporations Act**

Under section 157(1) of the Corporations Act, if a company wishes to change its name it must:

- (a) pass a special resolution adopting a new name; and
- (b) lodge an application in the prescribed form with ASIC.

Under the Corporations Act a “special resolution” is a resolution which is passed by at least 75% of the votes actually cast by Shareholders entitled to vote on the resolution.

#### **5.3. If approved, when will the change of name take effect?**

If Resolution 1 is passed, the Company will notify ASIC of the approval within 14 days after the date of the Meeting.

The name will change on the day on which ASIC updates its records. This is likely to be within a few days after ASIC is notified of Shareholder approval of Resolution 5.

# Talga Resources Ltd

ACN 138 405 419

## Annexure A - Definitions

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The meanings of capitalised terms used in this Notice of Meeting and Explanatory Memorandum are set out below:

**ASIC** means the Australian Securities and Investments Commission.

**Associate** has the meaning given in section 10 to section 16 (inclusive) of the Corporations Act.

**Associate** has the meaning given to the term "associate" in Chapter 19 of the Listing Rules.

**ASX** means the ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.

**Board** means the board of Directors.

**Closely Related Parties** of a KMP means; spouse or child of the KMP, a child of the KMP's spouse, a dependent of the KMP or KMP's spouse, anyone else who is a member of the KMP's family and may be expected to influence the KMP or be influenced by the KMP, in the KMP's dealing with the Company, a company the KMP controls or a person prescribed by the *Corporations Regulations 2001* (Cth).

**Company** means Talga Resources Ltd ACN 138 405 419.

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

**Director** means a Director of the Company.

**EAS** means EAS Advisors LLC.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum to the Notice.

**Invitation** has the meaning given in section 3.3 of the Explanatory Memorandum.

**Key Management Personnel ("KMP")** has the meaning given under the *Accounting Standards*, namely 'key management personnel' are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly and includes any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** means the general meeting of Shareholders convened for the purposes of considering the Resolutions contained in the Notice.

**Notice** means this Notice of General Meeting.

**Option** means an option to subscribe for a Share.

**Performance Conditions** has the meaning given in section 4.2 of the Explanatory Memorandum.

**Performance Right** means a performance right granted under the Plan, the terms of which are set out in **Annexure B**.

**Plan** has the meaning given in section 3.1 of the Explanatory Memorandum.

**Proxy Form** means the proxy form attached to the Notice.

# Talga Resources Ltd

ACN 138 405 419

## Annexure A - Definitions

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**Resolution** means a resolution contained in the Notice.

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

**Shareholder** means a holder of a Share.

**WST** means Western Australian Standard Time.

For personal use only

## **Annexure B – Performance Rights Terms and Conditions**

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The following terms and conditions apply to the Performance Rights:

**1. Entitlement**

Subject to the terms and conditions set out below, each Performance Right, once vested, entitles the holder, on exercise, to the issue of one Share.

**2. Vesting and Performance Conditions**

The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied.

**3. Change in Control**

Upon:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and;
  - (i) having received acceptances for not less than 50.1% of the Company's shares on issue; and
  - (ii) been declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent the Performance Rights have not vested due to satisfaction of the Performance Conditions, the Performance Rights automatically vest to that number of Shares which when issued together with all Shares issued under any other class of Performance Rights then on issue, is equal to the lesser of one Share per Performance Right and 10% of the total Shares on issue in the Company at that time. Performance Rights that are not vested and converted into Shares will continue to be held by the holder on the same terms and conditions.

**4. Milestone Date and Expiry of Performance Rights**

A Performance Right will lapse upon the earlier to occur of:

- (a) a Performance Condition in relation to the Performance Right not being satisfied by the milestone date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion (and which may be extended by the Board using its discretion);
- (b) the Board deeming that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder; and
- (c) the five year anniversary of the date of grant of the Performance Right.

**5. Shares Issued on Exercise**

Shares issued on the exercise of a Performance Right rank equally with the then Shares of the Company.

**6. Timing of Issue of Shares**

- (a) As soon as practicable after the vesting of a Performance Right, the Company shall give written notice of the vesting to the holder.
- (b) Upon exercise of the Performance Right by the holder (post vesting), the Company will:
  - (i) issue the Shares pursuant to the exercise of the Performance Rights;

## **Annexure B – Performance Rights Terms and Conditions**

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

**7. Quotation**

- (a) The Company will not apply for quotation of the Performance Rights on ASX.
- (b) 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 Performance Rights.

**8. Transferability of Performance Rights**

The Performance Rights are not transferable, except with the prior written approval of the Company.

**9. Participation in New Issues**

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of unvested Performance Rights.

**10. Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the vesting of a Performance Right will be increased by the number of Shares which the holder would have received if the Performance Right had vested before the record date for the bonus issue.

**11. Adjustment for Entitlements Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than as a bonus issue, to which paragraph 11 will apply) there will be no adjustment to the number of Shares which will be issued upon the vesting of a Performance Right.

**12. Adjustments for Reorganisation**

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

## Annexure C – Terms of Canaccord Options

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The terms and conditions of the Options are as follows:

- a) Each Option will vest and become exercisable subject to the achievement of the following performance vesting conditions being met:
  - (i) Strategic and institutional investors hold at least 20% of Talga's issued capital; or
  - (ii) Talga receives project level funding introduced by EAS or Canaccord; and
  - (iii) When 3 international roadshows / conferences have been coordinated and completed  
*(In the event that the performance vesting conditions outlined at (a)(i) and (ii) above are not met, the Board of Talga has discretion to allow the vesting of the Options based on a best efforts assessment. In particular, the Board of Talga will take into consideration any material increases in its market capitalization driven by EAS or Canaccord as part of the decision process around waiving the conditions)*
- b) Subject to (a) above, each Option shall confer the right to subscribe for one fully paid ordinary Share, ranking pari passu with existing issued fully paid ordinary Shares, in the capital of the Company.
- c) Subject to (a) above, each Option is exercisable at fifty two cents each (\$0.52).
- d) Each Option will expire on the date that is 31 December 2016 ("**Expiry Date**").
- e) Subject to (a) above, the Options shall be exercisable by notice in writing to the Company received at any time on or before the Expiry Date, however the fully paid ordinary Shares will be issued not more than fifteen days after (but not including) the exercise date.
- f) Subject to (a) above, the Options may be exercised in whole or in part. If the Options are exercised in part each notice of exercise must be for not less than 1,000 Shares and in multiples of 1,000 Shares.
- g) The Options are not transferable.
- h) The Options shall survive the death of the recipient.
- i) A statement will be issued for the Options. On the reverse side of the statement there will be endorsed a statement of the rights of the Option holder and a notice that is to be completed when exercising the Options. If there is more than one Option comprised in the statement and prior to the Expiry Date those Options are exercised in part, the Company will issue another statement for the balance of the Options held and not yet exercised.
- j) The Option holder will not be permitted to participate in any new pro rata entitlement issues of securities of the Company, unless the Options are first exercised. However, the Company must ensure that for the purposes of determining entitlements to any such issue, the Option holder will be notified of the proposed issue at least 4 business days (as defined in the Listing Rules) before the record date. This will give the Option holder the opportunity to exercise his Options prior to the date for determining entitlements to participate in any such issue.
- k) An Option will not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- l) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules.
- m) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- n) The Options shall not be quoted on ASX.

# Talga Resources Ltd

ACN 138 405 419

## Annexure D – Terms of Canaccord Options

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The terms and conditions of the Options are as follows:

- a) Each Option will vest and become exercisable subject to the achievement of the following performance vesting conditions being met:
  - (i) Strategic and institutional investors hold at least 20% of Talga's issued capital; or
  - (ii) Talga receives project level funding introduced by EAS or Canaccord; and
  - (iii) When 3 international roadshows / conferences have been coordinated and completed  
*(In the event that the performance vesting conditions outlined at (a)(i) and (ii) above are not met, the Board of Talga has discretion to allow the vesting of the Options based on a best efforts assessment. In particular, the Board of Talga will take into consideration any material increases in its market capitalization driven by EAS or Canaccord as part of the decision process around waiving the conditions)*
- b) Subject to (a) above, each Option shall confer the right to subscribe for one fully paid ordinary Share, ranking pari passu with existing issued fully paid ordinary Shares, in the capital of the Company.
- c) Subject to (a) above, each Option is exercisable at sixty cents each (\$0.60).
- d) Each Option will expire on the date that is 31 December 2016 ("**Expiry Date**").
- e) Subject to (a) above, the Options shall be exercisable by notice in writing to the Company received at any time on or before the Expiry Date, however the fully paid ordinary Shares will be issued not more than fifteen days after (but not including) the exercise date.
- f) Subject to (a) above, the Options may be exercised in whole or in part. If the Options are exercised in part each notice of exercise must be for not less than 1,000 Shares and in multiples of 1,000 Shares.
- g) The Options are not transferable.
- h) The Options shall survive the death of the recipient.
- i) A statement will be issued for the Options. On the reverse side of the statement there will be endorsed a statement of the rights of the Option holder and a notice that is to be completed when exercising the Options. If there is more than one Option comprised in the statement and prior to the Expiry Date those Options are exercised in part, the Company will issue another statement for the balance of the Options held and not yet exercised.
- j) The Option holder will not be permitted to participate in any new pro rata entitlement issues of securities of the Company, unless the Options are first exercised. However, the Company must ensure that for the purposes of determining entitlements to any such issue, the Option holder will be notified of the proposed issue at least 4 business days (as defined in the Listing Rules) before the record date. This will give the Option holder the opportunity to exercise his Options prior to the date for determining entitlements to participate in any such issue.
- k) An Option will not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- l) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules.
- m) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- n) The Options shall not be quoted on ASX.

## Annexure E – Terms of Canaccord Options

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The terms and conditions of the Options are as follows:

- a) Each Option will vest and become exercisable subject to the achievement of the following performance vesting conditions being met:
  - (i) Strategic and institutional investors hold at least 20% of Talga's issued capital; or
  - (ii) Talga receives project level funding introduced by EAS or Canaccord; and
  - (iii) When 3 international roadshows / conferences have been coordinated and completed  
*(In the event that the performance vesting conditions outlined at (a)(i) and (ii) above are not met, the Board of Talga has discretion to allow the vesting of the Options based on a best efforts assessment. In particular, the Board of Talga will take into consideration any material increases in its market capitalization driven by EAS or Canaccord as part of the decision process around waiving the conditions)*
- b) Subject to (a) above, each Option shall confer the right to subscribe for one fully paid ordinary Share, ranking pari passu with existing issued fully paid ordinary Shares, in the capital of the Company.
- c) Subject to (a) above, each Option is exercisable at sixty five cents each (\$0.65).
- d) Each Option will expire on the date that is 31 December 2016 ("**Expiry Date**").
- e) Subject to (a) above, the Options shall be exercisable by notice in writing to the Company received at any time on or before the Expiry Date, however the fully paid ordinary Shares will be issued not more than fifteen days after (but not including) the exercise date.
- f) Subject to (a) above, the Options may be exercised in whole or in part. If the Options are exercised in part each notice of exercise must be for not less than 1,000 Shares and in multiples of 1,000 Shares.
- g) The Options are not transferable.
- h) The Options shall survive the death of the recipient.
- i) A statement will be issued for the Options. On the reverse side of the statement there will be endorsed a statement of the rights of the Option holder and a notice that is to be completed when exercising the Options. If there is more than one Option comprised in the statement and prior to the Expiry Date those Options are exercised in part, the Company will issue another statement for the balance of the Options held and not yet exercised.
- j) The Option holder will not be permitted to participate in any new pro rata entitlement issues of securities of the Company, unless the Options are first exercised. However, the Company must ensure that for the purposes of determining entitlements to any such issue, the Option holder will be notified of the proposed issue at least 4 business days (as defined in the Listing Rules) before the record date. This will give the Option holder the opportunity to exercise his Options prior to the date for determining entitlements to participate in any such issue.
- k) An Option will not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- l) In the event of a reorganisation of the issued capital of the Company, the Options will be reorganised in accordance with the Listing Rules.
- m) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- n) The Options shall not be quoted on ASX.



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**TALGA RESOURCES LTD**

ACN: 138 405 419

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

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SHARE REGISTRY:  
Security Transfer Registrars Pty Ltd  
**All Correspondence to:**  
PO BOX 535, APPECROSS WA 6953  
AUSTRALIA  
770 Canning Highway, APPECROSS WA 6153  
AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

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 and to the extent permitted by law, as the Proxy sees fit) at the General Meeting of the Company to be held at 10:00am WST on Monday 3 August 2015 at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 and at any adjournment of that meeting.

**Chairperson authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairperson of the meeting as my/our Proxy (or if the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on Resolution 4 as the Chairperson sees fit (except where I/we have indicated a different voting intention below) even though Resolution 4 is connected directly or indirectly with the remuneration of a member of the key management personnel of the Company, which includes the Chairperson. If the Chairperson of the meeting is (or becomes) your proxy you can direct the Chairperson to vote for or against or abstain from voting on Resolution 4 by marking the appropriate box in section B below.

**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.

**RESOLUTION**

1. Ratify previous placement of 13,750,000 Shares
2. Ratify previous placement of 3,000,000 Options
3. Approval of Performance Rights Plan
4. Issue of performance rights to Managing Director
5. Approval to change Company name

**For Against Abstain\***

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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 (to the extent permitted by law). \* 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)**

«PRINT»

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 &amp; Sole Company Secretary

Director

Director/Company Secretary

**Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am WST on Saturday 1 August 2015.**

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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 Registrars 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 Registrars Pty Ltd

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

**Postal Address** PO BOX 535  
Applecross WA 6953 AUSTRALIA

**Street Address** Alexandria House  
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**Telephone** +61 8 9315 2333

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

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars 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 Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.



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