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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, 27 November 2015  
**PLACE:** QV1 Conference Centre  
Level 2, 250 St Georges Tce  
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, 27 November 2015 at:

QV1 Conference Centre  
Level 2, 250 St Georges Tce  
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, 25 November 2015.

### 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, 27 November 2015 at QV1 Conference Centre, Level 2, 250 St Georges Terrace, 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, 25 November 2015.

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

### AGENDA

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#### ORDINARY BUSINESS

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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 2015 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

##### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following 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 2015."*

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

#### Voting Exclusion

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

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

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

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

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

*"That Mr Grant Mooney, who retires in accordance with Article 7.4 of the Constitution and for all other purposes and being eligible, offers himself for election, be elected as a Director."*

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#### 4. RESOLUTION 3 – ISSUE OF INCENTIVE OPTIONS TO MR MARK THOMPSON, MANAGING DIRECTOR

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

*“That for the purposes of Listing Rule 10.11, chapter 2E of the Corporations Act and for all other purposes the Company approves the issue 4,500,000 Options to Mr Mark Thompson (and/or his nominees) on the terms and conditions in the Explanatory Memorandum (Incentive Options).”*

##### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Thompson and/or his nominees and any of their associates.

The Company will not disregard a vote if:

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

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel 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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#### 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

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

*“That for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for 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 will not disregard a vote if:

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

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**6. RESOLUTION 5 – RATIFY PREVIOUS PLACEMENT OF PERFORMANCE 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 the issue of 2,000,000 Options to Mr Michael Lew (and/or his nominees), on the terms and conditions set out in the Explanatory Memorandum (**Performance Options**).”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Lew and/or his nominees and any of their associates.

However, the Company will not disregard a vote if:

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

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**DATED: 16 OCTOBER 2015**  
**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, 27 November 2015 at QV1 Conference Centre, Level 2, 250 St Georges Terrace, Perth, Western Australia.

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

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

Section 1:	Financial Statements and Reports
Section 2:	Resolution 1 – Adoption of Remuneration Report
Section 3:	Resolution 2 – Re-election of director – Mr Grant Mooney
Section 4:	Resolution 3 – Issue of Incentive Options to Mr Mark Thompson, Managing Director
Section 5:	Resolution 4 – Approval of 10% placement capacity
Section 6:	Resolution 5 – Ratify previous placement of Performance Options

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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 2015 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" [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 Chair 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 2015.

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 2016 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 GRANT MOONEY**

Listing Rule 14.4 and Article 7.4 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).

Article 7.4 of the Constitution provides that a Director who retires in accordance with that Article is eligible for re-election.

The Company currently has three Directors. One of these Directors, Mr Mark Thompson, is the Managing Director. Accordingly, one of the other Directors must retire. Both of the other Directors retired and were re-elected by Shareholders at the 2014 annual general meeting. In accordance with Article 7.4 of the Constitution, those Directors agreed that Mr Grant Mooney will retire by rotation and, being eligible, will seek re-election at this Meeting.

Mr Mooney is a non-executive Director of the Company and was first appointed on 20 February 2014.

Mr Mooney has a wealth of experience in resources and technology markets. Mr Mooney serves as Director and Company Secretary to several ASX listed companies including Director of renewable energy developer, Carnegie Wave Energy Ltd and Director of ASX listed resource companies Barra Resources Ltd, Phosphate Australia Ltd and Wild Acre Metals Limited.

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

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

Resolution 2 is an ordinary resolution.

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

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### **4. RESOLUTION 3 – ISSUE OF INCENTIVE OPTIONS TO MR MARK THOMPSON, MANAGING DIRECTOR**

#### **4.1 General**

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of the Incentive Options to the Managing Director, Mr Mark Thompson (and/or his nominees) as an incentive component of his remuneration.

Since listing on the ASX in 2010, Mr Thompson has been largely responsible for the Company's strategy and development. The Company is presently positioned as an advanced materials company with a unique, simple and cost effective process to liberate graphene and graphite directly from its large high quality graphite ore deposits in northern Sweden. .

The next few years will be an intense period of development and growth for the Company. It will require strong leadership, innovation and the drive to unite technology with industry. For the Company to achieve its goal of becoming a global-scale, large volume graphene and graphite supplier, Board and senior management will need to successfully realise Talga's development strategy.

Due to the current size of the Company and the present Board structure, Managing Director, Mr Mark Thompson, is the only full time executive Director. Mr Thompson is critical to the achievement of Company goals and objectives. To support this, Talga's Board has settled upon what it believes is a reasonable incentive that is simple, at a premium to the ruling share

price and that will retain Mr Thompson and support his alignment to the performance and success of the Company.

The Incentive Options granted will generally only be of benefit if Mr Thompson performs to the level whereby the value of the Company increases sufficiently to warrant exercising the Incentive Options.

Resolution 3 is an ordinary resolution.

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

If the Chairperson is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 3 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.

#### 4.2 Listing Rule 10.11

Listing Rule 10.11 requires a listed company to obtain Shareholder approval prior to the issue of securities (including an option) to a related party. As Mr Thompson is the Managing Director, he is considered a related party of the Company. Accordingly, Shareholder approval is required under Listing Rule 10.11 for the issue of the Incentive Options.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

#### 4.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the issue of the Incentive Options:

- (a) The Incentive Options will be issued to Mr Mark Thompson (and/or his nominees).
- (b) The number of Incentive Options to be issued is 4,500,000.
- (c) The Incentive Options will be issued no later than one month after the date of this Meeting (or such longer period as ASX may in its discretion allow).
- (d) The Incentive Options will have an issue price of nil as they are being issued as part of the remuneration for Mr Thompson. The exercise price will be the higher of:
  - (i) \$0.60; and
  - (ii) 1.45 x the closing share price of the Company's Shares on the date of issue of the Option,

per Option (**Exercise Price**) and an expiry date of 5:00pm (WST) on 4 October 2018 (**Expiry Date**).

Additional terms and conditions of the Incentive Options are in Schedule 1.

- (e) A voting exclusion statement is included in the Notice.
- (f) No funds will be raised by the issue of the Incentive Options as they are being issued for nil cash consideration.

#### 4.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions set out in sections 210 to 216 of the Corporations Act; or
- (b) shareholder approval is obtained for the giving of the financial benefit in accordance with sections 217 to 227 of the Corporations Act and the financial benefit is given within 15 months following such approval.

As Managing Director of the Company, Mr Thompson is a related party of the Company for the purposes of Chapter 2E of the Corporations Act and the proposed issue of Incentive Options is considered a financial benefit.

Section 211 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given to the related party as an employee or officer of the company and to give the remuneration would be reasonable given the circumstances of the company and the related party's circumstances (including the responsibilities involved in the office or employment).

Although the Directors (other than Mr Thompson) consider that the issue of the Incentive Options is reasonable in the circumstances, it has resolved to seek Shareholder approval under Chapter 2E as a matter of good corporate governance.

#### 4.5 Specific information required by Chapter 2E of the Corporations Act

For the purposes of section 219 of the Corporations Act and ASIC Regulatory Guide 76, the following information is provided to Shareholders to enable them to assess the merits of the Resolution:

(a) **Identity of the related party**

The related party to whom the Incentive Options are proposed to be issued is Mr Mark Thompson (and/or his nominees). Mr Thompson is a related party of the Company by virtue of being a Director.

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

- (i) The proposed financial benefit to be given is the issue of 4,500,000 Incentive Options to Mr Thompson (and/or his nominees).
- (ii) The terms and conditions of the Incentive Options are in Schedule 1.
- (iii) The Directors (other than Mr Thompson) resolved to issue the Incentive Options to preserve the Company's cash reserves while providing an incentive for future performance of Mr Thompson's role as Managing Director.
- (iv) The Board (other than Mr Thompson) believe that it is appropriate to issue the specified number of Incentive Options for the following reasons:
  - (A) the issue of the Incentive Options to Mr Thompson (and/or his nominee) will align the interests of the Mr Thompson with those of Shareholders;
  - (B) the issue of the Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion

of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Managing Director; and

- (C) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options upon the terms proposed.

(c) **Directors' recommendations**

The primary purpose of the issue of the Incentive Options is to allow the Company to provide a cost effective incentive that aligns Mr Thompson with the success of the Company and rewards him for his on-going dedication and efforts. The Directors (apart from Mr Thompson) in forming their recommendation in relation to Resolution 3 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 Incentive Options 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 (excluding Mr Thompson) unanimously recommend that Shareholders vote in favour of Resolution 3 for the following reasons:

- (i) the issue of the Incentive Options 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 Incentive Options is a reasonable and appropriate way to retain Mr Thompson's professional services at reasonable market rates;
- (iii) the issue of the Incentive Options is a reasonable and appropriate method to provide cost effective remuneration that is linked to the Company's share price;
- (iv) 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;
- (v) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options upon the terms proposed;
- (vi) the issue of the Incentive Options provides Mr Thompson with incentives to focus on superior performance that creates Shareholder value;
- (vii) if all the Incentive Options are exercised, the Company will receive at least \$2,700,000 in cash; and
- (viii) an incentive package had been tabled by the Board in April 2015 and set for approval at a general meeting of Shareholders on 3 August 2015. On 23 July 2015, the incentive package was withdrawn from the general meeting of Shareholders held on 3 August 2015 to design an incentive package more closely aligned with the capital market landscape.

Mr Thompson declines to make a recommendation to Shareholders in relation to Resolution 3 as he has a personal interest in the outcome of Resolution 3. Mr Thompson and his associates will not be entitled to vote on Resolution 3.

(d) **Directors' interest in the outcome**

The only Director with an interest in the outcome of Resolution 3 is Mr Thompson as the proposed recipient of the Incentive Options.

(e) **Valuation of the financial benefit**

Independent accounting firm Stanton's International Securities has valued the Incentive Options using the Black Scholes option pricing model.

Its valuation was based on the following assumptions:

<b>Underlying Security Value</b>	
Exercise Price *	\$0.60
Valuation Date	12 October 2015
Life of the Incentive Options	36 months
Volatility	70%
Risk free rate	2.08%
Valuation per Incentive Option	\$0.138 **
Total value of Incentive Options	\$619,560 **

\* The exercise price shall be determined at the date of issue as the higher of \$0.60 and 145% of the prevailing share price at the date of issue.

\*\* The accounting treatment of the "value" of the options is theoretical and particularly technical in nature. The current tax treatment of these same options results in a value of Nil.

(f) **Total remuneration package**

Mr Thompson received remuneration for the years ended 30 June 2014 and 2015 as follows:

	<b>Cash salary and fees</b>	<b>Non-monetary salary</b>	<b>Super-annuation</b>	<b>Share based payments - Equity</b>	<b>Total</b>
<b>2014</b>	239,800	2,424	22,182	1,044,712*	1,309,118
<b>2015</b>	321,500	-	30,543	-	378,812

\* As approved by Shareholders on 23 June 2014, this relates to the theoretical value applied to shares issued to Mr Thompson pursuant to a limited recourse, interest free loan under the Company Management Incentive Plan. 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 for (approximately \$AUD1.5 million) to settle 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).

(g) **Existing relevant interest**

The existing relevant interest of Mr Thompson in the Company's securities is as follows:

<b>Shares</b>	<b>Options</b>
14,206,841	463,947 <sup>(1)</sup>

Note: Quoted options exercisable at \$0.35 each on or before 30 November 2015.

(h) **Dilution and effect of the Incentive Options on Shareholders**

The Company's existing share capital will not change as a result of the issue of Incentive Options.

If the Incentive Options are exercised, a total of 4,500,000 Shares will be issued. This will increase the number of Shares from 138,571,150 to 143,071,150 (assuming no other Options are exercised or other Shares issued) and dilute current Shareholders of the Company by 3.15%.

The market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at any time any of the Incentive Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company.

(i) **Trading history**

The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.500	9 March 2015
Lowest	\$0.215	17 December 2014
Last	\$0.405	15 October 2015

(j) **Other information**

The Directors are not aware of any other information that is reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolution 3.

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**5. RESOLUTION 4 – APPROVAL FOR 10% PLACEMENT CAPACITY**

**5.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its 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 15 October 2015, the Company has a market capitalisation of approximately \$56 million. The Company is therefore 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 classes of Equity Securities, Shares and Options. The Company notes that the quoted Options are due to expire on 30 November 2015.

### (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.

**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 138,571,150 Shares and therefore has a capacity to issue:

(i) 18,785,673 Equity Securities under Listing Rule 7.1 (due to previous issues of Equity Securities under the Company's placement capacity under Listing Rule 7.1); and

- (ii) subject to Shareholder approval being sought under Resolution 4, 13,857,115 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).**

**5.2.2 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.

**5.2.3 Specific information required by Listing Rule 7.3A**

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

- (a) 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.
- (b) 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.

- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.
- (d) The table also shows:
  - (i) 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
  - (ii) 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		
		\$0.203 50% decrease in Issue Price	\$0.405 Issue Price	\$0.810 100% increase in Issue Price
Current Variable A 138,571,150 Shares	10% voting dilution	13,857,115 Shares	13,857,115 Shares	13,857,115 Shares
	Funds raised	\$2,806,065	\$5,612,131	\$11,224,262
50% increase in current Variable A 207,856,725 Shares	10% voting dilution	20,785,673 Shares	20,785,673 Shares	20,785,673 Shares
	Funds raised	\$4,209,099	\$8,418,198	\$16,836,396
100% increase in current Variable A 277,142,300 Shares	10% voting dilution	27,714,230 Shares	27,714,230 Shares	27,714,230 Shares
	Funds raised	\$5,612,131	\$11,224,263	\$22,448,526

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- (e) The above table has been prepared on the following assumptions:
    - (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
    - (ii) No Options (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
    - (iii) 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%.
    - (iv) 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.
    - (v) 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.
    - (vi) 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.
    - (vii) The issue price is \$0.405, being the closing price of the Shares on ASX on 15 October 2015.
    - (viii) The Company will only issue the Equity Securities during the 10% Placement Period.
  - (f) The Company may seek to issue the Equity Securities for the following purposes:
    - (i) 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 by Listing Rule 7.1A.3; or
    - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new resources assets or investments (including expenses associated with such acquisition such due diligence costs and external advisors) and to fund trial mining in Sweden, development of pilot test facilities and operations in Germany, continued exploration and development and general working capital.
  - (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
  - (h) 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).
- (i) 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 assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (j) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 27 November 2014.

In the 12 months preceding the date of the 2015 Annual General Meeting and as at the date of this Notice, the Company has issued 19,376,019 Equity Securities and this represents 13.3% of the total number of Equity Securities on issue at the commencement of that 12 month period.

The Company did not issue any Shares pursuant to Listing Rule 7.1A during the year.

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the 2015 Annual General Meeting are in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and details of any discount	Consideration & Use of Funds as at the date of this Notice
9/03/2015	1,000	Shares	Option holder (exercise of Quoted Options)	Issue price of \$0.35 per Share, representing a discount of 24% to the market price at the date of issue	<p><b>Form:</b> Cash</p> <p><b>Amount spent:</b> \$350</p> <p><b>Amount remaining:</b> Nil</p> <p><b>Use and proposed use:</b> to fund trial mining in Sweden, development of pilot test facilities and operations in Germany, continued exploration and development and general working capital.</p>
25/03/2015	13,750,000	Shares	Institutional and sophisticated investors who are not related parties of the Company	Issue price of \$0.40 per Share, representing a discount of 13% to the market price at the date of issue	<p><b>Form:</b> Cash</p> <p><b>Amount spent:</b> \$1,950,000</p> <p><b>Amount remaining:</b> \$3,550,000</p> <p><b>Use and proposed use:</b> to fund trial mining in Sweden, development of pilot test facilities and operations in Germany, continued exploration and development and general working capital.</p>
27/03/2015	1,000,000	Unquoted Options <sup>(1)</sup>	Employees	Issue price of nil	<p><b>Form:</b> Non-cash</p> <p><b>Consideration:</b> Options were issued for remuneration and incentive purposes under an employee incentive scheme.</p> <p><b>Current value:</b> \$188,000<sup>(2)</sup></p>

Date of Issue	Number of Securities	Type of Security	Recipient of Securities	Issue Price and details of any discount	Consideration & Use of Funds as at the date of this Notice
31/03/2015	10,019	Shares	Optionholder (exercise of Quoted Options)	Issue price of \$0.35 per Share, representing a discount of 14% to the market price at the date of issue	<b>Form:</b> Cash <b>Amount spent:</b> Nil <b>Amount remaining:</b> \$3,506.65 <b>Use and proposed use:</b> to fund trial mining in Sweden, development of pilot test facilities and operations in Germany, continued exploration and development and general working capital.
16/07/2015	215,000	Shares	Optionholder (exercise of Options)	Issue price of \$0.35 per Share, representing a discount of 12% to the market price at the date of issue	<b>Form:</b> Cash <b>Amount spent:</b> Nil <b>Amount remaining:</b> \$75,250 <b>Use and proposed use:</b> to fund trial mining in Sweden, development of pilot test facilities and operations in Germany, continued exploration and development and general working capital.
3/09/2015	2,000,000	Unquoted Options <sup>(3)</sup>	Mr Michael Lew (and/or his nominees)	Issue price of nil	<b>Form:</b> Non-cash <b>Consideration:</b> Options were issued in consideration for the provision of business development services. <b>Current value:</b> \$166,000 <sup>(4)</sup>
8/09/2015	2,400,000	Unquoted Options <sup>(5)</sup>	Employees	Issue price of nil	<b>Form:</b> Non-cash <b>Consideration:</b> Options were issued for remuneration and incentive purposes under an employee incentive scheme. <b>Current value:</b> \$333,600 <sup>(2)</sup>

Notes:

- (1) Options have an exercise price of \$0.54 each, on or before 26 March 2020.
- (2) In respect of the 3,400,000 Options issued to employees the valuation was prepared internally and based on the Black-Scholes methodology.
- (3) Full terms and conditions of the Performance Options are in Schedule 2.
- (4) In respect of the 2,000,000 performance Options issued to Mr Michael Lew (and/or his associates) the valuation was prepared internally and based on the Black-Scholes methodology.
- (5) Options have an exercise price of \$0.60 each, on or before 4 October 2018.
- (6) 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.
  - (k) A voting exclusion statement is included in the Notice.
  - (l) 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 – RATIFY PREVIOUS PLACEMENT OF PERFORMANCE OPTIONS**

### **6.1 General**

On 3 September 2015 the Company announced that it had appointed Mr Michael Lew as its business development manager in North America.

Mr Lew's remuneration package includes, amongst other things, the issue of the Performance Options.

The Performance Options were issued on 3 September 2015 within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval

Resolution 5 seeks Shareholder approval for the ratification of the issue of the Performance Options.

### **6.2 Listing Rule 7.4**

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 7.4 provides an exception to Listing Rule 7.1. It provides that, where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Resolution 5 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **6.3 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the Performance Options:

- (a) a total of 2,000,000 Options were issued as Performance Options;
- (b) the Performance Options were issued in consideration for the provision of business advisory services and therefore had an issue price of nil;
- (c) the terms and conditions of the Performance Options are in Schedule 2;
- (d) the Performance Options were issued to Mr Lew (and/or his nominees);
- (e) the Performance Options were issued in consideration for the provision of business advisory services and therefore will not raise any funds; and
- (f) a voting exclusion statement is included in the Notice.

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.

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**7. ENQUIRIES**

Shareholders are requested to contact the Company Secretary, Dean Scarparolo, on (+61 8) 9481 6667 if they have any queries in respect of the matters set out in these documents.

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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.

**Incentive Options** has the meaning given in Resolution 3.

**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.

**Performance Options** has the meaning given in Resolution 5.

**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 2015.

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

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

**Securities** means a Share and a Unit Stapled and traded together in accordance with the constitution of the Company and Trust (as amended from time to time).

**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 – TERMS AND CONDITIONS OF MANAGING DIRECTOR INCENTIVE OPTIONS

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The terms and conditions of the Incentive Options (**Options**) are as follows:

### 1. Entitlement

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

### 2. Exercise Price and Expiry Date

The Options have an exercise price of the higher of:

(a) \$0.60; and

(b) 1.45 x the closing share price of the Company's Shares on the date of issue of the Option, per Option (**Exercise Price**) and an expiry date of 5:00pm (WST) on 4 October 2018 (**Expiry Date**).

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

### 3. Exercise Period

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

### 4. Quotation of the Options

The Options will be unquoted.

### 5. Transferability of the Options

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

### 6. Notice of Exercise

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

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 5,000 Shares and in multiples of 5,000 Shares.

### 7. Lodgement Instructions

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

### 8. Shares Issued on Exercise

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

### 9. Quotation of Shares on Exercise

Application will be made by the Company to ASX, on the Business Day the Shares are issued, for

quotation of the Shares issued upon the exercise of the Options.

## **10. Timing of Issue of Shares**

Within 15 business days after the later of the following:

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

the Company will:

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

## **11. Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 business days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

## **12. 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):

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

## **13. 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 12 will apply) there will be no adjustment of the Exercise Price of an Option or the number of Shares over which the Options are exercisable.

## **14. Adjustments for Reorganisation**

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

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## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE OPTIONS

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The terms and conditions of the Performance Options (**Options**) are as follows:

- a) The number of Options that will vest and become exercisable are subject to the achievement of the following performance vesting conditions being met before 31 December 2016:
- (i) 660,000 Options on the execution of a binding formal agreement to collaborate on graphene products with a targeted industry participant (**Target**);
  - (ii) 670,000 Options on the execution of a strategic investment from or joint venture with a Target; and
  - (iii) 670,000 Options on the execution of a binding off-take agreement for greater than 1,000 tonnes of graphene.

*(In the event that the performance vesting conditions outlined at (a)(i),(ii) and (iii) above are not met, the Board of Talga Resources Ltd has discretion to allow the vesting of the Options based on a best efforts assessment.)*

- 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 Australian cents each (AUD \$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. 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 the ASX.
- o) 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):
- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.

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# TALGA RESOURCES LTD

ACN: 138 405 419

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

SHARE REGISTRY:  
Security Transfer 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

«Company\_code»«Sequence\_number»«Address\_unknown»

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

Code:

TLG

Holder Number:

«HOLDER\_NUMB

## 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.

«ONLINE PRX

### 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 27 November 2015 at QV1 Conference Centre, Level 2, 250 St Georges Terrace, Perth WA 6000 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 Resolutions 1 and 3 as the Chairperson sees fit (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 3 are 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 Resolutions 1 & 3 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. Adoption of Remuneration Report

For

Against

Abstain

2. Re-election of Director - Mr Grant Mooney

3. Issue of Incentive Options to Mr Mark Thompson, Managing Director

4. Approval of 10% placement capacity

5. Ratify previous placement of Performance Options

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

### SECTION C: Signature of Security Holder(s)

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am WST on Wednesday 25 November 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

<b>Online</b>	<a href="http://www.securitytransfer.com.au">www.securitytransfer.com.au</a>
<b>Postal Address</b>	PO BOX 535 Applecross WA 6953 AUSTRALIA
<b>Street Address</b>	Alexandrea House Suite 1, 770 Canning Highway Applecross WA 6153 AUSTRALIA
<b>Telephone</b>	+61 8 9315 2333
<b>Facsimile</b>	+61 8 9315 2233
<b>Email</b>	<a href="mailto:registrar@securitytransfer.com.au">registrar@securitytransfer.com.au</a>

#### 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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