

Issue of Incentive Securities

Talga Resources Ltd (“**Talga**” or “**the Company**”)(**ASX: TLG**) advises that it has today issued 1,000,000 Incentive Options to the Chief Operating Officer of the Company, Mr Martin Phillips, under the terms of the Employee Securities Incentive Scheme approved at the Company's 2019 Annual General Meeting (Scheme).

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term as it moves to execute the Vittangi Anode Project and progress expansion plans. It is important for the Company to provide the best opportunity for continuity on a Board and Senior Executive level throughout this development stage.

Therefore, the Board has resolved to issue, conditional on the receipt of shareholder approval to be sought at the Company's 2020 Annual General Meeting:

- 4,000,000 Incentive Options to the Managing Director, Mr Mark Thompson;
- 600,000 Performance Rights to the Chairperson, Mr Terry Stinson; and
- 500,000 Performance Rights to each of the Non-Executive Directors, Mr Grant Mooney, Mr Stephen Lowe and Mr Ola Mørkved Rinnan.

The Incentive Options are exercisable at a 45% premium to the Volume Weighted Average Share Price (“VWAP”) during the 7 day period up to and including 22 September 2020. The Performance Rights and the Incentive Options are all subject to vesting milestones.

The terms and conditions of the Incentive Options and Performance Rights are summarised in Annexure 1 and 2 of this announcements, and are otherwise issued pursuant to the Scheme.

Please contact me should you have any queries in relation to the above.

Yours Sincerely,



Dean Scarparolo
Company Secretary
Talga Resources Ltd
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Authorised for release by the Talga Board of Directors.



ANNEXURE 1

Terms and Conditions of Incentive Options

1. Entitlement

Subject to the terms and conditions set out below, each Incentive Option once vested entitles the holder of the Incentive Option (**Holder**), on exercise, to the issue of one fully paid ordinary share (**Share**).

2. Vesting Conditions

The Incentive Options are subject to the following Milestone, Milestone Date and Expiry Date:

Milestone	Milestone Date	Expiry Date
Announcement by the Company on the ASX market announcements platform of the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project of a production scale of at least that disclosed in the pre-feasibility study announced on 23 May 2019.	30 November 2023	31 December 2023

3. Vesting

The Company will notify the Holder in writing (**Vesting Notice**) within 3 business days of becoming aware that the Milestone has been satisfied. For the avoidance of doubt, the Milestone can only be satisfied once and may only be satisfied on or before the Milestone Date.

4. Exercise

Upon receipt of a Vesting Notice, the Holder may apply to exercise the Incentive Options into Shares by:

- a. delivering a signed notice of exercise to the Company Secretary, in the form provided by the Company to the Holder prior to the Expiry Date; and
- b. either:
 - i. making payment of the Exercise Price for each Incentive Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company; or
 - ii. stating in the notice of exercise that the Holder elects to use the cashless exercise facility as permitted in the Scheme rules.

(together, **Exercise Notice**).

5. Milestone Date and Expiry Date

If the Milestone is not satisfied by 5.00pm (WST) on the Milestone Date, the Incentive Options will expire and lapse.

If the Milestone has been satisfied by 5.00pm (WST) on the Milestone Date, but an Exercise Notice has not been provided by the Holder to the Company in accordance with condition 4 on or before 5.00pm (WST) on the Expiry Date, the Incentive Options will expire and lapse.

6. Transfer

Unless determined otherwise by the Board in its absolute discretion the Incentive Options are not transferable.

7. Entitlements and bonus issues

Subject always to the rights under condition 8 (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.

8. Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

9. Right to receive notices and attend general meetings

Each Incentive Option confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.

10. Voting rights

An Incentive Option does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.

11. Dividend rights

An Incentive Option does not entitle the Holder to any dividends.

12. Return of capital rights

The Incentive Options do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

13. Rights on winding up

The Incentive Options have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

14. Change in control

Notwithstanding any other provisions of the Rules, if a "Change of Control Event" (as defined in the Scheme) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Incentive Options will be dealt with, including, without limitation, in a manner that allows the Holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

15. Takeovers limitation

- a. Notwithstanding any other provision of these terms, if the exercise of any Incentive Option would result in any person being in breach of section 606(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**), the exercise of each Incentive Option that would cause the contravention will be deferred until such time or times thereafter that the exercise would not result in a contravention of section 606(1).
- b. The Company will not be required to seek the approval of its shareholders for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Share on the exercise of Incentive Options.
- c. If the exercise of any Incentive Options is restricted by condition 15a and the resultant Shares are not issued before the Expiry Date, the Incentive Options are to expire on the Expiry Date and the Holder will have no further rights and the Company will have no further obligations in respect to the expired Incentive Options or the underlying Shares.

16. Issue of Shares

Within 5 business days after the date on which the Company receives an Exercise Notice or the Incentive Options are exercised under condition 15, the Company will:

- a. issue the Shares specified in the Exercise Notice or pursuant to the exercise under condition 15;
- b. give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- c. apply for official quotation on ASX of Shares issued pursuant to the exercise of the Incentive Options.

If the Company is unable to deliver a notice under condition 16b or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Incentive Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the exercise of Incentive Options will upon issue rank pari passu in all respects with other Shares.

17. Quotation

Incentive Options will not be quoted on ASX. On exercise of Incentive Options into Shares, the Company will apply for quotation in accordance with condition 16(c).

18. No other rights

An Incentive Option does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

19. Amendments required by ASX

The terms of the Incentive Options may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

ANNEXURE 2

Terms and Conditions of Performance Rights

1. Entitlement

Subject to the terms and conditions set out below, each Performance Right once vested entitles the holder of the Performance Right (**Holder**), on conversion, to the issue of one fully paid ordinary share (**Share**).

2. Vesting Conditions

The Performance Rights are subject to the following Milestone, Milestone Date and Expiry Date:

Milestone	Milestone Date	Expiry Date
Announcement by the Company on the ASX market announcements platform of the execution of binding documentation for commercial financing of the development of the Vittangi Anode Project of a production scale of at least that disclosed in the pre-feasibility study announced on 23 May 2019.	30 November 2023	31 December 2023

3. Vesting

The Company will notify the Holder in writing (**Vesting Notice**) within 3 business days of becoming aware that the Milestone has been satisfied. For the avoidance of doubt, the Milestone can only be satisfied once and may only be satisfied on or before the Milestone Date.

4. Conversion

Upon receipt of a Vesting Notice, the Holder may apply to convert the Performance Rights into Shares by delivering a signed notice of conversion to the Company Secretary, in the form provided by the Company to the Holder prior to the Expiry Date.

5. Milestone Date and Expiry Date

If the Milestone is not satisfied by 5.00pm (WST) on the Milestone Date, the Performance Rights will expire and lapse.

If the Milestone has been satisfied by 5.00pm (WST) on the Milestone Date, but a notice of conversion has not been provided by the Holder to the Company in accordance with condition 4 on or before 5.00pm (WST) on the Expiry Date, the Performance Rights will expire and lapse.

6. Transfer

Unless determined otherwise by the Board in its absolute discretion the Performance Rights are not transferable.

7. Entitlements and bonus issues

Subject always to the rights under condition 8 (Reorganisation of Capital), Holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.

8. Reorganisation of capital

In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.

9. Right to receive notices and attend general meetings

Each Performance Right confers on the Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of the Company.

10. Voting rights

A Performance Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the *Corporations Act 2001* (Cth) (**Corporations Act**) or the Listing Rules where such rights cannot be excluded by these terms.

11. Dividend rights

A Performance Right does not entitle the Holder to any dividends.

12. Return of capital rights

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

13. Rights on winding up

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

14. Change in control

Notwithstanding any other provisions of the Rules, if a "Change of Control Event" (as defined in the Scheme) occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Holder's Performance Rights will be dealt with, including, without limitation, in a manner that allows the Holder to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

15. Takeovers limitation

- a. Notwithstanding any other provision of these terms, if the conversion of any Performance Rights would result in any person being in breach of section 606(1) of the Corporations Act, the conversion of each Performance Right that would cause the contravention will be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1).
- b. The Company will not be required to seek the approval of its Shareholders for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Share on the conversion of Performance Rights.
- c. If the conversion of any Performance Rights is restricted by condition 14(a) and the resultant Shares are not issued before the Expiry Date, the Performance Rights are to expire on the Expiry Date and the Holder will have no further rights and the Company will have no further obligations in respect to the expired Performance Rights or the underlying Shares.

16. Issue of Shares

Within 5 business days after the date on which the Company receives a Notice of Conversion or the Performance Rights convert under condition 15, the Company will:

- a. issue the Shares specified in the Notice of Conversion or pursuant to the conversion under condition 15;
- b. give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); and
- c. apply for official quotation on ASX of Shares issued pursuant to the conversion of the Performance Rights.

If the Company is unable to deliver a notice under condition 16b or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on conversion of the Performance Rights may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

17. Quotation

Performance Rights will not be quoted on ASX. On conversion of Performance Rights into Shares, the Company will apply for quotation in accordance with condition 16c.

18. No other rights

A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

19. Amendments required by ASX

The terms of the Performance Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.