



4 March 2019

Ms Jessica Coupe
Adviser, Listings Compliance
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: ListingsCompliancePerth@asx.com.au

Dear Ms Coupe

Response to ASX Aware Query letter

I refer to your letter dated 28 February 2019 to Talga Resources Ltd (**TLG** or the **Company**) (**ASX Letter**). Unless specifically defined otherwise below, capitalised terms used in this letter have the same meaning as given in the ASX Letter.

The term "Information" is used in the ASX Letter but was not defined. The Company understands the reference to "Information" is intended to refer to the disclosure in the Announcement regarding new conductive anomalies at the Kiskama Project in Sweden and a new conductor to the east of the Kiskama Project. The responses below are therefore based on this understanding.

The Company responds to each of your queries as follows:

1. Does TLG consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes.

2. If the answer to question 1 is "no", please advise the basis for that view.

Not applicable.

3. When did TLG first become aware of the Information?

The Company completed surface geophysical surveys at the Kiskama Project during September and October 2018. As the Kiskama Project is not a core asset of the Company, this work was not considered to be a priority in terms of the Company's overall work program.

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The initial surface geophysical surveys were undertaken by GRM Services, a Finland-based geotechnical and consulting company.

Following delays for elevation corrections, further processing and modelling of the pseudo-sections was completed by Precision Geophysics, a Perth-based geotechnical and consulting company.

A report was delivered by Precision Geophysics to TLG's Sweden-based contract geologist, Scott Geological, on 30 November 2018.

Scott Geological noted that the report identified various anomalies in the results, and made a recommendation for further infill surveys to be completed, as the conductor anomalies as identified in the report had the potential to be significant, but were insufficiently defined to determine their significance at that stage.

It was subsequently determined by TLG management that, due to access delays, the infill surveys were unable to be completed at that time, consequently it was intended to complete further geological and 3D modelling with various software packages including 'Leapfrog', with further interrogation of historic drill data and refreshed topographic data to derive context and add definition to the anomalies.

This further work was completed by Scott Geological and discussed with Talga management at approximately 10.00pm AWST on Friday 22 February 2019. It was concluded from this discussion that the anomalies may be sufficiently material to warrant disclosure, but that the anomalies needed to be placed in context in order to make such a determination.

Talga management prepared a draft Announcement, with a view to using this to place the anomalies in context and determine whether it may be material and sufficiently definite to warrant disclosure. The draft Announcement was emailed to Scott Geological at 12.14am AWST on Saturday, 23 February 2019 and was then distributed to the various geological consultants for checking and review, who were variably available in Sweden and Australia at the time.

Following further edits, an updated draft Announcement was received by TLG management at 10.46am AWST on Wednesday, 27 February 2019. Over the course of the remainder of the day, TLG management updated and made corrections to the figures and location maps in the Announcement and in conjunction with the competent person, the necessary disclosures in the JORC table.

The announcement was distributed by TLG management to the Company's Board and Company Secretary at 5.01pm AWST on 27 February 2019.

Following the receipt of feedback from the Board, including a conclusion that the information may constitute price sensitive information, the announcement was lodged on the ASX platform at approximately 9.00pm AWST on 27 February 2019.

- 4. If the answer to question 1 is “yes” and TLG first became aware of the Information before the relevant date, did TLG make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TLG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TLG took to ensure that the information was released promptly and without delay.**

Not applicable. TLG finalised and lodged the Announcement on the market announcements platform promptly and without delay upon becoming aware of the Information on 27 February 2019.

The Company noted an increase in the price and volume of its shares being traded on the morning of 27 February 2019. TLG undertook some searches online and became aware of a stock trading and investment newsletter article distributed by Port Phillip Publishing (**PPP**) to its subscribers (**Article**).

The PPP Article contained a positive review on the potential for TLG and recommended its subscribers invest in TLG at different valuations.

TLG does not and has never had any commercial relationship with PPP. The Article was not commissioned, solicited or endorsed by TLG. PPP did not at any stage make contact with TLG’s management regarding the Article or its contents. TLG had no knowledge of the PPP Article until 27 February 2019 from online searches.

TLG notes that the website of PPP advises that it has over 200,000 readers of its free emails, with its subscription services now reaching more than 40,000 investors.

The Article focuses on TLG’s primary graphene and graphite assets and technology. The Kiskama Project was not mentioned in the Article and is not a core asset of the Company.

On the basis of the contents of the Article, the reach of PPP, and the smaller significance of the Kiskama Project to TLG as a whole in comparison to its other assets, the Company believes that the price and volume of its shares traded on 27 February 2019 was as a result of the Article, rather than the Announcement. At no stage did the Company believe it had cause to suspect that the contents of the Announcement may have lost confidentiality.

- 5. Please confirm that TLG is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.



6. Please confirm that TLG's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TLG with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that the responses provided in this letter have been authorised and approved by the Board.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Dean Scarparolo".

Dean Scarparolo
Company Secretary



28 February 2019

Mr Dean Scarparolo
Company Secretary
Talga Resources Ltd
First Floor, 2 Richardson Street
West Perth WA 6005

By email: dean@talgaresources.com

Dear Mr Scarparolo

Talga Resources Ltd ('TLG'): Aware Query

ASX refers to the following:

- A. TLG's announcement entitled "Cobalt and Graphite Exploration Update" lodged on the ASX Market Announcements Platform on 28 February 2019 (the 'Announcement'), disclosing new conductive anomalies at the Kiskama Project in Sweden and a new conductor to the east of the Kiskama Project.
- B. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- C. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- D. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

- E. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks TLG to respond separately to each of the following questions and requests for information:

1. Does TLG consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did TLG first become aware of the Information?
4. If the answer to question 1 is “yes” and TLG first became aware of the Information before the relevant date, did TLG make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe TLG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps TLG took to ensure that the information was released promptly and without delay.
5. Please confirm that TLG is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that TLG’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of TLG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AWST Monday, 4 March 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, TLG’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require TLG to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to TLG's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that TLG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in TLG's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Jessica Coupe
Adviser, Listings Compliance (Perth)