

Drill Results and Resource Status Update

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www.talgaresources.com**Corporate Information**ASX Codes **TLG, TLGOA**Shares on issue **181.9m**Options (listed) **44.9m**Options (unlisted) **26.7m****Company Directors****Keith Coughlan**

Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director

Stephen Lowe

Non-Executive Director

Talga Resources Ltd (ASX:TLG) ("Talga" or "the Company") is pleased to report further high grade graphite results from drilling completed at the Company's 100%-owned projects located in north Sweden (Fig 1).

The results are from the remaining two drillholes at the **Vittangi** graphite project and record high grade graphite ("Cg") from the southern-most line of drilling at the Nunasvaara North deposit (Fig 2) which remains open in this direction and at depth. Significant graphite intercepts from these two holes are highlighted below and detailed in Table 1-2 along with all previously announced significant graphite results from the 2016 drilling program (see ASX:TLG 6 Dec 2016).

Significant results include:

- 23.1m @ 22.9% Cg from 27.4m in NUN16008 (hangingwall unit) and 27.1m @ 16.4% Cg from 94.0m (footwall unit)
- 10.2m @ 21.7% Cg from 45.9m in NUN16009 (hangingwall unit) and 15.9m @ 13.6% Cg from 109.1m (footwall unit)

The new drill results from Nunasvaara North will be used to revise the current JORC (2012) resource estimate at Vittangi. ***Preliminary work on the new resource estimate is underway and on track to be delivered and announced next month.***

At the Company's **Piteå** graphite project located approximately 40km west of the port of Piteå and 300km south from Vittangi, Talga tested two electromagnetic anomalies for graphite mineralisation (see Figure 1 and Table 1 for location data).

The drillholes intersected multiple broad zones of visibly large-flake graphite in gneissic and granitoid host rocks. High resolution scanning and digital processing of outcrop samples by CSIRO demonstrate the majority of the graphite particles are 200-300 µm length and that 20% of the graphite particles exceed >600 µm length, however the mineralised zones average less than significant grades (<5%Cg).

These results will be reviewed along with the associated geophysical data to determine any future work at Piteå in the context of Talga's higher grade projects further north.

For further information, visit www.talgaresources.com or contact:

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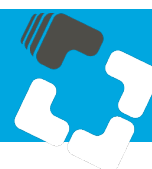


Figure 1 Talga's 100% owned projects, Sweden.

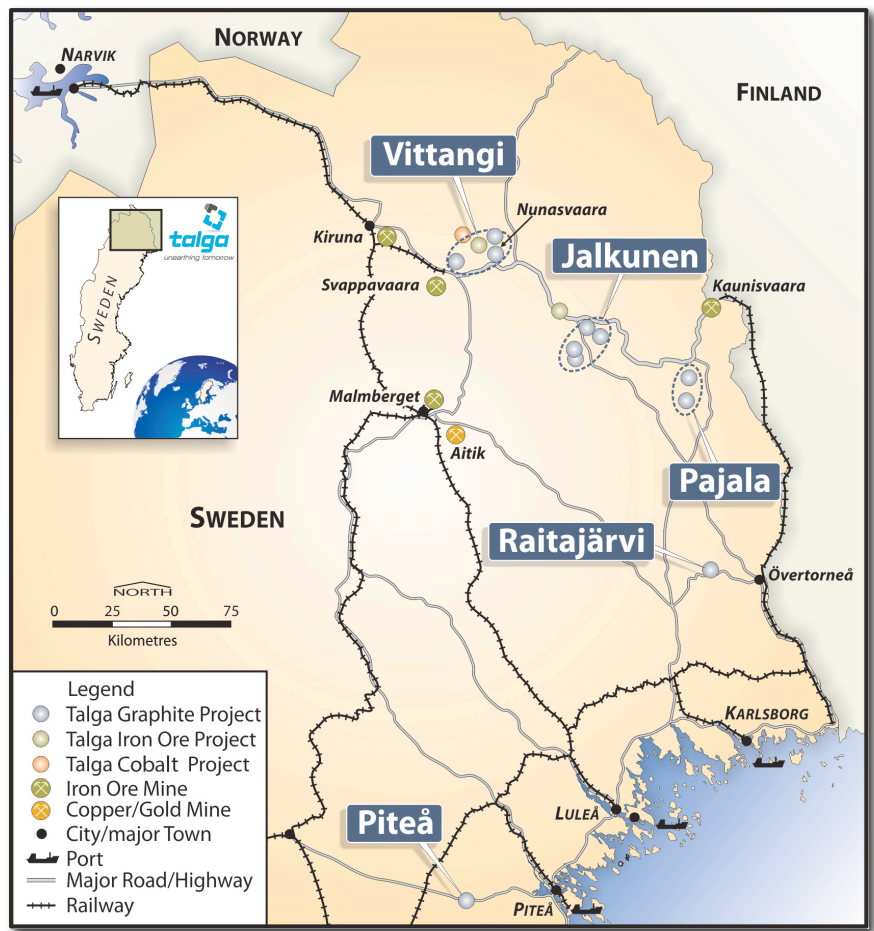
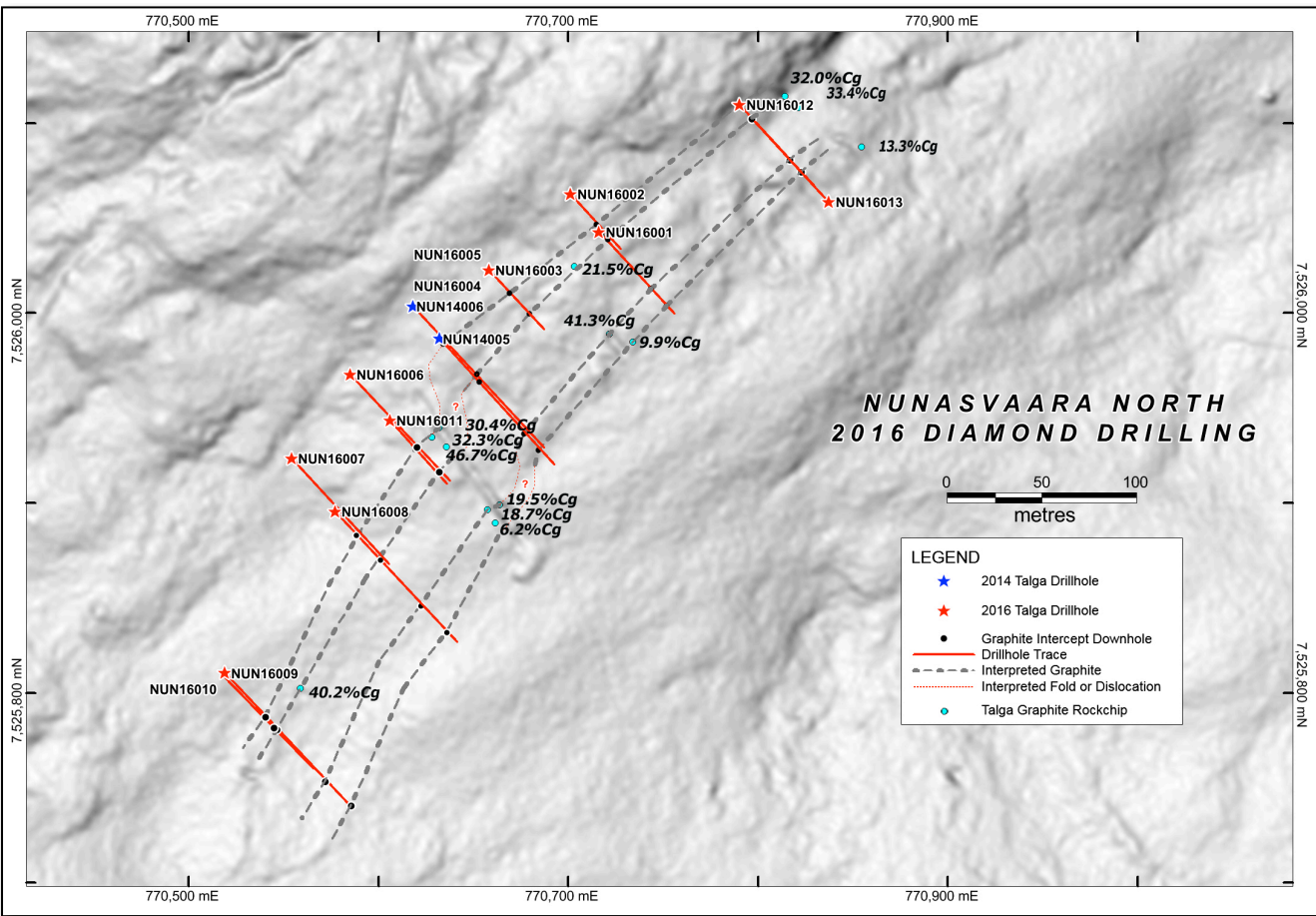


Figure 2 Drill hole locations, Nunasvaara North.



About Talga

Talga Resources Ltd ("Talga") (ASX: TLG) is a technology minerals company enabling stronger, lighter and faster products for the coatings, battery, concrete and carbon composites markets using graphene and graphite. Talga has significant advantages owing to 100% owned unique high grade deposits in Sweden, a pilot test facility in Germany and in-house product IP. Advanced testing is underway with a range of corporations including industrial conglomerate Tata, UK listed Haydale and German based Jena Batteries.

Table 1 2016 program drill hole location and details.

| SWEREF 99TM | | | | | | | |
|-------------|----------|------------------|---------|----------|-----|-----|-----------|
| Hole ID | Project | Prospect | Easting | Northing | Dip | Azi | EOH Depth |
| NUN16001 | Vittangi | Nunasvaara North | 770716 | 7526043 | -55 | 137 | 102.3 |
| NUN16002 | Vittangi | Nunasvaara North | 770701 | 7526063 | -45 | 137 | 54.5 |
| NUN16003 | Vittangi | Nunasvaara North | 770658 | 7526023 | -45 | 137 | 60.3 |
| NUN16004 | Vittangi | Nunasvaara North | 770658 | 7526023 | -65 | 137 | 64.2 |
| NUN16005 | Vittangi | Nunasvaara North | 770658 | 7526023 | -65 | 137 | 85.8 |
| NUN16006 | Vittangi | Nunasvaara North | 770585 | 7525968 | -45 | 137 | 108.7 |
| NUN16007 | Vittangi | Nunasvaara North | 770554 | 7525924 | -45 | 137 | 109.2 |
| NUN16008 | Vittangi | Nunasvaara North | 770577 | 7525896 | -45 | 137 | 133.1 |
| NUN16009 | Vittangi | Nunasvaara North | 770519 | 7525811 | -45 | 130 | 141.8 |
| NUN16010 | Vittangi | Nunasvaara North | 770519 | 7525811 | -65 | 130 | 94.7 |
| NUN16011 | Vittangi | Nunasvaara North | 770606 | 7525944 | -45 | 137 | 63.7 |
| NUN16012 | Vittangi | Nunasvaara North | 770790 | 7526110 | -45 | 137 | 81.8 |
| NUN16013 | Vittangi | Nunasvaara North | 770837 | 7526059 | -45 | 317 | 109.8 |
| NUN16014 | Vittangi | Nunasvaara | 770101 | 7524252 | -45 | 50 | 150.4 |
| NUN16015 | Vittangi | Nunasvaara | 770028 | 7524353 | -45 | 50 | 66.4 |
| NYB16001 | Jalkunen | Nybrännan | 804225 | 7497300 | -50 | 90 | 124.9 |
| NYB16002 | Jalkunen | Nybrännan | 804275 | 7497300 | -50 | 90 | 100.7 |
| LAU16001 | Jalkunen | Lautakoski | 820366 | 7489071 | -50 | 230 | 101 |
| GRD16001 | Piteå | Gråliden | 767325 | 7260360 | -50 | 90 | 95.9 |
| ÖNS16001 | Piteå | Önusträsket | 762577 | 7256921 | -50 | 70 | 101 |

Table 2 Exploration drilling results/significant graphite intercepts from 2016 Talga drilling*.

| Drillhole | From (m) | To (m) | Intercept Downhole (m) | Graphite %Cg | Project | Note |
|-----------|----------|--------|------------------------|--------------|----------|-----------------------------|
| NUN16001 | 2.3 | 11.1 | 8.8 | 25.0 | Vittangi | Nunas North H/W |
| | 71.0 | 92.7 | 21.7 | 11.5 | Vittangi | Nunas North F/W |
| NUN16002 | 30.7 | 39.9 | 9.2 | 27.5 | Vittangi | Nunas North H/W |
| NUN16003 | 21.6 | 43.5 | 21.9 | 30.7 | Vittangi | Nunas North H/W |
| Inc. | 34.3 | 38.5 | 4.3 | 38.2 | Vittangi | Nunas North H/W |
| NUN16004 | n/a | n/a | n/a | n/a | Vittangi | Nunas North Metallurgy Hole |
| NUN16005 | 34.8 | 72.0 | 37.2 | 32.7 | Vittangi | Nunas North H/W |
| Inc. | 55.2 | 65.9 | 10.7 | 42.5 | Vittangi | Nunas North H/W |
| NUN16006 | 73.6 | 95.8 | 22.2 | 29.2 | Vittangi | Nunas North H/W |
| Inc. | 89.2 | 95.8 | 6.7 | 40.1 | Vittangi | Nunas North H/W |
| NUN16007 | 75.0 | 100.4 | 25.4 | 18.7 | Vittangi | Nunas North H/W |
| Inc. | 84.0 | 90.0 | 6.0 | 35.2 | Vittangi | Nunas North H/W |
| NUN16008 | 27.4 | 50.4 | 23.1 | 22.9 | Vittangi | Nunas North H/W |
| | 94.0 | 121.1 | 27.1 | 16.4 | Vittangi | Nunas North F/W |
| NUN16009 | 45.9 | 56.1 | 10.2 | 21.7 | Vittangi | Nunas North H/W |
| | 109.1 | 130.5 | 15.9 | 13.6 | Vittangi | Nunas North F/W |
| NUN16010 | 66.0 | 82.9 | 16.9 | 26.2 | Vittangi | Nunas North H/W |
| NUN16011 | 29.0 | 52.2 | 23.2 | 26.0 | Vittangi | Nunas North H/W |
| NUN16012 | 2.4 | 15.1 | 12.7 | 28.8 | Vittangi | Nunas North H/W |
| | 55.7 | 64.7 | 9.0 | 11.6 | Vittangi | Nunas North F/W |
| NUN16013 | 15.4 | 25.6 | 10.2 | 10.6 | Jalkunen | Nunas North F/W |
| | 65.7 | 68.1 | 2.4 | 23.1 | Jalkunen | Nunas North H/W |
| | 71.7 | 97.8 | 26.1 | 25.5 | Jalkunen | Nunas North H/W |
| NYB16001 | 18.0 | 20.6 | 2.6 | 18.3 | Jalkunen | Nybrännan |
| | 47.5 | 51.7 | 4.3 | 10.5 | Jalkunen | Nybrännan |
| | 96.7 | 112.8 | 16.1 | 15.5 | Jalkunen | Nybrännan |
| NYB16002 | 23.7 | 40.7 | 17.1 | 16.6 | Jalkunen | Nybrännan |
| LAU16001 | 14.2 | 23.4 | 9.2 | 5.4 | Jalkunen | Lautakoski |

**Note all intercepts are downhole widths and are not necessarily indicative of true width. Differences may occur due to rounding. All samples submitted to ALS Global (Malå) for ME-ICPMS61, C-IR18 and Au-AA25 analysis. Significant assay results calculated where total average grade >10%Cg and maximum internal dilution 3.7m except Lautakoski and Piteå where significant results calculated where total average grade >5%Cg.*

Competent Person's Statement

The information in this document that relates to exploration results is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No.990895). Amanda Scott is a full-time employee of Scott Geological AB. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

JORC Code 2012 Edition

Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|-----------------------|---|---|
| Sampling techniques | <ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. | <ul style="list-style-type: none"> Sampling method is half-core sampling of WL66 diamond drill core. Quarter-core sampling utilised where a duplicate samples have been taken. Sampling was carried out under Talgas' sampling protocols and QAQC procedures as per industry best practice. Diamond drilling completed using WL66 coring equipment. Drillholes have been sampled on geological intervals or nominal 1m or 2m intervals where appropriate (approx. 3kg/sample). All samples have been crushed, dried and pulverised (total prep) to produce a sub sample for multi-element analysis by four acid digest with ICPMS/OES, total graphitic carbon by Leco and fire assay and AAS for gold. |
| Drilling techniques | <ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.). | <ul style="list-style-type: none"> Diamond drilling completed by Northdrill Oy from Finland. Diamond drilling completed using WL66 core drilling equipment. Core orientations have been completed using a Reflex ACT 3 core orientation tool. Downhole surveying completed using a Reflex EZTrac survey instrument. |
| Drill sample recovery | <ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | <ul style="list-style-type: none"> Core recoveries are measured by the drillers for every drill run. The core length recovered is physically measured for each run, recorded and used to calculate the core recovery as a percentage of core recovered. Any core loss is recorded on a core block by the drillers. No additional measures have been taken to maximise sample recovery. Insufficient data is available, but given the nature of the mineralisation and competent diamond core, no sample bias expected. |
| Logging | <ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged. | <ul style="list-style-type: none"> All drillcore has been transported from the drill sites to the SGU Core Archive located in Malå for cleaning, reconnection of core lengths and measurement of metre marks where required, over the entire hole. Geological logging has been completed on the entire length of all holes by Amanda Scott, Talgas' Exploration Manager, who is a Competent Person under JORC code and has significant experience in this style of exploration. The lithological, alteration and structural characteristic of the core are logged in digital format and following established procedures. All drillholes are photographed. |

| Criteria | JORC Code explanation | Commentary |
|--|---|--|
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. | <ul style="list-style-type: none"> • All samples delivered to ALS Global in Malå where the core was cut and sampled. • All samples are half-core except for duplicate samples in which case quarter-core samples have been taken. • The sample preparation follows industry best practice sample preparation; the samples are finely crushed with 70% passing <2mm then reduced in a splitter whereby a reject sample and a 250g sample is produced. The 250g sample is then pulverised with 85% passing <75 microns which completely homogenises the sample. A sub-sample of pulp is taken for digestion in a four acid digest, total graphitic carbon and fire assay for gold. Samples with high carbon content were pre-roasted to 700°C prior to analysis for gold. • Duplicate sampling has been completed at a rate of 1:40 where practicable; duplicate results for all holes are satisfactory. • Certified reference material standards and blanks have been inserted at a rate of 1:20 where practicable; standard and blank results for all holes are within accepted limits. • The sample sizes are considered appropriate for the type of mineralisation (graphite) under consideration. |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. | <ul style="list-style-type: none"> • All samples are assayed using a four acid digest multi-element suite (33 elements) with ICPOES or ICPMS finish. The acids used are hydrofluoric, nitric, hydrochloric and perchloric with the method approaching near total digest for most elements. • Selected samples are assayed for total graphitic carbon via Leco furnace. Graphitic carbon is determined by digesting the sample in 50% HCl to evolve carbonate as CO₂. Residue is filtered, washed, dried and then roasted at 425°C. The roasted residue is analysed for C by high temperature Leco furnace with infrared detection. • All samples are assayed for gold by firing a 25g sample with an AAS finish. Samples with a high carbon content are pre-roasted to 700°C prior to analysis for gold. • The analytical methods are considered appropriate for this style of mineralisation. • No geophysical tools or handheld instruments were utilised in the preparation of this release. • Duplicate sampling has been completed at a rate of 1:40 where practicable; duplicate results for all holes are satisfactory. • Certified reference material standards and blanks have been inserted at a rate of 1:20; standard and blank results for all holes are within accepted limits. • Laboratory QA/QC methods include the insertion of certified reference material standards, blanks, and duplicates. |
| Verification of sampling and assaying | <ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. | <ul style="list-style-type: none"> • Determination of the reported downhole interval of mineralisation has been verified by alternative company personnel both in person and via electronic photographic data. • Drillhole NUN16004 & NUN16005 are twin holes; NUN16005 was drilled approximately 1m behind NUN16004 after it was abandoned due to a drilling difficulties. NUN16004 has not been assayed to date but lithological logging shows excellent consistency and repeatability between the two holes. • All geological and location data is currently stored in Excel spreadsheets. Data entry has been by manual input and validation of the small amount of data has been done by checking input on screen prior to saving. • No adjustments or calibrations have been made to any assay data used in this report. |

| Criteria | JORC Code explanation | Commentary |
|---|--|---|
| Location of data points | <ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. | <ul style="list-style-type: none"> Drillhole locations have been planned using a combination of GIS software packages. Drillhole locations have been determined using a Garmin handheld GPS unit with an accuracy of +/- 1m. Drill azimuths were laid-out with a hand-held Suunto compass that has a precision of +/- 0.5 degrees. Downhole surveys have been completed using a Reflex EZTrac downhole survey instrument at regular intervals. Grid system is Swedish Coordinate system SWEREF99. Topographic control has been established by handheld GPS and cross-correlation with digital laser topographic imagery. |
| Data spacing and distribution | <ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. | <ul style="list-style-type: none"> The current data spacing or drill profile separation is approximately 50-100m. The data spacing and distribution is considered sufficient to establish a degree of geological and grade continuity. No sample compositing has been applied. |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | <ul style="list-style-type: none"> All drillholes have been drilled perpendicular (137°/317°-Nunasvaara North, 090°-Nybrännan, 230°-Lautakoski, 090°-Gråliden, 070°-Önusträsket) to the interpreted dip of the lithology. The reported mineralised intercepts from Nunasvaara North, Nybrännan and Lautakoski are downhole widths and are not true widths. The intercepts reported may not represent the true width and should be taken within the context described in the preceding point. |
| Sample security | <ul style="list-style-type: none"> The measures taken to ensure sample security. | <ul style="list-style-type: none"> All drill core transport and logging has been completed by Amanda Scott, Talgas' Exploration Manager. All holes are stored in a locked facility. |
| Audits or reviews | <ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. | <ul style="list-style-type: none"> No external audits or reviews of the sampling techniques and data have been completed to date but an internal audit and review of date, sampling, logging and core handing techniques is scheduled to be completed in early December ahead of the mineral resource estimate. |

Section 2 Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|--|--|--|
| <i>Mineral tenement and land tenure status</i> | <ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | <ul style="list-style-type: none"> The Nunasvaara North prospect is on licence Vittangi nr 2, the Nybrännan prospect is located on licence Nybrännan nr 2, the Lautakoski prospect is located on licence Lautakoski nr 2, the Gråliden prospect is located on licence Gråliden nr 2 and the Önusträsket prospect is located on licence Önusträsket nr 2. All licences are owned 100% by the Company's Swedish subsidiary, Talga Mining Pty Ltd Filial Sweden. The current MRE for Nunasvaara is located entirely on licence Nunasvaara nr 2. The licences are wholly owned by the Company and are located in forested areas. The area is used for seasonal grazing by local indigenous Sami reindeer herders. The Natura 2000 registered Torne River is located approximately 1km to the south of the current MRE for Nunasvaara. The licences are in good standing with the local mining authority, Bergsstaten. |
| <i>Exploration done by other parties</i> | <ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. | <ul style="list-style-type: none"> Talga completed diamond drilling at Nunasvaara North in 2014. Graphite was first identified at Nunasvaara in the early 1900's and has been extensively explored since that time. In the early 1980's LKAB completed diamond drilling and test mining at Nunasvaara. More recently the area has been explored by Anglo American and Teck Cominco for copper and base metals prospectivity. No previous drilling has been completed at the Nybrännan, Lautakoski or Gråliden prospects. Historical diamond drilling was completed by SGU (Swedish Geological Society) at the Önusträsket prospect in the late 1980's. There are historical workings located at the Nybrännan prospect of which Talga has rock chip sampled. |
| <i>Geology</i> | <ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. | <ul style="list-style-type: none"> The mineralisation at Nunasvaara and Nunasvaara North comprises two sub-vertical, 20-30m wide lithologically continuous units of very fine grained, dark-grey to black flake graphite containing 10-40% graphitic carbon. The hangingwall is comprised of mafic volcanoclastics and tuffaceous units and the footwall to the mineralisation is a mafic intrusive (dolerite-gabbro). The graphite units are regionally extensive over many kilometres and are interpreted to have developed in a shallow fresh water basin in the early Proterozoic (Circa 1.8 billion years). Subsequent deformation, possibly related to domal intrusive bodies have metamorphosed and tilted the units to the sub-vertical orientations present today. The graphite at Nunasvaara is very fine grained, very high grade and metallurgical testwork completed by the Company shows graphite and graphene products can be produced to commercial specifications. The mineralisation at Nybrännan is very similar to that at Nunasvaara; a 15-20m wide lithologically continuous unit of very fine grained, dark-grey to black flake graphite containing 10-20% graphitic carbon. The hangingwall is comprised of mafic volcanoclastics and tuffaceous units and the footwall to the mineralisation is a mafic intrusive (dolerite-gabbro). The copper mineralisation at Lautakoski is hosted in intensely altered (K-feldspar, scapolite, silica, albite) mafic volcanoclastic and tuffaceous sediments. Cobalt, gold and molybdenum mineralization is broadly co-incident with the copper mineralization. The graphite mineralisation at both Gråliden and Önusträsket is classified as coarse flake graphite. At both prospects the mineralization is hosted within a biotite-graphite-quartz-muscovite gneiss. The gneissic units contain common pegmatite and aplite dykes. |

| Criteria | JORC Code explanation | Commentary |
|--|---|--|
| Drill hole Information | <ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | <ul style="list-style-type: none"> Drill hole locations are shown in the figures and tables in the text of the report. Appropriate maps and plans also accompany this announcement. |
| Data aggregation methods | <ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. | <ul style="list-style-type: none"> The significant graphite intercepts in this report are based on $\geq 10\%$ Cg and include varying amounts of internal dilution as specified in the applicable tables. The significant copper intercept in this report is based on a 0.1% Cu lower cut-off grade and varying amounts of internal dilution as specified in the applicable tables. No high-grade cut-off has been used in this report. Length-weighted averaging has been used to calculate all intercepts in this report. Length-weighted averaging has been used given that sampling intervals were determined geologically and not always nominally. No metal equivalents have been used in this report. |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). | <ul style="list-style-type: none"> The reported mineralisation intercepts are downhole widths and not true widths, which are unknown at this time. The geometry of the graphite mineralisation at Nunasvaara North and Nybrännan is well understood and all drilling has been completed perpendicular to the strike of the mineralisation. At Lautakoski, Grålidén and Önusträsket the drillholes have been drilled perpendicular to the interpreted geophysical conductors. The copper mineralisation at Lautakoski is not well understood given the single drillhole at this prospect. |
| Diagrams | <ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | <ul style="list-style-type: none"> Appropriate maps, photographs and tabulations are included in the main body of this report. |
| Balanced reporting | <ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | <ul style="list-style-type: none"> The report provides the total information available to date and is considered to represent a balanced report. |
| Other substantive exploration data | <ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | <ul style="list-style-type: none"> Previous exploration results, including the JORC Inferred Mineral Resource Estimate for Nunasvaara have been previously reported. No other exploration data is considered material at this stage. |
| Further work | <ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | <ul style="list-style-type: none"> The balance of assay results from the recently completed diamond drilling programme are expected to be reported before the end of 2016. Metallurgical testwork on NUN16004 will continue at the Company's pilot plant in Germany and first-pass metallurgical testwork on drillcore samples from the Jalkunen and Piteå graphite projects are expected to commence in early 2017. Petrographical, geophysical and geological interpretation of all prospects is ongoing. An updated mineral resource estimate for Nunasvaara including the new results from Nunasvaara North is expected to be completed during the first quarter 2017. |