

## Surface Treatment Joint Development Update

### Talga Resources Ltd

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### Corporate Information

ASX Codes **TLG, TLGOA**

Shares on issue **181.9m**

Options (listed) **44.9m**

Options (unlisted) **28.7m**

### Company Directors

**Terry Stinson**

Non-Executive Chairman

**Mark Thompson**

Managing Director

**Grant Mooney**

Non-Executive Director

**Stephen Lowe**

Non-Executive Director

Talga Resources Ltd ("**Talga**" or the "**Company**") provides context around its surface treatment commercialisation strategy as well as further clarity on the key terms to its recently executed graphene product development agreement with Chemetall, a part of BASF's Coatings Division ("**Chemetall**") (refer to ASX announcement dated 28 Mar 2017).

### Strategy

Talga has developed a strategy for the commercialisation of graphene 'products' across four target markets including but not limited to coatings, energy (batteries), building materials and epoxy composites.

Talga has referred to using the partnership with Chemetall ("**Chemetall Agreement**") as a model to develop long term supply opportunities with other industry end users in target markets other than coatings. This development format is an approach developed and being tested by Talga alone, independent of any of its commercial partners.

Specific surface treatment product development milestones achieved by Talga to date include:

- Internal validation: successful development of graphene-based coating formulations (patent pending);
- Academic validation: tests of graphene coatings at research institutions;
- Prototype development: industry collaboration and testing of graphene raw materials as well as 'value added' fit for purpose graphene products (refer to ASX announcement dated 16 August 2016);
- Peer review: independent peer review study validating performance of graphene formulation prototypes (refer to ASX announcement dated 22 September 2016); and
- Industry partnership: agreement reached with Chemetall to jointly develop graphene-enhanced metal surface coatings.

### Details of Terms

The Chemetall Agreement is a significant milestone in Talga's transition from development to product commercialisation. Many of the specifics surrounding the key terms of the Chemetall Agreement remain 'commercial in confidence' and if disclosed in their entirety could be used by competitors of Chemetall and Talga to the detriment of both parties.

In order to provide as much detail as possible for investors to consider the significance of the Chemetall Agreement, Talga can confirm that the key terms include:

- ✓ A two (2) year product development phase where Talga graphene test work product samples will be sold to Chemetall; and
- ✓ A five (5) year exclusive graphene supply arrangement where Chemetall shall purchase graphene solely and exclusively from Talga in the event that jointly developed products are commercialised (in addition to product development samples).



It should be noted that product development supply volumes beyond those required to kick-start the product development program are currently unquantifiable and will be dependent on the successful outcome of the staged joint test program. It would be envisaged that successful outcomes will drive a requirement for progressively larger scale testing and therefore, increased supply of Talga product as the development program unfolds, but this is not guaranteed.

The last stages of product development test work, before any potential full scale commercial decisions, may include full scale trials on production or pilot lines. Ongoing development program volume requirements will be the subject of regular scheduled project committee meetings between the parties.

Beyond the development program, any future revenues associated with the 5 year exclusivity arrangement are dependent on the effectiveness of the product development program that precedes it. Specific commercialisation terms would be the subject of a separate and future agreement to be negotiated between the parties.

Pricing for the purchase of Talga graphene formulations during both the development phase and exclusivity period remain commercially sensitive.

For further information visit [www.talgaresources.com](http://www.talgaresources.com) or contact:

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### About Talga

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

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