

**Talga Resources Ltd**

ABN 32 138 405 419

1st Floor, 2 Richardson St,
West Perth, WA 6005

T: +61 8 9481 6667

F: +61 8 9322 1935

www.talgaresources.com**Corporate Information**ASX Code **TLG**Shares on issue **55.3m**Options (unlisted) **3.75m****Company Directors****Sean Neary**

Non-Executive Chairman

Mark Thompson

Managing Director

Piers Lewis

Non-Executive Director

 **ASX Code: TLG**

500% INCREASE TO 307,300 TONNES CONTAINED GRAPHITE IN NEW RESOURCE UPGRADE FOR TALGA'S SWEDISH PROJECT

HIGHLIGHTS

- New resource estimate lifts Talga's Raitajärvi resource to 307,300 tonnes total contained graphite compared to 54,000t previously.
- Represents a 500% increase in contained resource inventory.
- Raitajärvi project JORC mineral resource now totals 4.3Mt @ 7.1% graphite with 3.4Mt @ 7.3% graphite classified Indicated.
- Coarse flake graphite near major European market, with new resource supporting potential for 10+ year mine life.
- Deposit remains open at depth and along strike with only 25% of the EM conductor/graphitic unit tested to date.

Talga Resources Limited (ASX:TLG) ("Talga" or "the Company") is pleased to announce the updated JORC mineral resource estimate for the Company's 100%-owned **Raitajärvi** flake graphite project in northern Sweden (see Fig 1).

The Indicated and Inferred resource estimate for Raitajärvi now totals 4.3 million tonnes at 7.1% graphite ("Cg") when applying a 5% Cg cut-off grade, with 3.4 million tonnes at 7.3% Cg in the Indicated category. Details of the Mineral Resource are shown in Table 1 and parameters relevant to the estimation are provided in Appendix 1.

Managing Director's comment:

"The new resource estimate at Raitajärvi exceeded our expectations and supports Talga's goal for a deposit potentially capable of producing 25,000 tonnes per annum of coarse flake graphite concentrate over at least 10 years. Being proximal to established bulk commodity transport infrastructure and to the European market that currently imports 95% of the 200,000 tonnes of natural graphite that it consumes each year, is a major advantage (Fig 2).

Furthermore, the option to direct rail to European end users may offer a significant price



Fig 1. Talga Resources project locations in north Sweden.

advantage in bringing our graphite to market sooner, and will assist with what we believe will be attractive operating margins.

To date we have drill tested only 25% of the known EM conductor/graphitic unit and with other prospects also occurring within the 17km² project area there is plenty of scope for further growth if required."

Raitajärvi Project

The Raitajärvi graphite project is advantageously located 2km from the Överkalix - Övertorneå Highway, 25km by road to the nearest railway and 130km by road to the Port of Luleå in northern Sweden. The wholly owned project consists of two exploration permits covering 17km² of folded and sheared gneissic metasediments, intruded by granite and pegmatite.

Resource Expansion

Talga's 2013 resource drilling focussed on the western lobe of an EM conductor/graphitic unit where coarse flake graphite had been previously drilled by the Swedish Geological Survey ("SGU").

The new resource estimate of **4.3Mt @ 7.1% Cg** (Indicated + Inferred, See Table 1 and Fig 3) incorporated a total of 48 diamond drill holes for 4,907 metres, and was calculated by qualified independent consultant Cox'sRocks Pty Ltd in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004), the "JORC" Code.

The growth in the resource and classification of the majority of the tonnes as Indicated follows Talga's successful maiden drilling campaign of March-April 2013, and reflects additional mineralisation defined along strike and down-dip of historic SGU drilling. Total contained graphite has increased by more than **500% to 307,300 tonnes**, a substantial increase over the previously reported estimate (0.5Mt @ 10.8% Cg for 54,000 tonnes contained graphite, reported ASX:TLG 28 Feb 2012). The deposit remains open at depth and along strike with only 25% of the EM conductor/graphitic unit drill tested to date (Fig 4).

Coarse Flake Graphite

Historic work on the Raitajärvi deposit identified a high percentage of coarse flake graphite (Table 2), a form of graphite in high demand within Europe which imports 95% of its annual needs (Ref

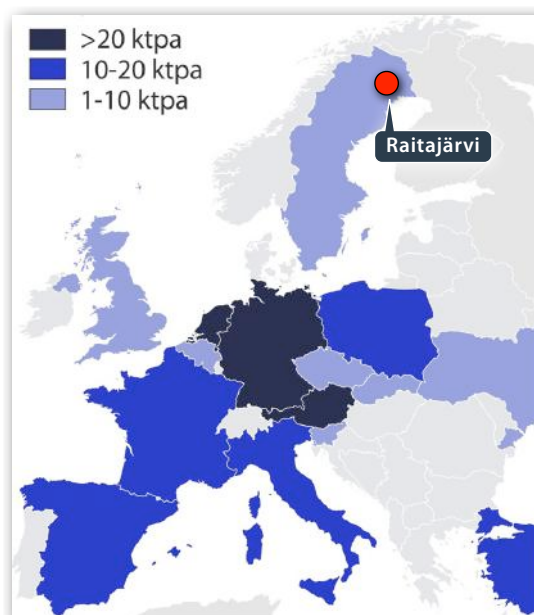


Fig 2. Europe Natural Graphite Imports; Industrial Minerals 2012 Report.

Table 1. Raitajärvi Mineral Resource at 5% Cg cut-off August 2013. Some values may not total due to rounding.

JORC Category	Tonnes (Mt)	Grade (%Cg)	Contained Graphite (tonnes)
Indicated Resource	3.4	7.3	246,400
Inferred Resource	0.9	6.4	60,900
Total	4.3	7.1	307,300

Fig 3. Oblique view of Raitajärvi resource block model.

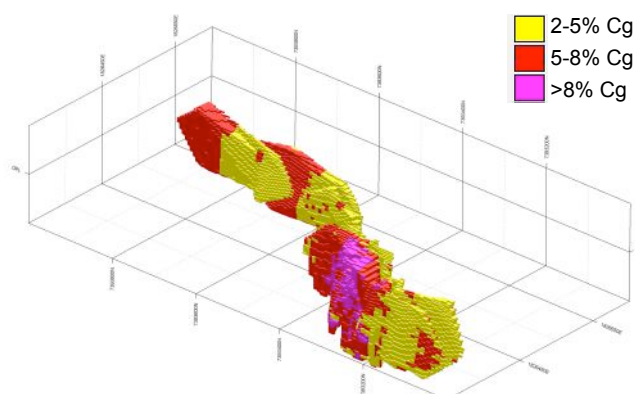


Table 2. Historic Raitajärvi flake graphite size distribution results.

Deposit	< 100µm	100-200µm	200-400µm	>400µm
Raitajärvi	13%	38%	38%	11%

Industrial Minerals 2012 natural graphite report).

Previous metallurgical work undertaken by the SGU produced graphite concentrates grading up to 93% C from basic flotation and 99% C after unoptimised upgrading (See ASX:TLG 4th February 2013) which indicates excellent scope for standard processes to recover a high quality graphite product from Raitajärvi. Recent prices for the most common types of natural graphite sold in Europe are shown in Table 3.

Development Context

Talga's Raitajärvi project has several potential development advantages over deposits in other jurisdictions. It is located adjacent to low cost power supply and established bulk commodity transport infrastructure, in a low sovereign risk yet world-competitive mining jurisdiction. Sweden has direct road and rail links to customers in mainland Europe (Fig 5) which may offer considerable delivered cost benefits over longer lead time shipping. Furthermore Raitajärvi is designated an "Area of National Interest for Minerals" by the SGU which affords state protection against competing land use to the benefit of mineral extraction and development.

The Company's next steps include commencing refreshed metallurgical work to produce a concentrate specification tailored for European end users and advanced marketing of the resultant products. Talga has a co-operative agreement with several European graphite consumers that will assist with this aim.

For further information, please contact:

Mark Thompson

Managing Director

+61 (08) 9481 6667 admin@talgaresources.com

Fig 4. Plan of central part of Talga's Raitajärvi graphite project.

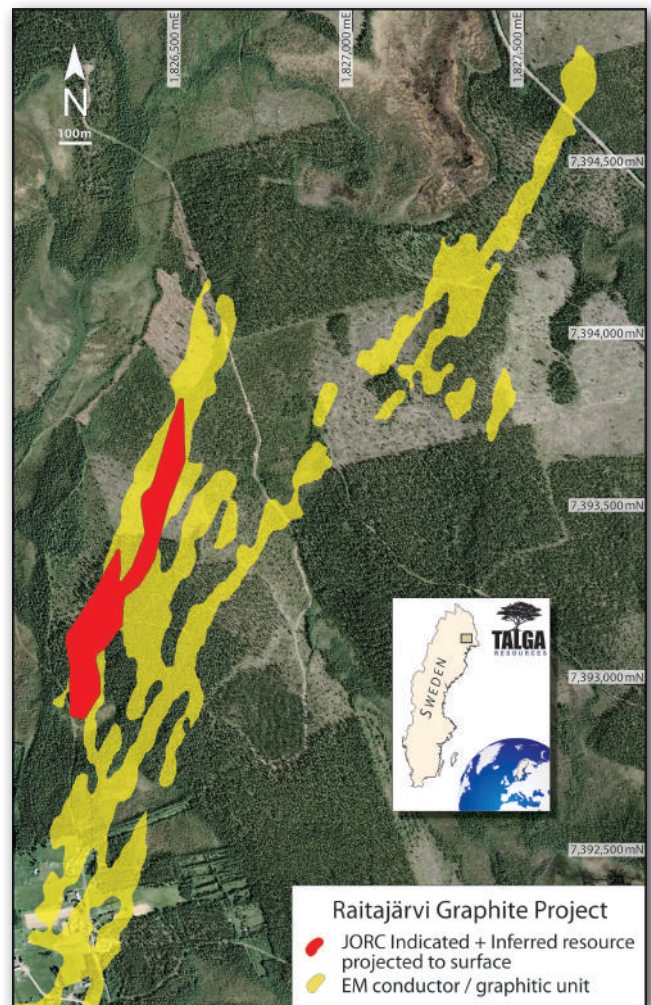


Fig 5. Road and rail transport infrastructure proximal or relevant to the Raitajärvi graphite project.



Table 3. Common natural graphite concentrate product sizes, grades and prices.

Microns	Graphite Size US Mesh	Purity %C	US \$/tonne
300+	50+	94-97	>1800
180-300	80-50	94-97	1350
		90	1200
150-180	100-80	94-97	1200
		90	1025
		85-87	900
75-150	200-100	94-97	1050
		90	850
-75	-200	80-85	525

Source: Industrial Minerals Magazine Aug 2013.

Most prices FCL, CIF European Port.

Note prices averaged from low-high range and selected as common commercial products where natural graphite sold as concentrate. Many specialty grades with much higher prices are traded but do not represent the bulk of market demand.

Appendix 1

Raitajärvi resource estimation methodology

A total of 48 diamond drill holes (20 historical, 28 from 2013 program) for 4907 metres and 5 historical trenches for 803 metres were considered when estimating the Raitajärvi resource. Drill hole section spacing was at 20 - 160 metres with holes spaced approximately 10 - 50 metres apart on each section.

Analysis of historical drill core was completed on composite 0.6m to 3.2m half core by the Minpro AB laboratory in Storå, Sweden (Carbon and sulphur - Leco/IR detector) or SGAB Analys laboratory in Luleå, Sweden (ICP Fire Assay Au, Ag, Pt, Pd). Analysis of drill core from the 2013 diamond drill program was completed on composite 0.2m to 2.5m half core by ALS Brisbane, Australia (Graphitic Carbon ("Cg") via HCl digestion, followed by roasting at 425°C with C determination using LECO furnace with IR detection; Total C and S via LECO furnace with IR detection; 48 multi-element detection by ICP-MS).

All drill holes were located using an RTK-GPS, with an estimated location error of approximately 1cm.

A bulk density of 2.80g/cm³ and lower cut off of 5% Cg was applied, with a maximum vertical depth of 190 metres from surface.

Interpretation on section was completed with the outlines wireframed together to form coherent validated shapes. The grade estimation method was ID2 of values lying within validated wireframes (solids) with only the numbers from the individual wireframes/solids used for the interpolation.

Parent block sizes were set at 5m (x), 20m (y) and 5m (z), with the sub-cell size down to half of the parent cell size. The resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

ABOUT TALGA RESOURCES LTD

Talga Resources Limited (**Talga**) (ASX: "TLG") is a diversified mineral explorer and developer with a portfolio of 100% owned graphite, iron, copper/gold projects in Sweden and gold projects in Western Australia.

Graphite

Talga wholly owns multiple advanced and high grade graphite projects in northern Sweden. The immediate focus is to advance these projects towards development, utilising the advantages of established quality infrastructure including power, road, rail and ports in a world class mining jurisdiction.

Iron

Talga owns multiple magnetite iron deposits located in the Kiruna mineral district of northern Sweden. The iron deposits are of significant scale and strategic importance, with considerable growth upside based on historic drilling. Talga's strategy is to divest or find a strategic partner for these assets to provide funds for the graphite projects.

Gold

Talga owns multiple high grade gold projects located in the Yilgarn and Pilbara regions of Western Australia, which the Company is divesting to focus on the Swedish assets. Additionally the Company owns several copper-gold projects within its Sweden portfolio.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Darren Griggs and Mr Mark Thompson, who are members of the Australian Institute of Geoscientists. Mr Griggs and Mr Thompson are employees of the Company and have sufficient experience which is relevant to the activity to which is being undertaken to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Griggs and Mr Thompson consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Coxhell consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.