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Issued Capital

as of Dec 31, 2011

46.35m Shares

4.35m Options (unlisted)

Cash Position: \$3.23m

as of Dec 31, 2011



Port of Luleå, Sweden Feb 2012.

TALGA OPTIONS IRON, GRAPHITE AND IOCG PROJECTS IN NORTHERN SWEDEN

HIGHLIGHTS

- Option to purchase 100% of Teck Resources Limited's Swedish subsidiary containing assets including Iron, Graphite and Iron Oxide Copper-Gold ("IOCG") projects defined by previous diamond core drilling
- Iron deposit containing JORC Code compliant Inferred Mineral Resource of 44.1Mt @ 30.9% Fe
- Iron Exploration Targets⁽¹⁾ totalling 90-140Mt @ 25-50% Fe
- Graphite deposit containing JORC Code compliant Inferred Mineral Resource of 3.60Mt @ 23% C and strike extension Exploration Target⁽¹⁾ of 0.3-0.5Mt @ 23-28% C
- Multiple IOCG drill-ready targets identified and awaiting first pass or follow-up drill testing
- Access to extensive historic drilling, geochemical and geophysical database
- Projects located in established mining province with nearby infrastructure including grid power, all weather sealed roads and railways servicing multiple ports

Summary

Talga Gold Limited ("Talga" or "the Company") is pleased to advise that it has entered an option agreement to purchase TCL Sweden Ltd ("TCL"), a 100% subsidiary of Teck Resources Limited ("Teck"). TCL contains assets including iron, graphite and iron oxide copper-gold ("IOCG") projects in northern Sweden. Talga has paid US\$45,000 for the option to, until 30 June 2012, purchase 100% of TCL for US\$433,500 and a 1% Net Smelter Royalty ("NSR"). An underlying 2% NSR is due to prior owner Phelps Dodge upon production.

Northern Sweden represents a mining province hosting some of the largest mines in Europe, including the world class 2Bt Kiruna iron deposit and the 35Mt/yr Aitik IOCG style copper-gold deposit.

The TCL option provides Talga with access to a total of eleven exploration permits covering 230km² which contain both current JORC Code compliant Mineral Resources and Exploration Targets⁽¹⁾ located in an active mining province of northern Sweden. The mineralisation was originally identified by either the Swedish Geological Survey ("SGU") or the state owned mining company Luossavaara-Kiirunavaara AB ("LKAB") during the period 1965-1982.

The Company's initial plan is to conduct a program of drilling and testwork to upgrade the current JORC Code Inferred Mineral Resources and Exploration Targets during the option period.

The Company is excited by the project's potential and nearby established infrastructure to facilitate potentially lower costs and aid development of resources in the area.

Agreement Terms

The Company has entered into an option agreement with Teck to purchase all of the issued shares of its wholly owned subsidiary TCL, a Canadian registered company with a branch office in Sweden. The terms of the agreement include:

1. Option Fee: A non-refundable option fee payment of US \$45,000 has been paid. Talga has the right to conduct exploration during the option period, including drilling and any such due diligence Talga requires.
2. Purchase: Talga can exercise the option at anytime up to and including 30 June 2012 for a consideration of US\$433,500 in cash and a 1% Net Smelter Royalty ("NSR") on mineral production due to Teck on all permits. A 2% NSR is held by previous owner Phelps Dodge.

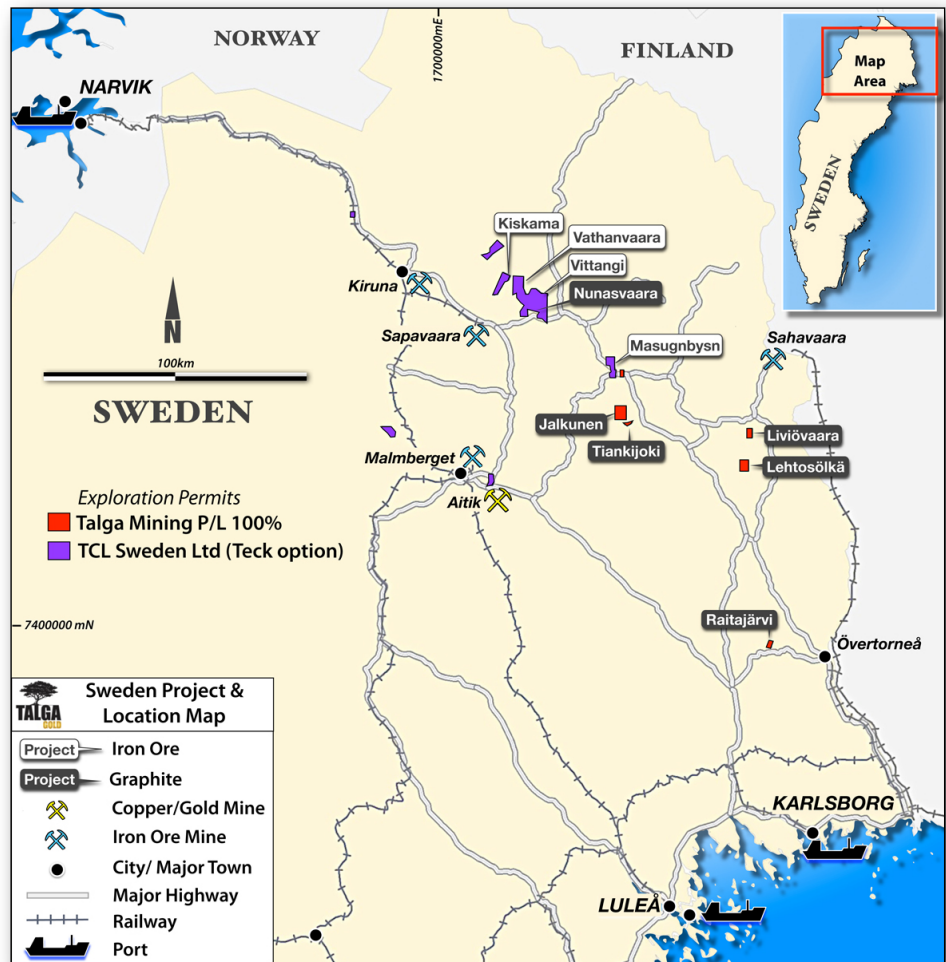


Figure 1. Project location map showing exploration permits the subject of option with Teck and permits currently 100% Talga Mining Pty Ltd (wholly owned subsidiary of Talga Gold Ltd). Projects labelled where significant iron and graphite mineralisation has been defined by historic drilling.

Iron Projects

Six exploration permits are recognised as containing significant iron mineralised projects as reported by the SGU and Fennoscandian Ore Deposit Database ("FODD"). Estimates of the total iron mineralisation expressed as JORC Code compliant Exploration Target⁽¹⁾ category for these projects total 90-140 million tonnes at an iron grade of between 25% and 50% total Fe (see Appendix 2).

The most advanced iron project, Masugnybsyn, contains the Junosuando deposit, a 2800m long by up to 100m wide zone of skarn magnetite alteration/mineralisation. The deposit lies within a larger 10km magnetic trend that was tested with 47 diamond drill holes by the SGU over the period 1967-1970. At Junosuando 18 diamond drill holes for 3,284.25 metres were used to define a JORC Code Inferred Mineral Resource of 44.1Mt @ 30.9% Fe (see Appendix 1). Skarn-type iron mineralisation intersected by drilling consisted of medium to coarse grained crystalline magnetite developed within two parallel zones, of which the footwall zone consistently returned higher iron grades.

Independent modelling of historic drill data undertaken by Talga has demonstrated the strong potential for the higher grade zone of the Junosuando deposit to be potentially amenable to selective mining techniques.

An initial program of confirmation and infill drilling is planned to upgrade the JORC Code status of the iron deposit at Junosuando plus enable the collection of samples for metallurgical testwork. The results will be used to assess the project's economic potential as a modest tonnage - high grade mining operation with minimal capital expenditure requirements. The Masugnybsyn project is bisected by major highways and grid power, and is located approximately 60km from the Sapavaara railhead.



Photograph of a portion of drill core archived from the Junosuando iron deposit, viewed at the Swedish Geological Survey facility in Malå, Sweden February 2012.

Graphite Projects

The Nunasvaara and adjacent Vittangi project cover an almost continuous 15km long graphite bearing schist sequence developed within the Vittangi mineral field. The SGU currently recognises multiple graphite localities with status levels ranging from anomaly, prospect or closed mine/quarry within the Nunasvaara-Vittangi project area.

The Nunasvaara graphite deposit represents the most advanced deposit within this group, where SGU and LKAB Prospecting AB defined a 700m long graphite deposit up to 50m width following completion of 21 diamond drill holes, 12 trenches and bulk sampling during 1970-1982. Based on the results of 17 drill holes for 1,677.2m a JORC Code Inferred Mineral Resource of 3.60Mt @ 23% C was estimated which is open at depth and along strike (see Appendix 1). An additional Exploration Target⁽¹⁾ of 0.3-0.5Mt @ 23-28% C has been defined adjacent along strike.

Due to the exceptionally high grade of the Nunasvaara deposit most historical work focussed on assessing the graphite as fuel for iron ore smelters and domestic heating rather than a marketable graphite product. Thus although there are a few reports of graphite flake sizes being from 60 micron ('amorphous') up to 1mm, the petrographic and metallurgical characteristics of the graphite are poorly known and remain to be tested.

The Nunasvaara – Vittangi graphite project is well located being situated near grid power, 15km by road from the town of Vittangi and 23km by road from a railhead at Sapavaara. Furthermore the project is located only 61km by road from the major mining township of Kiruna which is serviced by daily international flight connections.

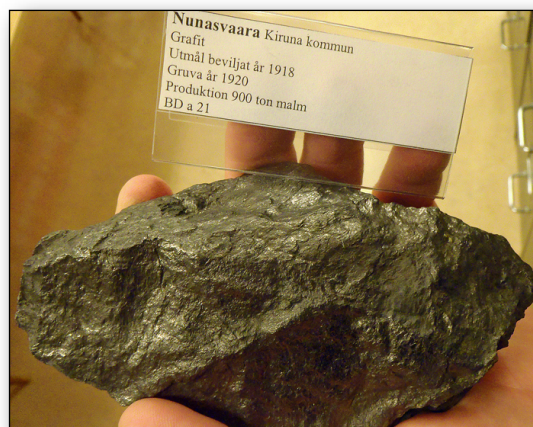
Subject to the approval of necessary work permits from the Swedish Mines Department an initial program of confirmatory and infill diamond drilling and trenching designed to upgrade the Nunasvaara graphite deposit to JORC Code Indicated Mineral Resource status will be undertaken during the forthcoming Swedish summer field season. Additionally a parallel program of bulk sampling and metallurgical test work is planned to enable a preliminary scoping study to be undertaken.

The Nunasvaara project is seen as complementary to Talga's six existing 100% owned exploration permits in northern Sweden, all of which contain historically drilled graphite mineralisation (see ASX:TLG Quarterly Report 31 Jan 2012).

Graphite Background Information

Graphite is a form of carbon ("C") mineral with a world market similar in volume to that of Nickel. Since 2008 graphite prices have increased to high levels (see Table 1) with a further positive price outlook due to:

- An uncertain production outlook in China which produces 80% of the world's supply ⁽²⁾, with the introduction of new export tariffs and production regulations.
- Solid annual growth in traditional steel industry markets.
- New markets in Li-ion batteries (eg. electric vehicles) which can contain ten times as much graphite as lithium.
- The European Union and the United States declaring graphite a supply-critical mineral, driving requirements for new sources of supply.



Specimen of Nunasvaara graphite in collection of Mining Inspectorate, Luleå Sweden. Talga photograph Feb 2012.

Table 1 Graphite prices as of January 2012
Source: Industrial Minerals Magazine. FCL=Full Container Load, CIF=Cost, Insurance, Freight.

2012 Industrial Minerals Graphite Prices per Tonne		
FCL CIF main European port	Low	High
99% to 99.9% C, +400 mesh	\$3,500	\$35,000
94% to 97% C, +80 mesh CIF	\$2,500	\$3,000
90% C, +80 mesh	\$2,000	\$2,500
94% to 97% C, +100-80 mesh	\$2,200	\$2,500
90% C, +100-80 mesh	\$1,500	\$2,000
85% to 87% C, +100-80 mesh	\$1,500	\$1,900
94% to 97% C, -100 mesh	\$2,000	\$2,400
90% C, -100 mesh	\$1,400	\$1,800
Amorphous powder 80% to 85C	\$600	\$800
Synthetic 99.95% C2	\$7,000	\$20,000

Copper/Gold Projects

During the past decade an increased focus on exploration for IOCG deposit types in the northern parts of the Fennoscandian shield has occurred with the interpretation that deposits such as Kiruna, Aitik and Pahtohavare represent various end-member styles of this important deposit group.

Within the majority of the TCL exploration permits favourable IOCG style targeting features include: geophysical signatures, surface Cu/Au mineralisation and anomalous historic drilling results have been recognised. The Kiskamavaara prospect located within the Kiskama project represents the most advanced and well documented example of this deposit style with disseminated and breccia hosted iron-oxide Cu±Co±Au mineralisation associated with potassium feldspar, biotite and scapolite alteration being reported over a >1km long mineralised zone⁽³⁾. Compilation of all outstanding data and evaluation targeting of the IOCG potential of all exploration permits will be undertaken in parallel with iron and graphite focused exploration programs during the forthcoming year.



Photograph of grid power infrastructure established in northern Sweden. Talga photograph - Feb 2012

Next Phase

Managing Director Mr Mark Thompson recently returned from fieldwork on the projects in Sweden and meetings with the Swedish Mines Department and local government officials, where he was particularly impressed with the proactive attitude towards mining and exploration, the quality workforce and extensive support industries. "Talga is excited by the potential of these new projects. At the end of December the Company had a cash balance of \$3.23m and is fully funded for the drilling necessary to upgrade Junosuando and Nunasvaara while continuing exploration of our WA gold projects. The potential TCL acquisition will be funded from current cash reserves and would pose no dilution to shareholders. Our intent is to enter scoping studies to prove increased value in the Company before reviewing further finance options. The Nunasvaara graphite deposit in particular has exceptionally robust metrics and high grades. From our due diligence there is compelling economic potential to become a major supplier of graphite production not emanating from China⁽³⁾ and satisfy European demand for access to this strategically important mineral. We consider the advanced state of the iron and graphite projects, combined with our gold assets, can drive our value up from the current market capitalisation of only \$6-7 million."

For further information, please contact: Mark Thompson - Talga Gold Ltd. Tel +61 (08) 9481 6667

References

1 The JORC Code compliant Exploration Targets are not to be construed as JORC Code compliant Mineral Resources. The JORC Code compliant Exploration Targets are based on historic diamond drill testing, airborne and ground geophysics, trench and bulk sampling conducted by the Geological Survey of Sweden and associated state companies that pre-date the creation of the JORC Code and so the potential quantity and grade of the Exploration Targets is conceptual in nature. There has been insufficient exploration to define a JORC Code Mineral Resource and it is uncertain if further exploration, metallurgy and interpretation will result in the determination of a JORC Code Mineral Resource.

2 Source: "Comment; Graphite - Red Alert" Industrial Minerals Magazine 14 February 2012.

3 Persson, 1980 and Edfelt et. al., 2004 "The northern Fennoscandia IOCG-province". SGA News Dec 2004 No 18.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Dylan Jeffriess who is a member of the Australian Institute of Geoscientists. Mr Jeffriess is a consultant to the Company and has sufficient experience which is relevant to the activity to 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 Jeffriess consents 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.

APPENDIX 1

Resource Estimation Methodology

Junosuando Iron Deposit: Inferred JORC Code compliant Resource

Drill hole data used in the Junosuando Iron Resource estimate comprised a total of 18 diamond holes for 3,284.25 metres drilled along the entire strike length of the deposit (2,800 metres). Drill hole spacing was at nominal 200 metre centres with holes approximately 50 metres apart on each section.

Analysis was completed on all mineralised intervals at generally one metre or in some cases two metre sections of core by the Geological Survey of Sweden at the Kemiska laboratory in Stockholm or the LKV laboratory in Kiruna.

A local grid was established for drilling using Geological Survey of Sweden surveyors assisted by theodolite surveying equipment giving an estimated location error of approximately 1m.

A bulk density of 3.60g/cm³ and lower cut off 15% Fe was applied to all historical measurements while maximum vertical depth of 210 metres from surface was used.

Interpretation of sections was completed with the outlines wireframed together to form coherent validated shapes. The grade estimation methods 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.

Nunasvaara Graphite Deposit: Inferred JORC Code compliant Resource

Drill hole data used in the Nunasvaara Graphite Resource estimate comprised a total of 17 diamond holes for 1,677.2 metres drilled along the entire strike length of the deposit (700 metres). Drill hole sections were at 50-100m spacing with single hole or variably inclined fans completed on each section. A number of costeans were excavated along surface expression of the graphite outcrop and systematically sampled at 1m intervals.

Analysis was completed on all mineralised drill intervals at standard two metre or in some cases <2 metre sections of core by the LKAB laboratory in Malmberget (sulphur and multi-elements) or SSAB laboratory in Luleå (Carbon Leco/IR detector).

A local grid was established for drilling using government surveyors assisted by theodolite surveying equipment giving an estimated location error of approximately 1m.

A bulk density of 2.40g/cm³ and lower cut off 5% C was applied to all historical measurements while maximum vertical depth of 110 metres from surface was used.

Interpretation on section was completed with the outlines wireframed together to form coherent validated shapes. The grade estimation methods 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.

APPENDIX 2

Summary of Iron JORC Code compliant Inferred Mineral Resource and Exploration Targets⁽¹⁾. The Exploration Targets⁽¹⁾ grouped as "others" consists of mineralisation across five deposits in the range 0.5-10Mt size.

Deposit/Mineralisation	Project/Permit	JORC Code Status	Size (Mt)	Grade % Fe
Junosuando	Masugnsbyn	Inferred	44.1	30.9
Junosuando	Masugnsbyn	Exploration Target	10-20	25-35
Vathanvaara	Vathanvaara	Exploration Target	28-35	35-50
Kuusi Nunasvaara	Vittangi	Exploration Target	24-35	20-40
Mänty Vathanvaara	Vathanvaara	Exploration Target	11-20	25-40
Others	-	Exploration Target	17-30	25-40