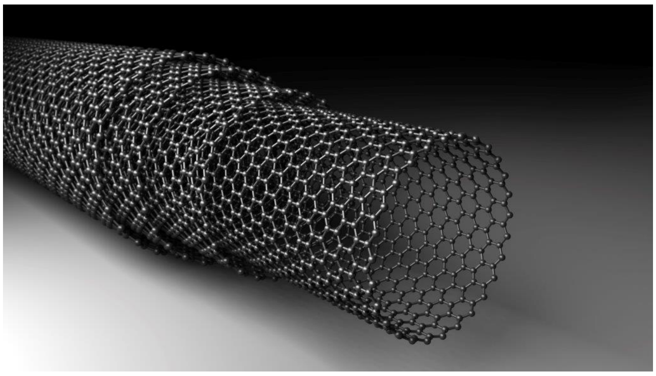
Talga now moves to cement graphene and graphite customer relations



Getting a mining project off the ground is a long, hard slog. And it is almost always achieved largely without too much attention. The business media and the investors get all excited when, say, a new player enters the lithium free-for-all, just as they once did when graphite was the flavor of the month.

Then interest tends to flag. So a company like Talga Resources (ASX: TLG) can make some substantial steps forward, as it has in recent weeks, without those steps getting the attention they deserve.

A few weeks ago Talga announced significant positive results from its battery test work. The "significance" was that, unlike previous tests in Germany that were on a laboratory scale, these latest ones were on an industrial scale. They are being conducted in Britain at the University of Warwick Energy Innovation Centre.

In the new program, lithium-ion coin cell batteries using Talga material had been produced by methods that could be scaled up.

Then this week there was a substantial upgrade to the resource at the Vittangi deposit in Sweden. (Both announcements have been posted here on InvestorIntel.) There was some interest on the market, but nothing like the excitement caused when some penny stocks discovers the share price power of lithium.

"Buy on the hope, sell on the achievement" seems to be the way of the investing world.

A research report out in the past few days is also significant. It came from Patersons Securities, a Perth brokerage with a long association with the mining industry.

The interesting passage came under the heading "Catalysts" in the report, and concerned Talga's successful demonstration of large scale, low cost graphene and graphite production at its pilot text work facility in Germany. It concerns commercial scale applications of graphene and ultra-thin nanographite and micrographite.

"While the company is currently providing samples free of charge, a further catalyst will be the transition to a revenue model, coupled with the successful conclusion of pricing point/s for the graphene products produced.

"Longer term, the decision to proceed with a full scale plant development is expected to be a key milestone, as we expect this will be timed with a ramp-up in demand from identified end-users requiring bulk volumes of products for commercial applications," the research note says.

As Patersons analyst Jason Chesters sees it, the company's marketing strategy is to provide early commercial sample volumes of graphitic products in order to develop strong customer relationships and bridge the gap of supply as research and development is conducted into new commercial applications. The pilot plant provides these samples, while also providing an opportunity to optimise the process and prove its scalability.

Therefore, it is interesting to note in this context the comments by Managing Director Mark Thompson earlier this week when announcing the Vittangi upgrade.

Note the words: "In discussions with leading customers of graphene and graphite we understand that certainty of long term supply from robust compliant resources in quality jurisdictions is a key requirement."

Talga seems to have clearly reached a key transition point on its road to production.

Patersons have put a "speculative buy" on the stock.