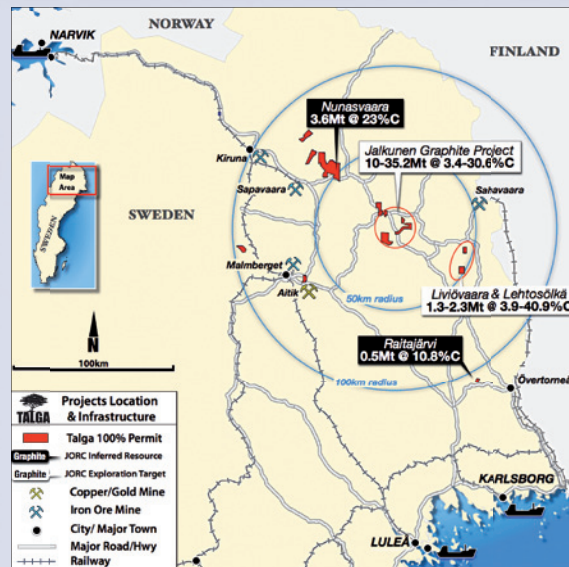


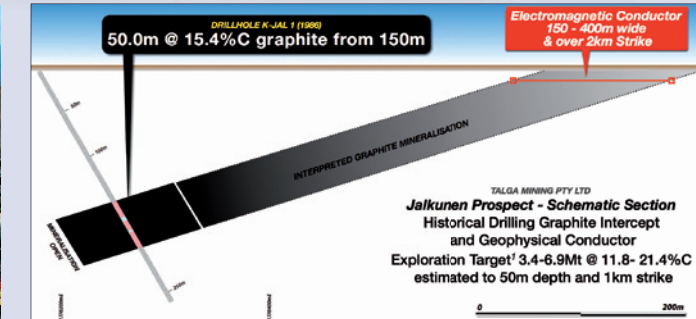
# Talga realises its Swedish graphite ambition

Australian explorer Talga Gold Ltd is on the verge of taking its Swedish graphite venture to the next level

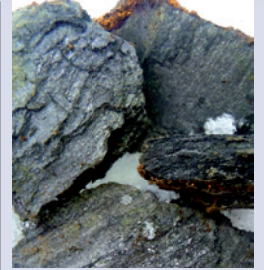
“The Kiruna mineral district has more than 1,000 years of mining history”



Talga's graphite projects are located in the Kiruna mineral district, home to some of Europe's largest mines including Kiruna LKAB (pictured)



Jalkunen prospect schematic drill section



Flake graphite outcrop at Talga's Raitajärvi deposit

of products suitable for battery-grade customers to start refining the graphite to suit the rapidly expanding Lithium ion battery market.

“We expect more modern methods and the optimisation of metallurgy to reveal higher specifications of graphite from Raitajärvi and the size to grow,” Mr Thompson said. “Currently, the resource from historical drilling is along just 200m of a 3,000m zone of electric conductors that have all shown surface indicators of graphite. The drilling at Raitajärvi will be designed with the aim of getting the resource through the 2Mt mark, with the potential to sustain a conceptual eight-year mine life to begin with.”

An appealing feature of the company's two resources is their location, which includes paved road access, proximal to power, water and workforce.

Strong infrastructure exists around Nunasvaara: it is 5km from highway and grid power, 15km from the closest town, 23km from rail, 190km from port and 61km from an international airport.

Raitajärvi is also well supported by infrastructure just 2km from highway and grid power, 25km from the closest town, 28km from rail and 100km from port.

“The Kiruna mineral district has more than 1,000 years of mining history, and predominantly the north is where mining and forestry takes place and play an important role and contribution in the country's economy,” Mr Thompson said.

## Northern prospects

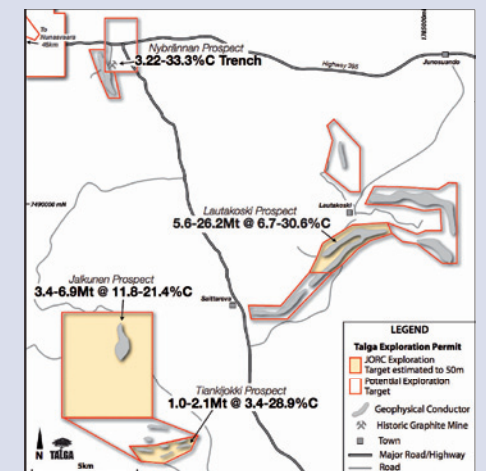
Beyond its two primary projects, Talga also owns significant graphite prospects in north Sweden that provide location synergies.

A large JORC-compliant exploration target inventory of 11.6-38.8Mt grading 3.4-40.9% C has been estimated to 50m depth, based on historic drilling and geophysical conductors centred on the Jalkunen project area. Historic drill results from the area include 45m at 19.4% C and 9m at 35% C at the Lautakoski prospect.

The Jalkunen prospect includes a 50m intercept grading 15.4% C from a large and shallow-dipping structure with high potential to convert into resources. The individual prospects within the Jalkunen project include a mixture of amorphous and flake-type graphite deposits.

Mr Thompson said the projects were showing unique qualities that may prove beneficial to the company if developed. “We have now found there is the opportunity for us to have multiple graphite deposits with different characteristics of powder and flake sizes that could each provide a different graphite product to the market,” he said.

With its graphite, Talga is targeting a European



Jalkunen project with exploration targets and prospects

market that it believes seeks a reliable, timely, and high-quality source of the commodity.

Currently, China dominates the market, contributing about 80% of the world's supply, according to surveys by analysts. However, exports have slowed due to new tariffs and regulations being introduced in the country.

“European buyers are looking for a more local graphite producer instead of having to import it from Asia or even North America – I believe we can be a key supplier and have a role in that,” Mr Thompson said.

“With our exceptional-grade deposits, no matter what happens to prices for graphite, we should be in a good position to continue supplying the European market for a long time.”

Graphite, a naturally-occurring form of carbon, has experienced rapid growth in prices since 2005 and has a worldwide market estimated to be worth US\$12 billion per annum.

Demand for graphite is being driven by its significance in the production of lithium ion batteries, which are becoming an industry standard for appliances, green energy to grid transitions and automotive use.

## CONTACT

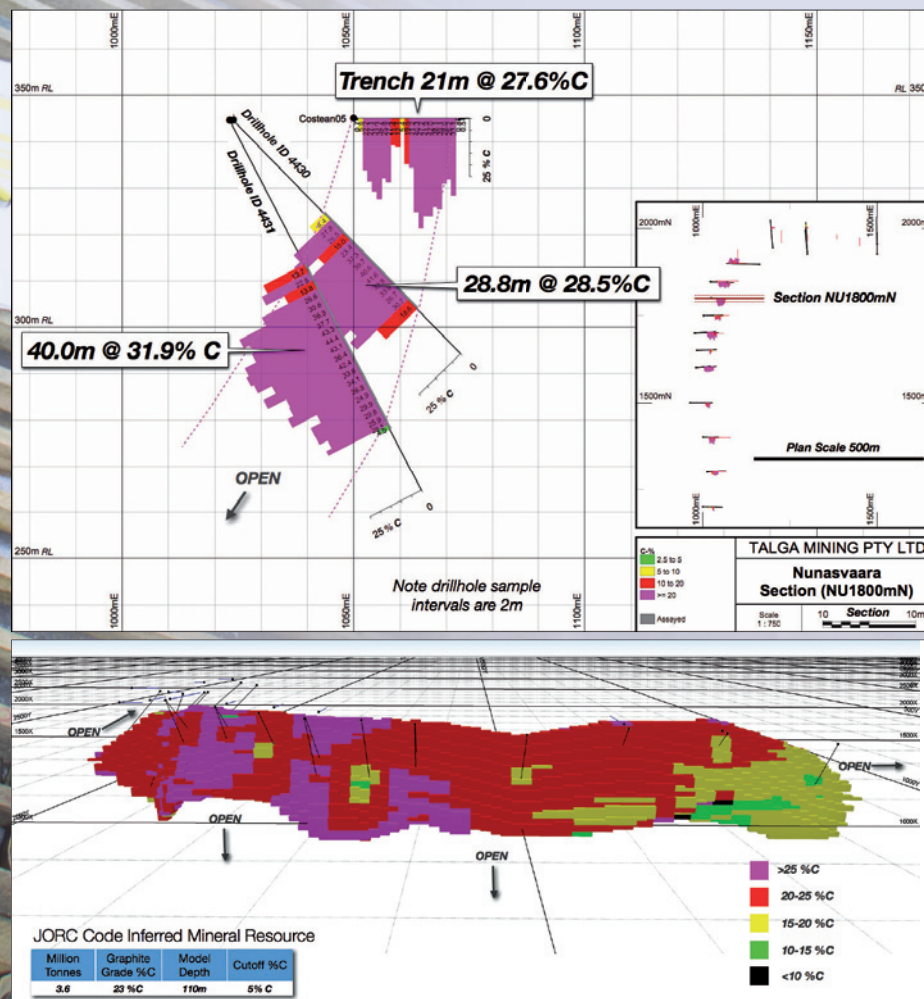
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Above: location map of Talga's projects in north Sweden.

Left: reviewing historic drillcore on projects acquired from Teck Resources Ltd.

Below: Drill section from Nunasvaara showing exceptionally high-grade graphite from surface. Bottom: Nunasvaara resource block model



These include total JORC code inferred resources of 4.1Mt grading 21.5% graphitic carbon and an additional JORC-compliant exploration target inventory in the top 50m of 11.6-38.8Mt grading 3.4-40.9% C across a cluster of deposits.

Talga was lured to the graphite sector in 2011 when founder and managing director Mark Thompson identified it as a commodity that could provide economic gain before developing its gold prospects.

After searching the globe for opportunities, the company was led to Sweden where it identified multiple high-grade deposits, including Nunasvaara, which was controlled by Canada's Teck Resources.

Mr Thompson was attracted to the investment when it was discovered that the deposits had the potential to be fast-tracked towards production and could provide short-term cash flow.

“The area was more advanced in transport and energy options, while the projects had previous drilling and some metallurgy on them, which was really attractive to us at the time,” Mr Thompson said.

“We acquired approximately eight graphite prospects, including one deposit that had already been drilled to a JORC code-compliant inferred resource level.”

Through these acquisitions, the company intends to become a low-cost graphite miner with a mine-life of at least 20 years at operations recognised for their high-grade nature.

Of Teck's copper-gold, iron and graphite deposits, the priority for fast-tracking towards development was the Nunasvaara project.

Mr Thompson said Teck's focus in Sweden, where it was exploring predominantly for iron-oxide copper-gold deposits, had shifted to other countries such as Turkey and Chile with a more specific gold focus.

Suspecting Teck's exploration budget in Sweden had moved elsewhere, Talga contacted the company, believing a partnership may be possible to allow it to attain all the Swedish projects, including graphite.

“We made them a clean cash offer with a net smelter royalty that didn't include any stock – that frees us up to go ahead and advance Nunasvaara and the other projects in the deal as quickly as we can to a mining stage,” Mr Thompson said. “Teck would then make money through a royalty and was happy to do a deal with us on the basis of that commitment.”

The company has since established a conservative JORC-compliant inferred resource estimate of 3.6Mt at a

high grade of 23% at Nunasvaara through historical data from previous exploration at the site.

Talga based the resource estimate on 17 of 21 historical diamond drill-holes, which covered a 700m strike length, undertaken by the Geological Survey of Sweden and LKAB Prospecting between 1970 and 1982.

Highlights of historic drilling include 40m at 32% C, 50m at 24% C, 44m at 22% C, 40m at 25% C and 29m at 29% C with graphite extending from surface to over 110m depth.

The deposit remains open at depth and along strike, and is so robustly high-grade that, if the cut-off grade was raised from the current 5% C to 15% C, the resource size decreases only marginally from 3.6Mt to 3.5Mt.

Mr Thompson also pointed out that the resource includes more than 1Mt at a 34% graphitic carbon grade from surface, which holds promise for low-cost production to replace amorphous-type graphite imports from China. “We also have massive blue-sky size potential at Nunasvaara due to the fact that historic exploration focused on a 1.25km-long zone that occurs within a regionally extensive graphitic unit that has been mapped over 15km within our 100%-owned permits,” he said.

Talga has started environmental surveys and other work to potentially enable fast-tracking of future exploitation permits. Preliminary economic studies will begin by early 2013.

Mr Thompson said the company was expecting a resource increase of anywhere between 25 and 50% through this drilling, which would give the project a conceptual 20-year mine-life at a rate of 250,000t/y to produce 40,000t/y of graphite concentrate.

Once drilling at Nunasvaara is complete, Talga's rigs will move south to its next most advanced prospect, Raitajärvi, for drilling in August.

Despite being a small resource at 0.5Mt, Mr Thompson said Raitajärvi was expected to increase remarkably once this programme was completed.

Raitajärvi has proven from historical drilling to be a high-grade graphite deposit, with it averaging nearly 11%. Historic mineralogical and metallurgy tests indicates over 85% of the graphite reports as flake, including 10% as the highly prized ‘jumbo’ flake size over 0.4mm.

The carbon content of the flake was reported as commercial grade and upgrade tests show graphite with 99% C purity can be achieved. This is in the range