



ASX Code: TLG

Talga Gold Ltd

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Share Capital

as of Jun 30, 2011

Shares 46.35 million

Options (unlisted) 1.1 million

Cash Position: \$4.5 million

Projects:

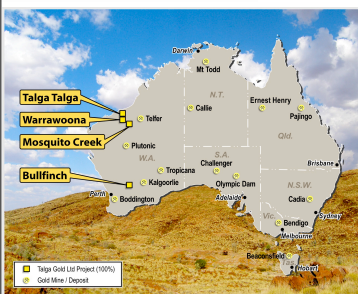
Western Australia

Talga Talga (100%)

Warrawoona (100%)

Mosquito Creek (100%)

Bullfinch (100%)



QUARTERLY ACTIVITIES REVIEW

For the period ending 30 June 2011

HIGHLIGHTS - W.A. GOLD AND COPPER PROJECTS

- Reverse Circulation (RC) drilling completed at Kiwi Ridge prospect gold and copper targets in the Pilbara - results pending.
- Talga Talga and Bullfinch projects advanced with geochemical and drilling results.
- Placement to raise \$2.1m completed.

Summary

During the period, Talga Gold Limited (ASX: TLG) completed RC drilling at the Kiwi Ridge prospect in the Company's 100%-owned Warrawoona gold project in the Pilbara region of Western Australia. Results of the Kiwi Ridge drilling are pending. Drilling results were received from the McPhees prospect of the Talga Talga gold project that confirmed geological continuity of the quartz lode system and enabled a new RC drill program to commence immediately subsequent to the period.

Additional fieldwork included geochemical, cultural and digital terrain surveys as preparation towards drill testing other gold targets across all Pilbara projects and the Bullfinch project in WA's Yilgarn province.

The Company successfully raised \$2.1 million by placing approximately 6 million ordinary shares at \$0.35 per share, preparing the Company to expand the pace and scope of its gold exploration.



Fig 1. Step out 35-hole RC drilling program underway at the McPhees prospect, Talga Talga gold project.

Talga Talga Project (TLG 100%)

The Talga Talga Project is located 150km southeast of Port Hedland in Western Australia's Pilbara region. The project covers more than 10km² of prospective gold targets and historic workings with high grades of recorded gold production. The key activities during the quarter were soil geochemistry sampling, cultural heritage surveys, aerial orthoimagery and digital elevation modelling.

During the period the Company completed a 1408 sample soil geochemical survey over the project area to assist delineating new drill targets along strike and parallel of the McPhees zone, the subject of most exploration to date. Assay results of the soil geochemistry are pending. Aerial digital imagery and terrain modelling surveys were completed and are being processed. Cultural heritage surveys were completed on the North Star-Galatea shear zone gold targets, alluvial channels and the central Talga Talga ridge gold zones.

During the quarter the Company received and published results from geotechnical diamond core drilling completed at the McPhees prospect. Results identified geological continuity of the McPhees prospect's quartz lode system over 350m + strike as part of an extensive gold mineralised structure that strikes for 5km through the project. The results enabled the planning of a new 35-hole RC drilling program that has now commenced immediately subsequent to the period.

Further Drilling Planned

The scale and grade information from each drill program at Talga Talga is encouraging and the quartz lode system at McPhees is now being tested over 600m strike and to 200m down-dip to identify the potential for a resource to be present. Multiple other gold mineralised lodes and shears have been identified in and around historic workings along strike from McPhees and in parallel zones to the south (North Star-Galatea shear zone). It is envisaged that further drilling of the new targets within the Talga Talga project area will commence after the geochemical sample results are received in the latter part of the September quarter.

Warrawoona Project (TLG 100%)

During the period, RC drilling commenced at the Kiwi Ridge gold and copper targets (for details see ASX:TLG 23/6/11). Immediately subsequent to the period the drill program was completed and assay results are pending. 16 drill holes for 1118 metres were completed.

Fieldwork included an aerial orthoimagery and SGM method digital elevation model survey over all the Warrawoona project tenements. The detailed elevation model will assist further exploration including the design and depth control of drill holes planned for the Klondyke Extended and Horigans gold prospects. Cultural heritage surveys commenced in prelude to RC drilling of the priority gold targets.

Bullfinch Project (TLG 100%)

The Bullfinch Project lies 40km north of Southern Cross in a prolific gold producing district of the Yilgarn Craton. The Company is exploring the area for high metamorphic grade gold deposits similar in style to that of the Edna May (1.5m+ oz Au) gold deposit currently being mined approximately 70km to the west of Bullfinch. The tenements are additionally prospective for Big Bell and Yilgarn Star style gold deposits.

Fieldwork during the period included an auger drilling program to complete the geochemical orientation process of defining effective methods for gold target development. Geochemical programs will now commence along the target zones extending from current prospects to define gold targets for potential drilling. Permitting/land access work was advanced during the quarter and plans for RC drilling gold targets at the Harold Holt, Reynolds Find, Bottom and Jumbuck gold prospects can be submitted for the next period.

Preliminary analyses of government gravity and magnetic surveys have outlined potential structural controls and source rocks for the high grade gold, bismuth and tellurium mineralisation at Harold Holt. In addition, Talga's geological team has identified a quantity of mafic to ultramafic rock types outcropping east of Bullfinch in areas historically mapped as granitoid. Further rock geochemistry and petrography from the new zones are underway and undergoing further analysis. The Company has pegged an additional 1200km² of ground covering the majority of the prospective gravity and magnetic features.

Mosquito Creek Project (TLG 100%)

The Mosquito Creek Project is located 40km east of Nullagine and 150km south by road from Talga's Warrawoona Project. The 104km² project tenements cover zones of gold mineralisation hosted by the Mosquito Creek Formation, east along strike from Millennium Minerals which has announced JORC compliant resources of more than 1.24 million ounces of gold at its Nullagine project (see ASX 11/1/2011).

During the quarter, a SGM method digital elevation model and orthoimagery aerial survey was flown to assist in further exploration and the delineation of mineralised channel sequences.

Several new gold targets were acquired via the acquisition of Talga Mining Pty Ltd and tenement applications in the Nullagine area. This includes 3 prospecting licences over conglomerate hosted gold and diamond occurrences adjacent to the Beatons Creek Gold Project of Millennium Minerals/Novo Resources Corp.

Corporate

During the quarter, the Company successfully completed a capital raising by the issue of approximately 6 million new ordinary shares at A\$0.35 per share. E.L. & C. Baillieu Stockbroking Ltd acted as Lead Manager to the placement - made to institutional and sophisticated investors in Australia and overseas.

The placement was supported by overseas strategic investors taking a 9% holding in the Company and the participation of new and existing institutions to successfully raise \$2.1m.

As a result, at the end of the quarter, Talga Gold has cash deposits of approximately \$4.5m. Talga's share register is now 15% institutional interests and the Company is well poised for growth in a time of increasing gold prices.

For shareholders wanting further information, please contact:

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About Talga Gold Ltd

- ▶ **High grade near surface gold targets defined for drill testing**
- ▶ **Active WA gold projects with TLG equity 100%**
- ▶ **46.35 m shares & 1.1 m unlisted options on issue**

Talga Gold (ASX: "TLG") is an Australian gold explorer aiming to establish near surface, high margin gold mines by applying modern day exploration techniques to under explored terrains, focusing primarily on the fertile gold-enriched structures of the Pilbara and Yilgarn regions of Western Australia. Listing on the ASX in July 2010 after an over-subscribed IPO, Talga is well funded and proactively assesses new opportunities.

An aggressive 2011 drill program includes campaigns on the high grade Talga Talga project east of Port Hedland in the Pilbara where first pass drilling in 2010 returned high grades at shallow depth. Further drilling is also planned for the nearby Warrawoona gold project, which together with the Mosquito Creek project forms the Pilbara focus of the Company. In the Yilgarn province the Company is planning drilling at the Bullfinch project where outcropping zones of gold/bismuth/tellurium mineralisation have been discovered.

Competent Person Statement

The information in this announcement that relates to Exploration Results has been compiled by Mr Mark Thompson MAIG MSEG who is a Director of the Company. Mr Thompson is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and 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". Mr Thompson consents to the inclusion of information in this announcement in the form and context in which it appears.