

**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**

QUARTERLY ACTIVITIES REVIEW

For the period ending 30 June 2013

SUMMARY

During the reporting period, Talga Resources Ltd (ASX: TLG) ("Talga" or "the Company") has been actively exploring the Company's 100% owned projects in Sweden (graphite, iron ore and copper/gold) and Western Australia (gold).

Highlights include:

- Talga's first drilling program at the Raitajärvi project intersects encouraging near surface widths and grades of flake graphite. New resource estimate commenced.
- Talga drilling increases size and JORC status of Masugnsbyn iron resource.
- Historic drill data supports new iron JORC resources at Vittangi. Total Sweden iron JORC resource inventory across both projects now totals 236 million tonnes.
- Discussions underway with parties interested in co-development and commercialisation of graphite and iron projects.

Fig 1. Talga Resources project locations in north Sweden.



SWEDEN GRAPHITE PROJECTS

Raitajärvi (Talga 100%)

During the period internal resources were focused on completing a diamond drilling program at the **Raitajärvi** flake graphite project in north Sweden. Raitajärvi was the subject of previous drilling, trenching, geophysical and metallurgical work by the Swedish Geological Survey ("SGU") between 1974 and 1991. The SGU identified that 49% of the graphite flake exceeded 200 microns in size and could attain concentrate purity over 99.0%C (See ASX:TLG 4th February 2013).

Talga's drilling program targeted part of a 3,000 metre long multi-limbed electromagnetic anomaly where historical drilling by the SGU defined a JORC Inferred mineral resource of 0.5Mt @ 10.8% graphitic carbon ("Cg"). A total of 28 new drill holes for 3,666 metres were completed by Talga.

Flake graphite mineralisation was successfully intersected and assay results from the first 14 drill holes were announced during the period (See ASX:TLG release 10 May, 2013), with the balance of results reported subsequent to the period (See ASX:TLG release 5 July, 2013).

The campaign was successful in increasing the known extent of graphite mineralisation and the deposit remains open along strike and at depth. Coarse flake graphite is present at or near surface and would likely be amenable to open-pit style development.

Raitajärvi is located just 2km from the Överkalix - Övertorneå Highway, 25km by road from the nearest railway and 130km by road from the Port of Luleå where Talga has signed a memorandum of understanding ("MoU") for the export of up to 80,000 tonnes per annum of graphite concentrate or products. As the deposit is advantageously located close to established transport and infrastructure, even a modest sized resource may be capable of being mined profitably. There is also the potential for co-development with Talga's Pajala flake graphite project, located 80km away by road.

A new JORC resource estimate has been commissioned and is expected to be received in August. Due to the coarse nature of the graphite flake, and positive logistics for the mining and processing of graphite, the potential for the development of a larger, lower grade resource at Raitajärvi will also be investigated.

Nunasvaara (Talga 100%)

At the Company's **Nunasvaara** microcrystalline graphite project a preliminary economic scoping study on the current global JORC resource 7.6Mt @ 24.4% Cg (5.6Mt @ 24.6% Cg JORC Indicated and 2.0Mt @ 24.0% Cg JORC Inferred) was advanced. Work completed by consultants Entech includes pit optimisation (See Fig 2) and mine scheduling, with product specification studies and final economic inputs pending. Subsequent and in line with similar peer group decisions, work on the scoping study was slowed to ensure prudent expenditure rates but is near complete.

Other Graphite Projects and Activities

Work during the period on the Company's other graphite projects in Sweden included drill permitting for the **Maltosrova** and **Mörttjärn** prospects within the Vittangi project, and reconnaissance site visits to **Piteå** and **Nybrännan**. Tenements were also reviewed and rationalised where appropriate.

Talga has made progress with marketing its potential graphite products and seeking transaction partners. Non disclosure agreements with several parties representing major graphite consumers in Europe have been completed, with a view to exploring potential product off-take or project development partnerships.

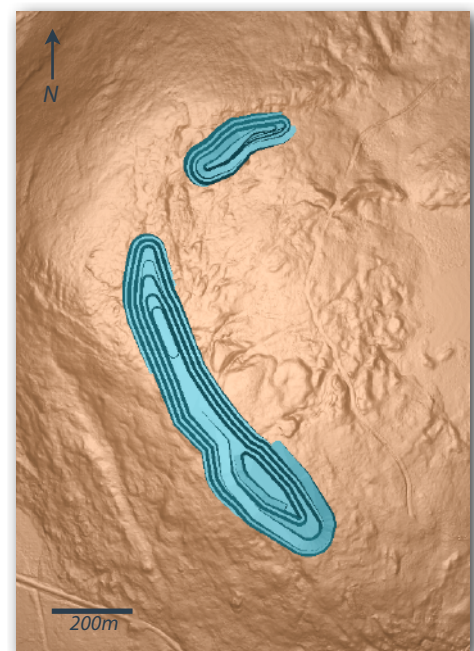


Fig 2. Preliminary pit design under review in Nunasvaara scoping study.

SWEDEN IRON PROJECTS

The Company owns a suite of iron deposits that are located adjacent to transport infrastructure and between processing mills owned by state owned and private iron mining companies. Iron deposits in the district typically utilise 25-45% Fe magnetite ore which is then milled and concentrated to 68-70% Fe for domestic steel mills or export markets. This region has exceptionally low cost power supply from hydroelectric and nuclear sources, which is a substantial advantage for mining projects. Approximately 90% of the district's iron ore production is exported to countries within Europe and the Middle-East, with the remainder feeding local steel mills. Talga's priority in Sweden remains development of its graphite deposits, but the iron projects deliver another development or asset realisation opportunity.

Masugnsbyn (Talga 100%)

The **Masugnsbyn** project is located on the Svappavaara-Pajala highway approximately 60km by road southeast from the Svappavaara iron mine and mill of the state-owned Luossavaara-Kiirunavaara AB ("LKAB") group (Fig 1 & 3). The 48km² project hosts five historic magnetite (iron oxide) occurrences defined by historic work which includes diamond drilling.

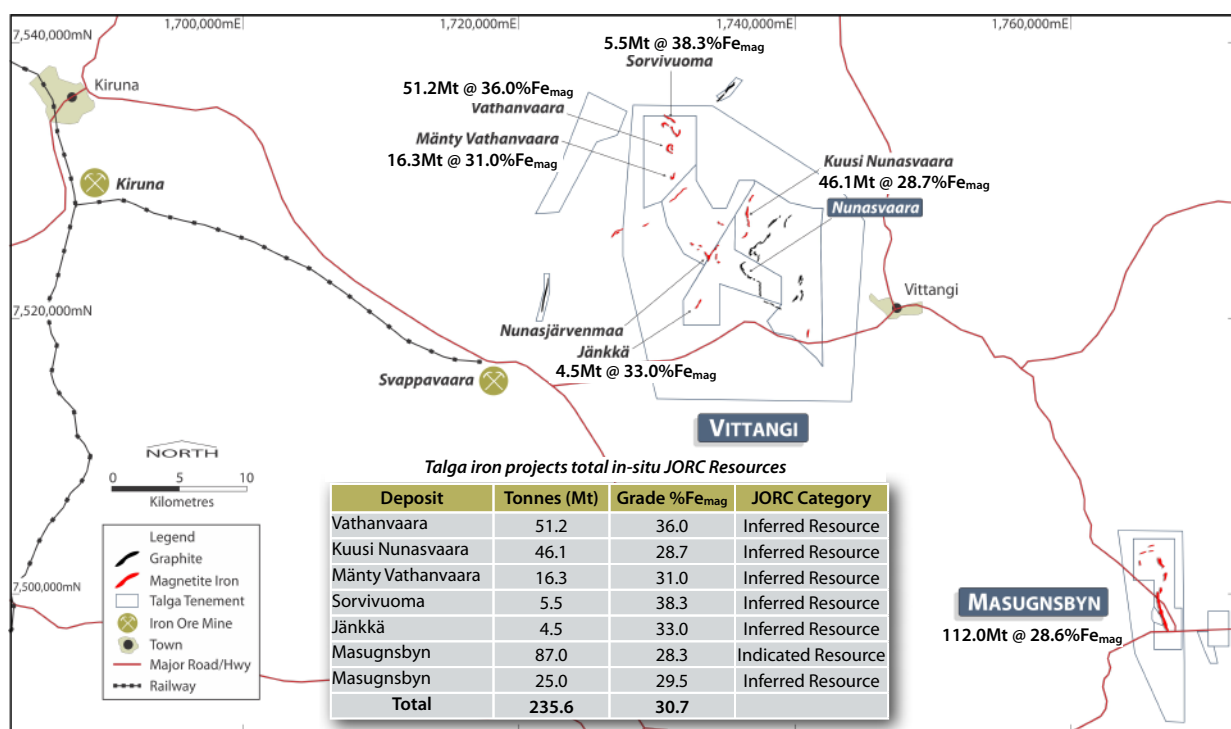
During the period Talga reported assay results from nine diamond drill holes completed by the Company (See ASX:TLG 29th April 2013) and also completed a new resource estimate (See ASX:TLG 21st May 2013). In total, Masugnsbyn has a combined Indicated and Inferred JORC resource of 112.0 Mt @ 28.6% Fe_{mag} using a lower cut off grade of 20% Fe_{mag} (See Appendix 1). The new estimate includes 87.0 Mt @ 28.3% Fe_{mag} in the JORC Indicated category and 25.0 Mt @ 29.5% Fe_{mag} in the JORC Inferred category. The resource was completed by independent consultants CoxsRocks Pty Ltd and is based on drill data from 68 historical diamond core holes and 9 diamond core holes completed by Talga in 2012.

Vittangi (Talga 100%)

Talga's **Vittangi** project mineral licences cover in excess of 325km² and are located approximately 30km from the the railhead and magnetite mill at Svappavaara. The Vittangi project covers five principal deposits – Vathanvaara, Kuusi Nunasvaara, Mänty Vathanvaara, Sorvivuoma and Jänkkä.

During the period Talga completed a compilation and review of historic drilling and geophysics. Subsequent to the period the results were used by CoxsRocks Pty Ltd to estimate maiden JORC compliant Inferred Resources totalling 123.6Mt @ 32.6%Fe_{mag} across the Vittangi deposits (See ASX:TLG 22nd July 2013, Appendix 1 & Fig 3).

Fig 3. Talga Resources project locations in the Kiruna mineral district of north Sweden showing iron projects/mines.



Combined with the Company's JORC resource at the Masugnsbyn iron project, 50km southeast of Vittangi, the Company's Swedish iron resources total **235.6 Mt @ 30.7% Fe_{mag}** (See Appendix 1 and Fig 3). The historic exploration data also defined additional JORC code compliant Exploration Targets¹ of 50-83 Mt grading 30 - 35% Fe_{mag} present within the Vittangi project (See Appendix 1).

The larger JORC iron resource inventory, combined with higher JORC status deposits and definition of further JORC compliant exploration targets¹, gives the projects greater critical mass and will potentially increase the value of the Sweden iron assets towards divestment or joint venture. Discussions with several interested parties have commenced.

AUSTRALIA GOLD PROJECTS

Work during the period on the Company's gold projects in Western Australia included field work, site rehabilitation and reviews towards rationalisation of projects to preserve funds while seeking partners or trade sales.

Talga Talga (Talga 100%)

No field work was completed at the Talga Talga project during the period. The Company commenced discussions for the possible use of a mobile treatment plant to exploit surficial gold deposits at Talga Talga.

Warrawoona (Talga 100%)

Fieldwork at Warrawoona included exploration at the Horigans gold target where surface indications of copper were identified during Talga's geochemical surveys. The Company notes that the adjacent Klondyke gold project was advertised for sale and the Company will monitor activity for opportunities applicable to its Warrawoona tenements.

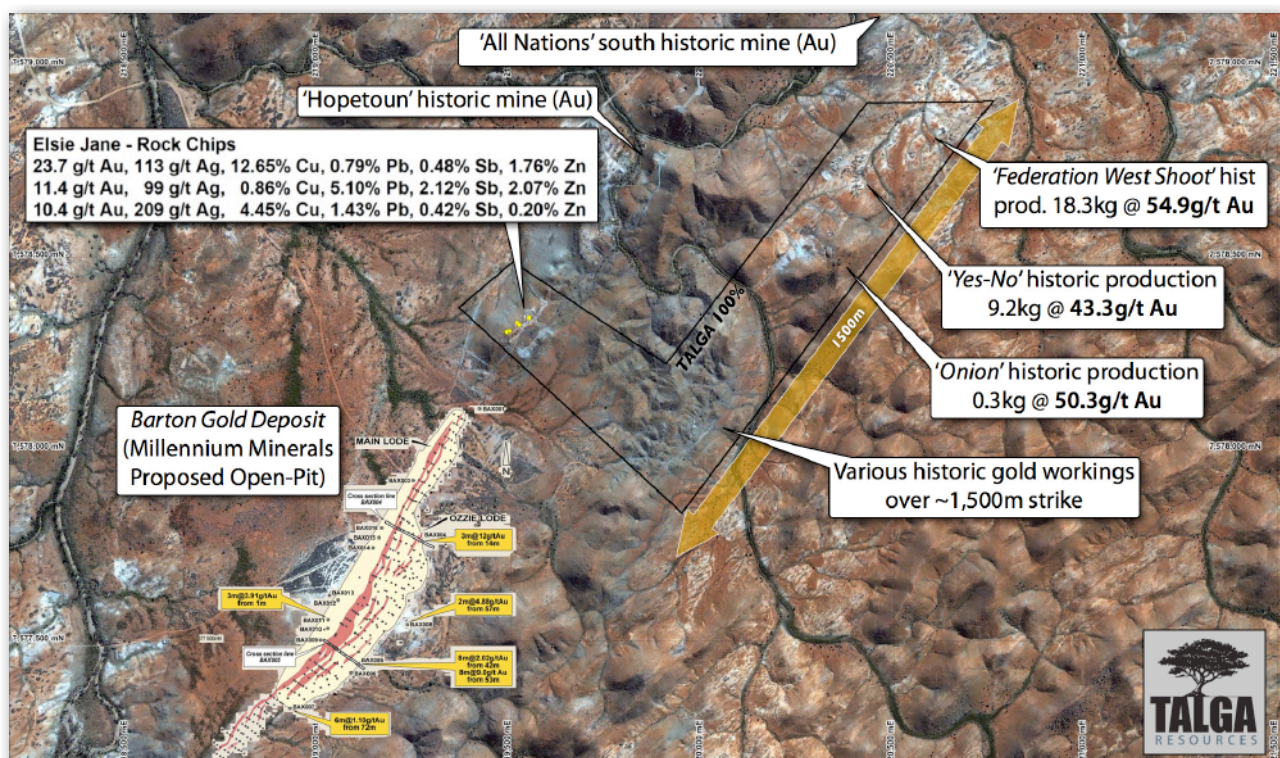
Mosquito Creek (Talga 100%)

Elsie Jane Prospect

The Elsie Jane prospect owned by Talga is situated adjacent to the historic Bartons gold mine in the Middle Creek gold belt, approximately 15km east from Nullagine. The Elsie Jane prospecting licence contains two zones considered prospective for gold deposits. The eastern zone is defined by a series of gold workings, occurring over approximately 1.5km, that have recorded historic production of at least 27.8kg of gold at grades ranging from 43.3-54.9 g/t Au. The western zone is defined by historic workings between the Bartons and Hopetoun deposits, where rock chips containing high grades of gold and base metals have been previously announced by Talga (See ASX:TLG 31st Jan, 2012 and Fig 4).

During the period Millennium Minerals announced significant gold intercepts from drilling at the All Nations deposit adjacent to the northeast of the Elsie Jane licence (See ASX:MOY 12th June 2013) and have previously announced plans to commence open pit mining of Bartons.

Fig 4. Talga Resources Elsie Jane gold prospect.



Beatons Creek Prospect

During the period the Company successfully divested its 100% interest in two prospecting licences that adjoin Novo Resources Corp. ("Novo") Beatons Creek project where a maiden gold resource of 421,000 oz Au contained in 8.9 Mt @ 1.47 g/t Au has been announced (CNSX:NVO 1st May 2013). Talga retains 100% interest in an adjacent prospecting licence called "Banana Hill", which contains gold and diamonds hosted by conglomerate units.

Other Prospects

Fieldwork on the remaining Mosquito Creek prospects was restricted to general prospecting activities. Although the market conditions for gold are challenging, Talga is encouraged by the mining and development activity in the Mosquito Creek area and intends to seek joint venture partners or sale.

Tambina (Talga option to purchase 100%)

Following a review of results the Company terminated its option to purchase agreement over the Tambina gold project and retains no interest.

Bullfinch (Talga 100%)

During the period no fieldwork was conducted at the Bullfinch project, located 200km west from Kalgoorlie near Southern Cross, where the Company has been exploring gold-tellurium-bismuth anomalies hosted by gneissic and granitoid rocks of the Ghooli Dome. Following a review of targets the project size was rationalised, however a previously excised area of historic gold workings was able to be acquired. This consolidates the project and provides Talga with several historic gold camps, including Withers Find and Rutherfords Reward, where outcropping vein hosted gold mineralisation may offer attractive targets for operators of gold mills in the region. Discussions with several parties interested in the project have commenced.

Corporate

During the period the Company undertook a Share Purchase Plan ("SPP") which provided all eligible shareholders with the opportunity to purchase up to \$15,000 worth of Talga shares at \$0.19 cents per share. This price was set near the maximum 20% discount available under the ASX Listing Rules, as the average price of Talga shares during the 5 trading days prior to the SPP announcement date was \$0.233. Subsequently market conditions deteriorated markedly and the SPP closed on 15 May 2013 having raised \$171,000.

Since the Teck acquisition in 2012, Talga has undertaken intensive exploration activity in Sweden and in 18 months moved from zero to four projects with JORC resources, including the highest grade graphite resource in the world and just under a quarter of a billion tonnes of iron ore. With the major drilling programs now complete, a reduction in exploration expenditure can be achieved as the Company moves into a phase of economic studies and development.

Cash on hand at the end of the June 2013 quarter was \$0.57 million. As a result of difficult financial markets and to assist the Company's financial position, a 20-40% reduction in base salary was enacted during the period for all staff and since the end of the quarter the board is deferring receipt of directors' fees. Staff numbers have been downsized to one full time employee (Managing Director) and two part-time staff (Senior Exploration Geologist and Country Manager-Sweden). The Company owns a number of quality assets and is exploring every avenue to review opportunities for project or corporate scale transactions to manage funding requirements.

For further information, please contact:**Talga Resources Ltd.**

Mark Thompson

Managing Director

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

Appendix 1

Masugnsbyn iron project In-Situ JORC Resource Estimate May 2013

Deposit	Tonnes (Mt)	Grade %Fe _{mag}	JORC Category
Masugnsbyn	87.0	28.3	Indicated Resource
Masugnsbyn	25.0	29.5	Inferred Resource
Total	112.0	28.6	

Vittangi iron project In-Situ JORC Resources July 2013

Deposit	Tonnes (Mt)	Grade %Fe _{mag}	JORC Category
Vathanvaara	51.2	36.0	Inferred Resource
Kuusi Nunasvaara	46.1	28.7	Inferred Resource
Mänty Vathanvaara	16.3	31.0	Inferred Resource
Sorvivuoma	5.5	38.3	Inferred Resource
Jänkkä	4.5	33.0	Inferred Resource
Total	123.6	32.6	

Vittangi iron project In-Situ JORC Exploration Targets¹ July 2013

Exploration Target ¹	Tonnage Range		Grade Range	
Name	Lower (Mt)	Upper (Mt)	%Fe _{mag}	%Fe _{mag}
Vathanvaara	18.8	31.2	34	38
Kuusi Nunasvaara	15.0	25.0	26	30
Nunasjärvenmaa	7.0	11.0	31	40
Mänty Vathanvaara	6.0	10.0	28	32
Sorvivuoma	1.9	3.1	36	40
Jänkkä	1.5	2.5	30	35
Total	50.2	82.8	30.4	35.1

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. Initially this will entail economic studies on the Nunasvaara and Raitajärvi graphite deposits.

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 commercialise 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.

1 Exploration Targets: The estimates of exploration target sizes in this announcement are in accordance with the guidelines of the JORC Code (2004) and should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and quality of the exploration targets are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

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 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.