

Quarterly Activities Review

For period ending 31 December 2024

Battery materials and technology company Talga Group Ltd (“Talga” or “the Company”) (ASX:TLG) is pleased to report its activities for the quarter ending 31 December 2024.

Commercial and project development

- Nunasvaara South graphite mine Environmental and Natura 2000 permit secured and entered force following the Swedish Supreme Court dismissing all appeals
- The Swedish Mining Inspectorate granted the Nunasvaara South graphite mine exploitation concession

Product and technology development

- Talnode®-C Recycled Series product development continues to scale up, as part of Talnode® portfolio extension, with commercial activities gaining momentum

Corporate and finance

- Luleå Anode Refinery awarded €70 million grant from the EU Innovation Fund - a recognition of the project's technology innovation and commitment to advancing Europe's energy transition
- Transitioning a range of corporate functions and roles to Europe, including Group CFO, to enhance capabilities as Talga advances execution of Vittangi Anode Project in Sweden
- As of 31 December 2024, Talga maintains a cash balance of A\$18.1 million

Subsequent to the quarter

- Swedish government directed Kiruna Municipality to adopt the detailed plan for the Nunasvaara South graphite mine, further solidifying the project's progress
- Appointment of interim Group Finance Director and Group Director - Corporate Finance

Talga Group CEO, Martin Phillips, commented: *“The quarter was notable for significant achievements in the Nunasvaara South mine permitting, and we are delighted with the Environmental and Natura 2000 permit entering force and the granting of the exploitation concession. Together the achievements of the last quarter reflect our unwavering dedication to driving sustainable growth, fostering innovation and delivering value to our stakeholders. We look forward to building on this momentum as we continue to lead the way in the European graphite and battery materials market.”*

Commercial and project development

Achievement of major milestones for the Nunasvaara South graphite mine

During the reporting period the Company made significant progress in the development of its Nunasvaara South graphite mine, part of the integrated Vittangi Anode Project, in northern Sweden. The progress marks a major step forward in Talga achieving its mission of delivering sustainable battery materials.

In a significant decision, the Swedish Supreme Court dismissed all requests for leave to appeal the Environmental and Natura 2000 permit for the mine (ASX:TLG 31 October 2024). The decision finalised the statutory appeals process and as a result the Environmental and Natura 2000 permit has entered force. This milestone underscores the robustness of Talga's project and environmental planning, both underpinned by the Company's strong commitment to sustainable development.

In addition, Talga was granted the exploitation concession for the Nunasvaara South mine by the Mining Inspectorate of Sweden (Bergsstaten) (ASX:TLG 18 October 2024). The exploitation concession grants Talga the right to conduct graphite mining activities at Nunasvaara South over a period of 25 years, with options for extensions.

The statutory process for exploitation concession decisions allows for appeal submissions for processing by the Swedish Government's Ministry of Climate and Enterprise. Subsequently two appeals were lodged under this process (ASX:TLG 6 December 2024). The Company looks forward to a timely decision on this matter alongside its progressing project execution.

Talga also made progress in advancing local approvals, including the detailed plan which concerns land zoning of the Nunasvaara South natural graphite mine site. To address delays in the process of adopting the detailed plan, and Kiruna Municipality's subsequent decision to suspend the planning work, Talga submitted a planning injunction to the Swedish Ministry of Agriculture and Infrastructure. Subsequent to the period, in a positive decision the Swedish Government directed Kiruna Municipality to adopt the detailed plan by no later than 16 May 2025 (ASX:TLG 24 January 2025).

In a media release on the Government decision, Ebba Busch, Minister for Energy, Business, and Industry, emphasised that the graphite Talga plans to produce is a critical component in battery manufacturing. In the same release Andreas Carlson, Minister for Infrastructure and Housing, further underscored the significance of this decision by noting the European battery industry's current reliance on imports. He highlighted that potential export restrictions from China could pose a serious risk to the entire battery supply chain. Domestic production of key materials like graphite are essential for Europe's industrial resilience. Overall, the decision underscores the strategic importance of domestic resource extraction and its role in supporting the European battery industry.

These mine permit achievements highlight Talga's unwavering progress and dedication to establishing the Vittangi Anode Project as a cornerstone of Europe's sustainable battery materials supply chain. With key permits in force or granted, and local approvals progressing, Talga focuses on advancing customer offtake agreements and project financing structures towards a Final Investment Decision.

In a move to further accelerate development, Talga submitted an application for Strategic Project status under the EU's Critical Raw Materials Act in August 2024. If approved, this designation will provide priority access to permitting and financing processes, enhancing the project's alignment with Europe's critical raw materials strategy. The Commission's decision on the first list of strategic projects is expected in Q1 2025.

Scoping Study: Expansion options

In June 2024 Talga completed a mining study into the expansion options for its Vittangi Graphite Project in Sweden (“Interim Report”) to produce anode precursor concentrate output up to ~425,000tpa (ASX:TLG 11 June 2024).

The Interim Report forms part of a wider integrated Scoping Study aimed at scoping the expansion of Talga’s initial 19,500tpa anode production for lithium-ion battery markets (ASX:TLG 1 July 2021). Work to finalise the Scoping Study is ongoing with completion of downstream anode refinery expansion options underway.

Product and technology development

Pioneering sustainable battery materials and innovation

As a fully integrated battery materials and technology company Talga is dedicated to advancing key product development programs in alignment with customer production roadmaps. Spearheaded by our Battery Centre of Excellence in Cambridge, UK and our electric vehicle (EV) anode plant in Luleå, Sweden, Talga is at the forefront of sustainable battery innovation.

Through close collaboration with customers during in-house research and development, Talga has successfully demonstrated its ability to process battery production scrap and spent anode materials for use in its high-performance graphite anodes under our Talnode[®]-C Recycled Series. This novel process not only complements our flagship natural graphite anode product, Talnode[®]-C, but also supports the growing demand for sustainable battery materials.

Talga is further advancing its recycled battery material strategy through collaborative agreements with battery recyclers and manufacturers, having previously announced development agreements with clean technology group Altilium in the UK and global recycler Aurubis (ASX:TLG 28 March and 10 September 2024).

During the period the Company entered further programs to evaluate the performance of Talga’s recycled graphite anode materials with additional parties, including in the US market. These partnerships build on Talga’s existing efforts in Europe and underscores our commitment to delivering sustainable, high-performance battery solutions on a global scale.

Sustainability through policies and innovation

The European Union has introduced progressive policies to accelerate the adoption of recycled battery materials. The Critical Raw Materials Act sets an ambitious benchmark for 2030, outlining that 25% of annual consumption of strategic raw materials be sourced from recycled materials. Additionally, the EU Battery Regulation mandates that battery manufacturers achieve a minimum recycling efficiency of 70% for lithium-ion batteries by end of 2030.

Recycling spent graphite is a critical component in achieving these requirements, while also ensuring compliance with ESG due diligence standards, which require transparency in the origin of materials used in battery production.

Corporate and finance

€70m EU Innovation Fund grant

During the period Talga announced it had been selected for a €70m (~AU\$115 million) EU Innovation Fund grant for its commercial scale Luleå Anode Refinery, part of its integrated Vittangi Anode Project.

The Luleå Anode Refinery was one of 85 successful innovative net-zero projects cutting-edge clean technologies into action across Europe, out of a total 337 applications. The grant is awarded by the European Commission, and the selected projects are to receive a total of €4.8 billion in grants under the EU Innovation Fund.

Talga is now in the 'grant preparation' phase to formalise documentation. Applicants are due to sign their grant agreements with the European Climate, Infrastructure and Environment Executive Agency (CINEA) in the first quarter of 2025.

Figure 2 Design image of Luleå Anode Refinery, part of the integrated Vittangi Anode Project.



Group CFO and commercial roles relocated to Europe

As the Company advances towards a Final Investment Decision for the Vittangi Anode Project, it is transitioning a range of corporate functions and roles to Europe (ASX:TLG 1 November 2024). Australian-based Group CFO, Melissa Roberts, decided to not relocate as part of the transition and stepped down on 31 December 2024.

The Company is progressing the executive search for a Sweden-based Group CFO and in the interim Talga has appointed Mr Niklas Karlsson as Group Finance Director (ASX:TLG 28 January 2025). Niklas brings over 30 years of expertise as a Finance Director, spanning European and global growth and technology industries. He has held numerous senior positions at Swedish multinational network and telecommunications company Ericsson and most recently, served as the CFO at energy equipment and solution provider Studsvik Group.

In addition, Talga has appointed Mr Sascha Keen as Group Director - Corporate Finance. Sascha has over 30 years' experience in banking, resources, project finance, strategy and advisory spanning the global mining and metals, renewable energy and infrastructure sectors. His prior roles include Senior Manager at Mitsui & Co (Aust), Associate Director at NM Rothschild & Sons (Aust), Director - Debt Advisory at Noah's Rule and most recently Chief Strategy Officer at Savannah Resources PLC.

These recruitments further bolster Talga's leadership team in Europe as it executes on its Vittangi Anode Project and battery materials business strategy.

Market Update

The global graphite anode market sustained its growth trajectory throughout the quarter, fuelled by the expanding adoption of lithium-ion batteries across electric vehicles (EVs), battery energy storage systems (BESS) and consumer electronics (3C) markets.

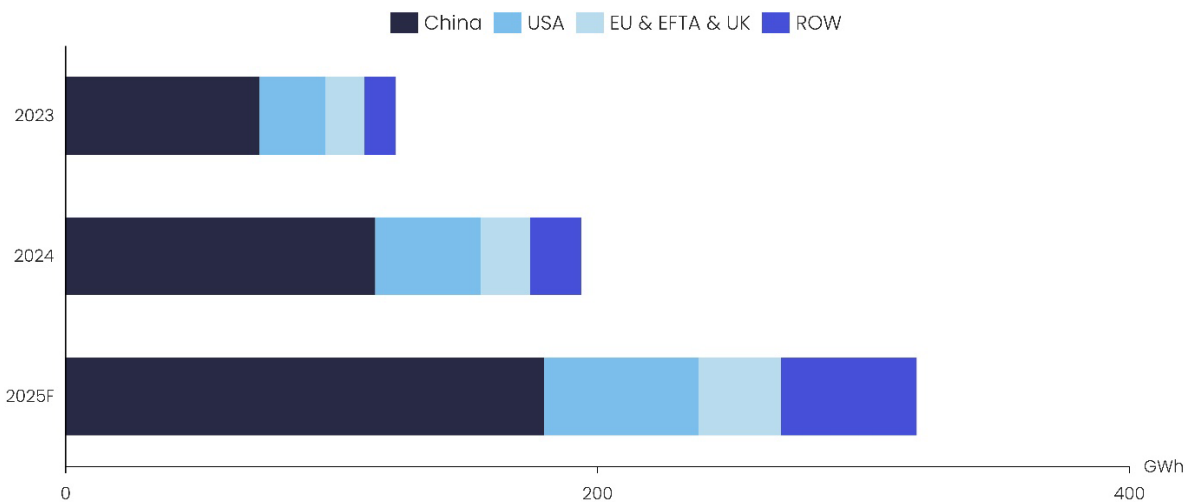
Global EV sales reached 17.1 million units in 2024, marking a 25% year-on-year increase. However, regional disparities were evident, with China leading the charge at a remarkable 40% growth. Outside China, growth remained steady but slower, with the US and Canada achieving 8% growth, while the EU faced challenges with negative sales growth.¹

Battery energy storage systems (BESS) have emerged as the fastest-growing segment within the lithium-ion battery market in 2024, surging by 52% y-o-y and accounting for 15% of total lithium-ion battery demand. Strong growth is anticipated to continue in 2025 coming from the grid market which is driven by the accelerating deployment of renewable energy and the critical need for stable and efficient energy grids. Both the US and China are expecting 30% y-o-y growth in 2025 while Europe’s BESS market is expected to more than double in 2025.²

Graphite and anode prices remained stable throughout Q4 2024, continuing to suggest the market has reached a price floor. During the quarter, several non-Chinese producers reduced graphite output as production became economically unviable at current price levels, helping to balance excess supply. Chinese producers also scaled back production due to seasonal winter cuts in northern China.³

Looking ahead to 2025, Chinese synthetic graphite producers are optimistic about anode demand, supported by significant restocking activities in the green petroleum coke market (a key raw material for synthetic graphite). Market participants anticipate a rise in synthetic graphite prices in 2025, driven by stronger demand from the battery sector. Green petroleum coke prices have already surged 47% from their September 2024 lows, reflecting improved market sentiment and active procurement across downstream industries.⁴

Figure 3 Rho Motion: 2023 – 2025 Installed Li-ion BESS capacity (Grid & Behind the Meter)



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¹ Rho-Motion, EV & Battery Outlook, Q4 2024.
² Rho-Motion, what to watch in 2025.
³ Fastmarkets, 2025 Graphite Outlook (14 Jan 2025).
⁴ Fastmarkets, Chinese green petroleum coke price rise on active restocking, bullish market sentiment (11 December 2024).

Talga at significant events

- Benchmark Week, 12 to 14 November 2024, Los Angeles, United States
- Kultura Kiruna, 5 to 24 November 2024, Kiruna, Sweden
- Bell Potter Unearthed Conference, 10 to 13 February 2025, Virtual
- Benchmark World Tour Sydney, 17 February 2025, Sydney, Australia
- Benchmark World Tour Melbourne, 19 February 2025, Melbourne, Australia
- Benchmark World Tour Perth, 21 February 2025, Perth, Australia
- Benchmark GIGA Europe, 18 to 19 March 2025, Brussels, Belgium

Tenement Interests

As required by ASX listing rule 5.3.3, refer to Appendix 1 for details of interests in mining tenements held by the Company. No new joint ventures or farm-in/farm-out activity occurred during the quarter. The Aero Lithium Project joint venture with SQM awaits a decision by the foreign investment review board in Sweden on SQM's involvement before formal commencement of the JV can occur. As part of ongoing management of its Swedish resources Talga rationalised a non-core tenement during the quarter.

Financial

Talga ended the December 2024 quarter with A\$18.1 million cash-in-bank and was capitalised at ~A\$188.9 million based on closing price on 31 December 2024. The Company has 429.5 million quoted ordinary shares, 3.4 million unlisted options and 53.3 million shareholder loyalty options on issue.

ASX Appendix 5B, Section 6

Payments to related parties of the entity and their associates: during the quarter \$245,000 was paid to Directors and associates for salaries, superannuation and consulting fees.

Authorised for release by the Board of Directors of Talga Group Ltd.

For further information please contact:

Mark Thompson
Managing Director
Talga Group Ltd
+61 (0) 8 9481 6667

Dean Scarparolo
Company Secretary
Talga Group Ltd
+61 (0) 8 9481 6667

About Talga

Talga Group Ltd (ASX:TLG) is a global leader in the development and production of sustainable battery materials. Its flagship product, Talnode®-C, is a natural graphite anode material made in Sweden with an ultra-low carbon footprint.

Talga's range of battery materials under development include an advanced silicon anode product and conductive additives for cathodes. Talga's innovative technology and vertical integration of 100% owned Swedish graphite resources provides security of supply and creates additional value for stakeholders. Website: www.talgagroup.com

No New Information

To the extent that announcement contains references to prior technical information, exploration results and mineral resources; these have been cross referenced to previous market announcements made by the Company. These had been disclosed to JORC 2012 standard. Unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements that assumptions and technical parameters underpinning the relevant market announcement continue to apply and have not materially changed.

Forward-Looking Statements & Disclaimer

Statements in this document regarding the Company's business or proposed business, which are not historical facts, are forward-looking statements that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements.

This announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular persons.

Appendix 1: Tenement Holdings

Project/location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Aero Project Norrbotten County, Sweden	Nilivaara nr 1	100%		
	Suorravaara nr 6	100%		
	Suorravaara nr 7	100%		
	Suorravaara nr 3	100%		
	Suorravaara nr 5	100%		
Jalkunen Project Norrbotten County, Sweden	Jalkunen nr 1	100%		
	Jalkunen nr 4	100%		
Kiskama Project Norrbotten County, Sweden	Kiskama nr 1	100%		
Raitajärvi Project Norrbotten County, Sweden	Raitajärvi nr 5	100%		
	Raitajärvi nr 7	100%		
Vittangi Project Norrbotten County, Sweden	Nunasvaara nr 2	100%		
	Nunasvaara nr 3	100%		
	Vittangi nr 2	100%		
	Vittangi nr 6	100%		
Pajala Project Norrbotten County, Sweden	Lautakoski nr 5	0%		100%

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Talga Group Ltd

ABN

32 138 405 419

Quarter ended ("current quarter")

31 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	28	60
1.2 Payments for		
(a) exploration & evaluation ⁽ⁱ⁾	(2,188)	(4,047)
(b) development ⁽ⁱⁱ⁾	(1,746)	(3,362)
(c) qualification plant production ⁽ⁱⁱⁱ⁾	(1,161)	(2,021)
(d) staff costs - corporate	(1,216)	(2,138)
(e) administration and corporate costs	(1,602)	(2,464)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	200	343
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants	-	52
1.8 Other – R&D claim	413	679
1.9 Net cash from / (used in) operating activities	(7,272)	(12,898)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(513)	(1,027)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) Other	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	Net cash from / (used in) investing activities	(513)	(1,027)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	18,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	142	142
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(184)	(738)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(42)	17,904

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25,900	14,095
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(7,272)	(12,898)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(513)	(1,027)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(42)	17,904

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3	2
4.6	Cash and cash equivalents at end of period	18,076	18,076

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	659	820
5.2	Call deposits	17,417	25,080
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	18,076	25,900

Notes

- (i) Exploration and evaluation includes Sweden trial mining, exploitation permitting costs and also includes all Sweden admin & labour costs not associated with production.
- (ii) Development includes UK product development and German test facility operations including associated admin & labour costs.
- (iii) EVA plant anode sample production costs.

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	245
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(7,272)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(7,272)
8.4 Cash and cash equivalents at quarter end (item 4.6)	18,076
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	18,076
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.49
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer:	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2025

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.