

QUARTERLY ACTIVITIES REVIEW FOR THE PERIOD ENDING 30 SEPTEMBER 2017

Talga Resources Ltd

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Corporate Information

ASX Codes **TLG, TLGOA**

Shares on issue **202.4m**

Options (listed) **44.9m**

Options (unlisted) **33.5m**

Company Directors

Terry Stinson

Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director

Stephen Lowe

Non-Executive Director

Ola Mørkved Rinnan

Non-Executive Director

OVERVIEW

Australian technology minerals company, Talga Resources Ltd (**ASX: TLG**) (“**Talga**” or “**the Company**”) is pleased to report its activities for the quarter ending 30 September 2017. Highlights included:

COMMERCIAL DEVELOPMENT

- Agreement with multinational giant Heidelberg Cement AG to explore opportunities in concrete applications using Talga graphene and graphite products.
- Talga joins several consortia-led battery research applications under the UK Government’s £246 million ‘*Faraday Challenge*’ funding program.
- Graphene and graphite commercial initiatives advancing across Talga’s target sectors, including sales of material into several customer programs.
- Ongoing progress of graphene in surface treatments and coatings with products delivered to Chemetall under the joint development agreement.

PRODUCT DEVELOPMENT

- Testing and customer partnerships continue successfully, with products delivered to Chemetall, Heidelberg Cement, Haydale and Zinergy under partner programs.
- Lithium-ion battery technology agreement signed with the battery arm of Recruit R&D Co Ltd, part of Japanese conglomerate, Recruit Group.
- Post the end of period, Talga received highly encouraging endurance test results from its new Lithium-ion battery anode formulation with ~20% increase in capacity performance over commercially available anodes.

PROCESSING DEVELOPMENT

- Phase 3 scale-up program advancing well with process engineering completed, procurement for the additional cells and platforms being finalised and overall commissioning on track for Q1 2018.
- Talga’s process development program progressing well with a range of specific projects providing important data for feasibility studies, project and product planning and permitting applications.

PROJECT DEVELOPMENT AND EXPLORATION

- Swedish cobalt developments including positive metallurgical results from the Kiskama IOCG project, follow-up diamond drilling completion at the Lautakoski project, pegging of the highly prospective Aitik East project and successful completion of historic drill core re-assaying at the Ahmavuoma project.
- Advancement on a range of permitting and feasibility related studies.

CORPORATE

- Appointment of first European-based Board member, Mr Ola Rinnan.
- On-market sale of shares in TSX Venture-listed Novo Resources Corp (TSX-V: NVO) following strong improvement in market value.



COMMERCIAL DEVELOPMENT

Memorandum of Understanding with Heidelberg Cement AG

During the period Talga entered a non-binding memorandum of understanding (“**MOU**”) with Heidelberg Cement AG, a German-based multinational building materials producer and world leader in concrete products. The MOU provides the platform from which the two companies can jointly test Talga graphene and graphite materials in specialty concrete applications for the building and construction sector (Figure 1).

Heidelberg has about 60,000 employees in 60 countries and is the world leader in aggregate production, second in cement and third in ready-mixed concrete. Its core activities include the production and distribution of cement and aggregates, the two essential raw materials for concrete.

Graphene and graphite enhanced cements/concretes can enable multi-functional, conductive, stronger and more sustainable building and construction products.

This joint test program with the engineering and innovation department of the world’s largest concrete aggregate producer is a strong validation of Talga’s potential opportunity.

During the period Talga materials were delivered to Heidelberg and testing of the first products is successfully progressing.

Battery Product Consortia

Talga’s recent Lithium-ion (“**Li-ion**”) test data from the Warwick Manufacturing Group (“**WMG**”) has enabled the Company to participate in several consortia-based applications under UK Government funding programs.

After the reporting period, Talga announced that, courtesy of its WMG industrial test work program (see Product Development, below), it had attracted the attention of downstream battery sector stakeholders looking to partner through the ‘*Faraday Challenge*’. This is a £246 million, four-year UK program to support automotive electrification as part of efforts to phase out fossil-fuel vehicles.

Customer Partnerships

Talga has numerous collaborative commercial test work initiatives under way covering Talga graphene and graphite raw materials to functionalised (chemically tuned) products. The developments span from early stage non-disclosure and material transfer undertakings through to advanced product testing across a range of industrial sectors.

Validation of Talga materials by end users is important and outcomes drive the Company’s development strategy and support project feasibility considerations.

One of the most significant partnerships is with Chemetall, a division of BASF. During the period a range of products were delivered and sold to Chemetall pursuant to the joint development agreement. Talga is highly encouraged by the working relationship and scale of opportunity for graphene innovations in coatings systems and metal pre-treatments.

Figure 1. Thermally conductive concrete test samples using Talga graphene and graphite products.



Figure 2. Talga management and staff visit a Chemetall facility in Germany recently.



Graphene and graphite materials were also delivered to Heidelberg Cement, Haydale and Zinergy during the period. Product testing is necessarily an ongoing and iterative process where outcomes can only be announced when commercially appropriate, but Talga continues to be encouraged by results of the programs to date.

PRODUCT DEVELOPMENT

Continued Li-ion Battery Success

During the period Talga continued UK battery development programs at WMG and at Talga's Cambridge product development labs. Post the end of the period, Talga received highly encouraging endurance test results from its new Li-ion battery anode formulation that combines Talga's micrographite and graphene nanoplatelets (GNP) products.

The Talga battery materials exhibited outstanding electrochemical performance across a range of key industry measures, including reversible capacity of ~420mAh/g over a 100-cycle average with a retention of 99.5% and coulombic efficiency of 99.9%.

The capacity measure reflects a ~20% increase in capacity performance compared to commercially available graphite anodes (usually about 330mAh/g). This is significant because increased battery energy density can translate into increased range for an electric car or more usage time for a mobile device.

The aim of Talga's work is to develop a value-added anode product with performance advantages to enter into a commercial agreement with a major customer in the battery/energy storage market.

Japanese Technology Company Partnership

Talga has entered a development partnership with the battery technology arm of Recruit R&D Co Ltd ("**Recruit R&D**"), an engineering corporation that is part of the multinational Recruit Group. Commencement of the development program was announced after the end of reporting period.

Recruit R&D has extensive experience in the Li-ion battery manufacturing sector and employs more than 1,200 scientists and engineers operating with more than 400 partner companies and research organisations.

The program, being led by Dr Claudio Capiglia, will utilise Recruit R&D's deep knowledge and experience of battery supply chains to link Talga's material development with the specific needs of battery manufacturers.

It is a natural extension to Talga's WMG work undertaken to date and will utilise the facilities of both Recruit R&D and WMG.

Talga will benefit from Recruit R&D's extensive links into the Asian battery materials supply chain and support to become a qualified supplier.

Figure 3. Graphite-based anode formula coated onto copper for roll to roll Li-ion battery manufacture at WMG.

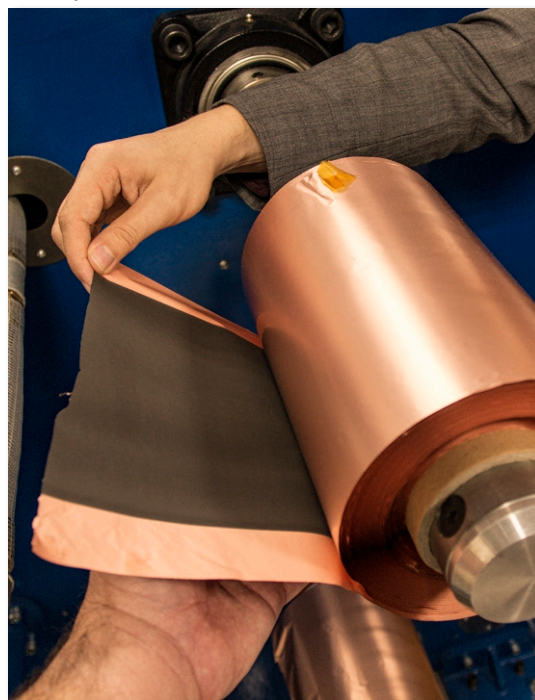


Figure 4. Talga management and staff visit the WMG facility in the UK.



Graphene Product Testing

Product testing with formal partners is ongoing however it is important to note that Talga's graphene product development program is far deeper than the handful of publicly announced formal commercial agreements.

Talga is supplying materials to a multitude of customers and industry bodies across all four key target sectors (energy, composites, building materials and coatings) under non-disclosure agreements and these relationships and developments are progressing well, along the path to more formal or larger scale agreements.

PROCESS DEVELOPMENT

Talga's test facility in Rudolstadt, Germany, continues to achieve a range of objectives which include:

- conducting process design and R&D;
- working with technology providers to determine process scale-up;
- generating stockpiles of Talga's different graphitic carbon materials;
- producing a range of different material samples for customers and quality testing; and
- providing a source of graphene feed for product development work in Cambridge (Figure 5).

Figure 5. Talga transparent graphene-based coating on steel test panel.



Talga's scale-up to Phase 3 continues with process engineering completed, procurement for the additional cells and platforms being finalised and overall commissioning on track to commence Q1 2018. In addition to Phase 3 scale-up activities, Talga is running a suite of R&D projects to optimise flow-sheet efficiencies and performance. These programs provide important data for feasibility studies, project and product planning and for larger scale development stages.

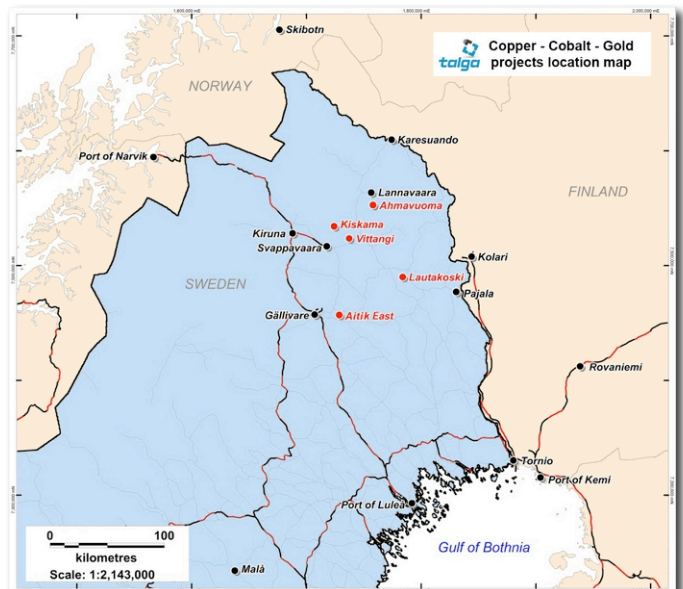
PROJECT DEVELOPMENT AND EXPLORATION

During the period, Talga continued to achieve encouraging outcomes from work programs across its 100% owned exploration projects in northern Sweden (Figure 6). The main focus was cobalt ("Co") in polymetallic copper ("Cu") and gold ("Au") deposits, with potential to feed growing demand for battery-related minerals, particularly in Europe.

Kiskama Project

A positive metallurgical test program was completed on the wholly owned Kiskama iron oxide copper-gold ("IOCG") deposit, using diamond drill-core from Talga's 2014 drilling. The tests by Simulus Laboratories in Perth returned up to 91% recovery of cobalt to concentrate and 99% to solution, up to 86% recovery of copper to concentrate and 99% to solution and up to 77% recovery of gold to concentrate and 95% to solution.

Figure 6. Location of Talga's copper-cobalt-gold projects in north Sweden.



The results demonstrated no metallurgical impediment to the high recovery of cobalt along with copper and gold from Kiskama, with flotation being relatively straightforward and samples responding well to a wide range of conditions. This is notable because many cobalt projects are polymetallic and the recovery of cobalt can be problematic when recovering other minerals.

Mineralogical studies concluded the Kiskama cobalt and copper are hosted in sulphide mineralisation. Only 'rougher' flotation stages were used during the test work and optimisation of all the process steps is expected to improve recoveries.

Concurrent with the metallurgical program, a geological review of the project by IOCG expert Mr Peter Pollard identified new target areas worthy of further exploration, including geophysical surveys and additional drilling, aimed at establishing a maiden JORC resource. Talga is reviewing the combined results to assess next steps for Kiskama.

Lautakoski Project

During the period Talga announced the completion of follow up drilling at its wholly owned Lautakoski project (75km south-east of Kiskama). The drilling program consisted of four new diamond drill holes targeting copper-cobalt-gold mineralisation in two electromagnetic conductors.

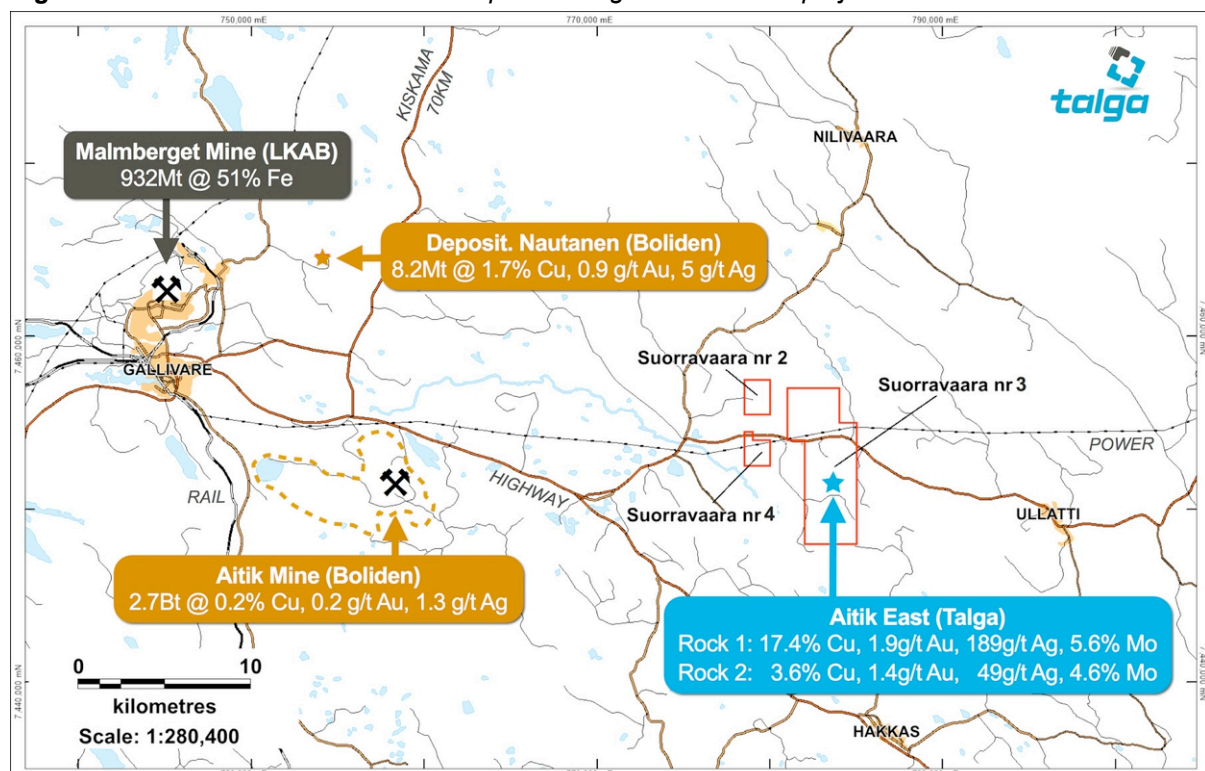
Three of the holes followed up mineralisation intercepted in a 2016 graphite exploration hole, known as Conductor 1 and the fourth hole at Conductor 2 was completed to a depth of 130m. Intercepted graphite units are the likely source of the geophysical anomalies, however zones of sulphide and iron oxide are also present. The core from both prospects was logged and sampling assay results are expected in the near term.

Also at Lautakoski, exploration data review commenced on the previously granted permits that expanded the project area to 65km² over sites of historic rock chip samples recording highly anomalous grades of copper, cobalt and gold in transported boulders and outcrop including up to 3.9% Cu, 500ppm Co and 0.4g/t Au.

Aitik East Project

Talga applied for three new exploration permits (33km²) located 25km east of Boliden's 36 million tonnes per annum Aitik Cu-Au mine, Europe's largest open-pit base metals mine and mill (Figure 7). The project area ("Aitik East") contains historic occurrences of copper, gold, silver and is considered further prospective for technology minerals including cobalt and lithium.

Figure 7. Location and historic rock samples at Talga's "Aitik East" project in north Sweden.



Historic outcrop rock chip samples returning up to 17.4% Cu, 1.89g/t Au, 189g/t Ag and 5.6% Mo from volcanic rocks are recorded from the project area, as are occurrences of lithium-bearing minerals (spodumene, lepidolite and elbaite), but no evidence of drilling.

An initial site visit by Talga confirmed visible copper and lithium minerals in outcrops. More detailed fieldwork including first pass rock geochemical sampling of the sites to assess these prospects for battery mineral potential, including cobalt, is planned for the current quarter.

Ahmavuoma Project

Historic core from the Ahmavuoma project has been evaluated and sampled to validate historic assays, extend incomplete intercepts and more accurately define the copper-cobalt-gold mineralisation to better understand its potential. Previously announced historic results from Ahmavuoma include 52m @ 0.24% Co, 0.59% Cu, 0.17g/t Au which included 21m @ 0.38% Co, 1.12% Cu, 0.42g/t Au from 60m (ASX:TLG 31 May 2017).

Post the end of the quarter, Talga announced the results from its re-assay program which confirmed broad zones of high grade cobalt with copper at Ahmavuoma (ASX:TLG 5 Oct 2017). The work also extended mineralised zones including a key new intercept of 73.1m @ 0.16% Co and 0.24% Cu from 33.75m (04AD001), including 22.8m @ 0.34% Co and 0.13% Cu from 54m.

Figure 8. Semi-massive sulphides containing cobalt and copper mineralisation at Ahmavuoma. Pictured core is within 56.8-57.75m of drillhole 04AD001 assaying 0.59% Co (ASX:TLG 5 Oct, 2017).



Graphite and Cobalt Project Development

As part of its work related to permitting, environmental concessions and feasibility, Talga advanced a range of surveys and studies during the quarter. This included, but was not limited to, inspections by Nunasvaara stakeholders, hydrology, waste and soil mapping, reindeer surveys and social and stakeholder management.

To complement its graphite/graphene focus, Talga is running a parallel process to advance its Swedish cobalt mineral opportunities. Talga aims to be fully informed to make well-measured decisions on how best to monetise its assets, particularly given the backdrop for battery minerals globally and specifically in Europe. Talga sees multiple avenues to bolster its funding strategy through the future commercialisation of its cobalt-rich base metal assets.

CORPORATE

Appointment of Ola Rinnan as Non-Executive Director

During the quarter, Talga appointed Mr Ola Rinnan as a Non-Executive Director and welcomed him as its first European-based Board member. Mr Rinnan, a Norwegian, has a master's degree in construction and materials technology and a bachelor's degree in economics. He has extensive commercialisation and management experience covering Europe and predominantly Scandinavia. This includes roles of CEO at Eidsiva Energi AS, a regional-scale energy and infrastructure company in Norway with more than 40 hydro-electric sites, and CEO with Norgeskreditt AS, a subsidiary of Nordea, one of the largest financial institutions in northern Europe and headquartered in Sweden. Mr Rinnan's skills and experience will support Talga's rapidly advancing operations and business in Europe for the benefit of shareholders.

Appointment of Chief Operating Officer

As part of Talga's growth and initiatives underway to expand its European management team, Talga elevated its Project Manager – Europe, Mr. Martin Phillips, to Group Chief Operating Officer.

General Meeting Ratification and Approvals Including ~\$12m Strategic Placement

During the quarter a General Meeting of shareholders ratified a \$12.3 million capital raising, completed in previous quarter through an institutional placement of 20.5 million shares at \$0.60 a share.

The placement introduced new global institutions to the share register and provided funds to be applied towards Talga's general working capital and commercial, processing, and mineral development programs in Europe.

It also aligned the Company's cash flow budget to overlap with potential cashflows from listed and unlisted options expiring in late 2018. The General Meeting also approved potential termination benefits under the Employee Incentive Plans and the issue of incentive options and performance options to the Managing Director.

Sale of Majority of Equity Investment in Novo Resources Corp

During the reporting period Talga sold 585,000 shares in TSX Venture Exchange-listed Novo Resources Corp (TSX-V: NVO) ("Novo") through on-market transactions for cash consideration of AUD \$1,987,141 (net of brokerage fees). The sale followed a material gain in the market value of the shares since receiving them as part of the sale of Talga's Pilbara gold projects in 2016. Talga retains 180,115 shares in Novo.

Gold Project Divestments

During the quarter Talga entered into an option and sale agreement for its remaining Australian gold asset, the Bullfinch project. A non-refundable \$20,000 option fee was received on execution of the agreement with Torque Metals Pty Ltd. Exercise of the option is conditional on Torque Metals maintaining the tenements in good standing and by spending \$145,000 by 30 November 2017, with a further \$335,000 by 31 March 2018 if the option is exercised. Talga retains a 1% gross production royalty for any minerals extracted.

Figure 9. Chief Operating Officer Mr Martin Phillips leads a recent visit by the Talga Board of the Company's Rudolstadt test facility in Germany.



Investor Relations, Analysis and Media

Talga participated in a range of investor relations events and featured in research and media reports in various countries during the period. Media and research can be viewed on Talga's website in the media coverage section.

TENEMENT INTERESTS

As required by ASX listing rule 5.3.3, refer to Appendix 1 for details of Talga's interests in mining tenements held by the Company. No new joint ventures or farm-in/farm-out activity occurred during the quarter.

For further information, visit www.talgaresources.com or contact:

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About Talga

Talga Resources Ltd (ASX: TLG) is a technology minerals company enabling stronger, lighter and faster products for the coatings, battery, construction and carbon composites markets using graphene and graphite. Talga has significant advantages owing to 100% owned unique high grade conductive deposits in Sweden, a pilot test facility in Germany and in-house graphene product technology. Testing of Talga materials and products is underway with a range of corporations including industrial conglomerates Tata, BASF subsidiary Chemetall, Heidelberg Cement, UK listed Haydale and German based Jena Batteries.

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.

APPENDIX 1

Tenement Holdings

Project/Location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Ahmavuoma Project Norrbotten County, Sweden	Ahmavuoma nr 3	100%		
	Ahmavuoma nr 4	100%		
	Ahmavuoma nr 5	100%	100%	
Jalkunen Project Norrbotten County, Sweden	Jalkunen nr 1	100%		
	Jalkunen nr 2	100%		
	Jalkunen nr 3	100%		
	Kursuvaara	100%		
	Nybrännan nr 1	100%		
	Nybrännan nr 2	100%		
Tiankijoki nr 1	100%			
Kiskama Project Norrbotten County, Sweden	Kiskama nr 1	100%		
Lautakoski Project Norrbotten County, Sweden	Jukkasvaara nr 2	100%		
	Lautakoski nr 1	100%		
	Lautakoski nr 2	100%		
	Lautakoski nr 3	100%		
	Lautakoski nr 4	100%		
	Piipiönjoki nr 1	100%		
	Suinavaara nr 1	100%		
	Suinavaara nr 2	100%		
	Suinavaara nr 3	100%		
Suinavaara nr 4	100%			
Masugnsbyn Project Norrbotten County, Sweden	Masugnsbyn nr 1	100%		
Pajala Project Norrbotten County, Sweden	Lehtosölkä nr 3	100%		
	Liviövaara nr 2	100%		
Piteå Project Norrbotten County, Sweden	Gråliden nr 2	100%		
	Önusträsket nr 2	100%		
Raitajärvi Project Norrbotten County, Sweden	Raitajärvi nr 5	100%		
Vittangi Project Norrbotten County, Sweden	Maltosrova nr 2	100%		
	Maltosrova nr 3	100%		
	Mörttjärn nr 1	100%		
	Nunasvaara nr 2	100%		
	Vathanvaara nr 1	100%		
	Vittangi nr 2	100%		
	Vittangi nr 3	100%		
Vittangi nr 4	100%			
Bullfinch Project Western Australia	E77/2139	100%		
	E77/2221	100%		
	E77/2222	100%		
	E77/2251	100%		
	E77/2350	100%		
	P77/4106	100%		