

TALGA TO ESTABLISH SEPARATE COBALT COMPANY

Talga Resources Ltd

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Corporate Information

ASX Codes **TLG, TLGOA**

Shares on issue **203.4m**

Options (listed) **44.7m**

Options (unlisted) **32.7m**

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

Australian advanced material technology company, Talga Resources Ltd (“Talga” or “the Company”)(**ASX:TLG**) advises it has commenced an internal restructure of its assets that includes establishing a new wholly owned Swedish domiciled subsidiary - Talga Battery Metals AB - to house its four highly prospective cobalt projects in northern Sweden. This includes Sweden’s largest cobalt deposit, Kiskama.

The restructure will result in Talga’s Swedish cobalt assets, which are close to key emerging European battery markets, being separately resourced as the Company focuses on its primary advanced graphite-graphene projects for global energy and industrial applications.

The restructure is designed to:

- Form a separate management team to advance the cobalt projects through exploration and development, leaving the current Talga management team to focus on graphite-graphene commercialisation.
- Increase funding, development and future commercialisation options for the cobalt assets including potential spin-off of the subsidiary.
- Create a cobalt focused vehicle to pursue the value opportunity created by cobalt’s escalating price (up ~300% in two years to US\$90,000/ton¹) and growing European battery market demand for locally and responsibly sourced cobalt.
- Deliver operational and financial efficiencies across assets held by Talga.

Talga’s Board will carefully consider each potential commercialisation option for the cobalt once the restructure has been completed, and further work has been undertaken on the assets. A final decision is unlikely until early next year, ensuring adequate time to collect data, review, and select the best commercialisation option towards creating maximum value for shareholders.

The aforementioned timetable is designed to allow Talga option holders sufficient opportunity to exercise their listed TLGOA options (expiring in December 2018) to participate in any potential spin-off. Talga’s Board cautions that there can be no certainty of a spin-off of the Company’s cobalt subsidiary and that any such spin-off will be subject to satisfaction of all legal and regulatory requirements including shareholder approval, if required.

With \$12.15m in cash at 31 March 2018 the Company is well positioned to execute the restructure, associated assessments and continue to progress its business plans. An illustration of the new holding structure is included in the attached cobalt project presentation.

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

Mark Thompson
Managing Director

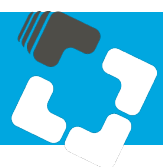
Talga Resources Ltd

T: + 61 (08) 9481 6667

Dean Scarparolo
Company Secretary

Talga Resources Ltd

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References

¹ London Metal Exchange Data

About Talga

Talga Resources Ltd (“Talga”) (ASX: TLG) is an advanced material technology company enabling stronger, lighter and more functional graphene and graphite enhanced products for the multi-billion dollar global coatings, battery, construction and carbon composites markets. Talga has significant advantages owing to 100% owned unique high grade conductive graphite deposits in Sweden, a test processing facility in Germany and in-house product development and technology. Joint development and commercial agreements are underway with a range of international corporations.

unearthing tomorrow



ASX: TLG

TALGA RESOURCES

Sweden Cobalt Projects
Presentation

9 May 2018



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EXECUTIVE SUMMARY

TALGA ESTABLISHES SEPARATE COBALT COMPANY



- ▶ Since purchasing Kiskama as part of the Teck Sweden package in 2012 Talga has built a suite of highly prospective cobalt mineral assets in parallel to its graphene-graphite projects
- ▶ Talga is now restructuring to setup a wholly owned Swedish subsidiary holding the cobalt assets with a view to:
 - **Increase** funding, development and future commercialisation options including potential spin-off* of the subsidiary
 - **Create** a cobalt focused vehicle to pursue the value opportunity created by cobalt's escalating price (up ~300% in two years to US\$90,000/ton¹) and growing European battery market demand for locally and responsibly sourced cobalt
 - **Form** a separate management team to advance the cobalt projects
 - **Deliver** operational and financial efficiencies across the group

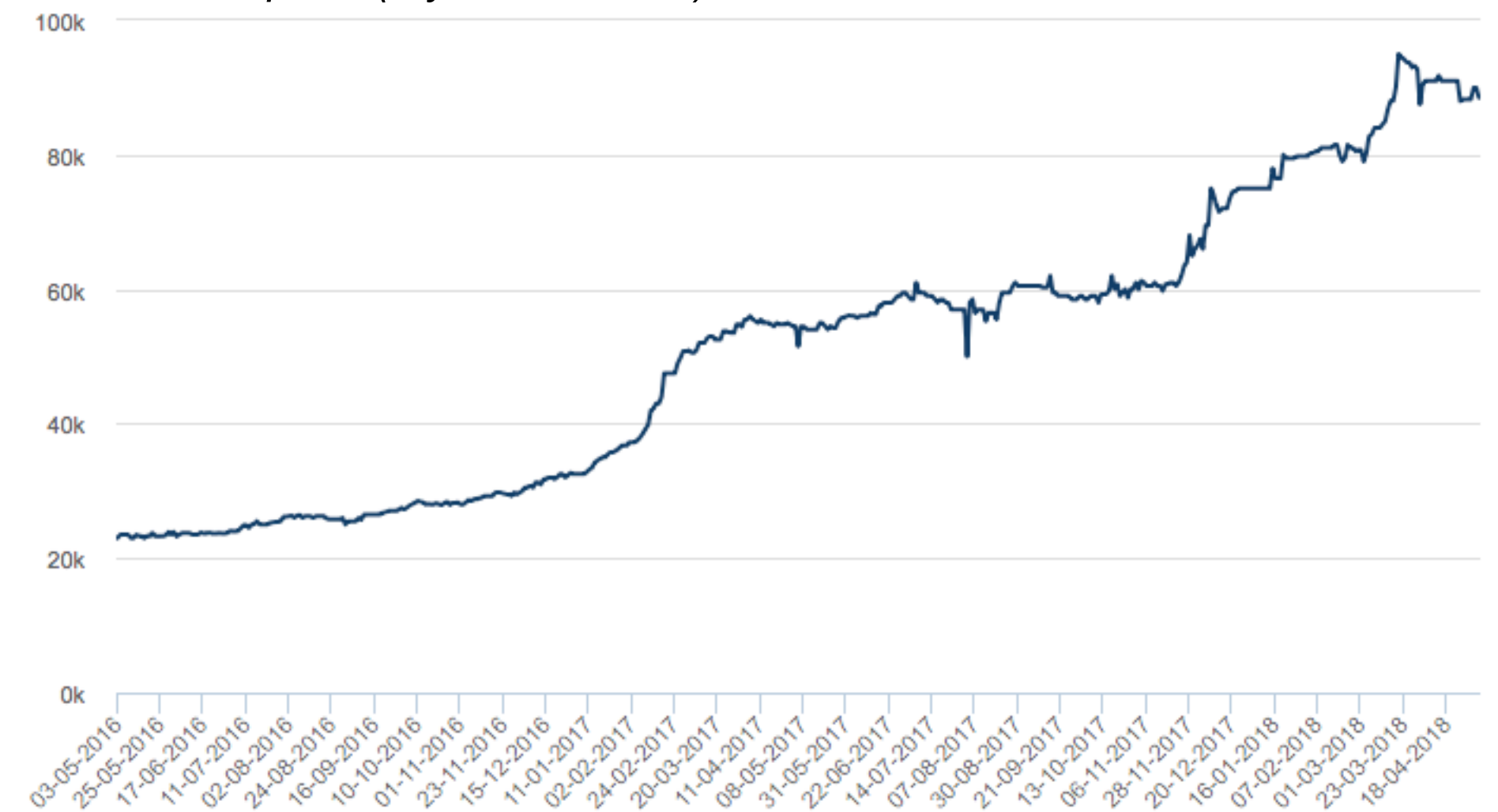
*Talga's Board cautions that there can be no certainty of a spin-off of the Company's cobalt subsidiary and that any such spin off will be subject to satisfaction of all legal and regulatory requirements including shareholder approval, if required.

¹ LME cash price data 3 May 2016-2018

Electrolytic cobalt metal 99.8% Co



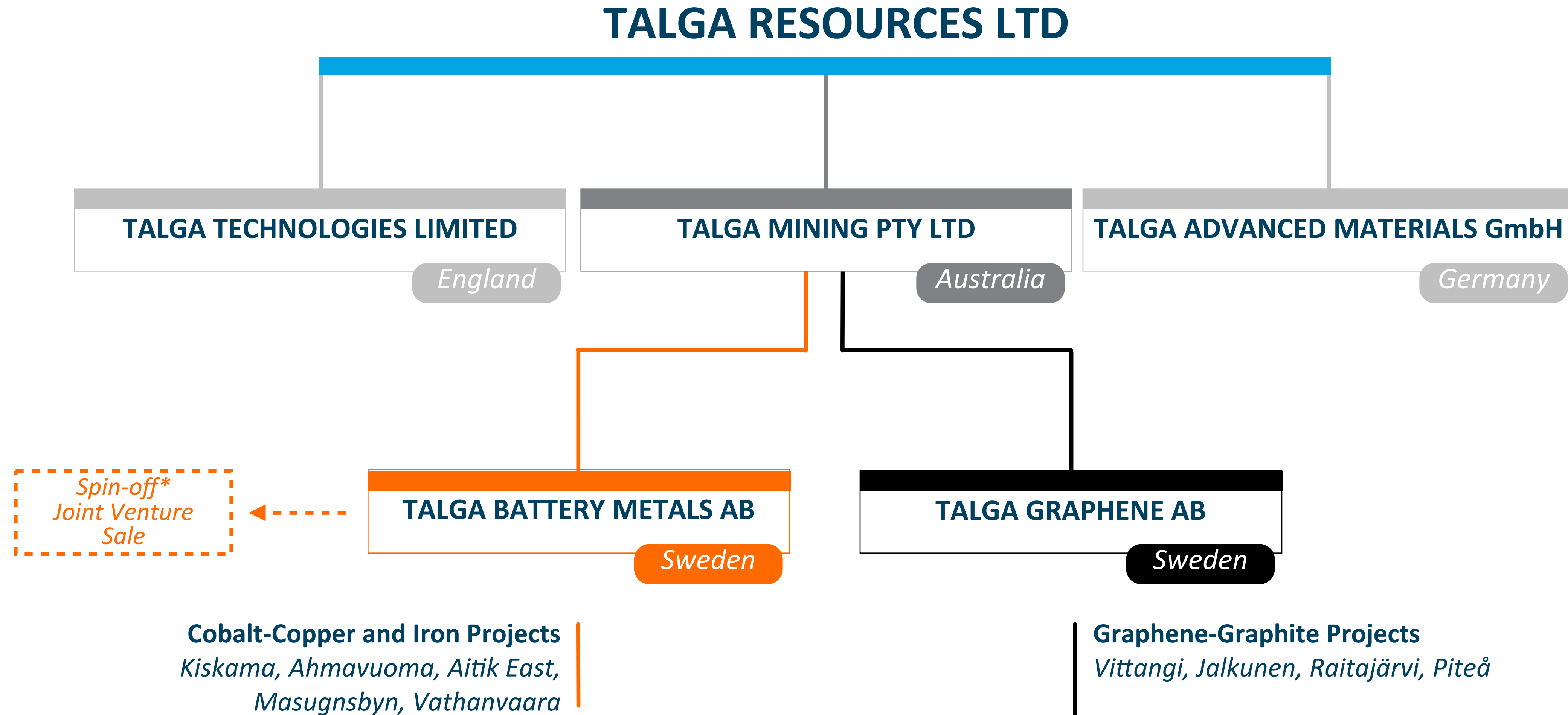
Cobalt price (2 yr, cash, LME)



TALGA HOLDING STRUCTURE



New 100% owned Swedish subsidiary companies



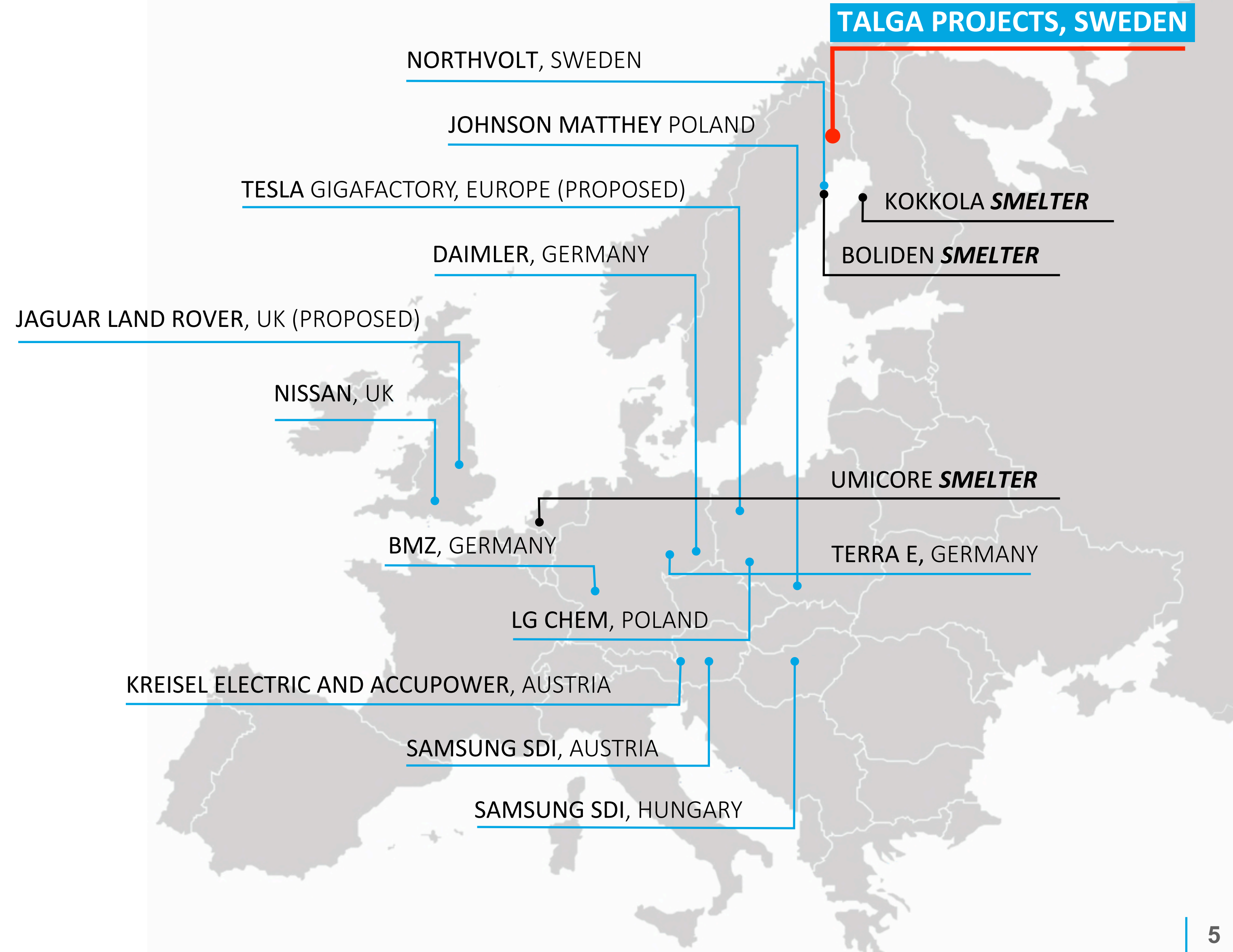
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LOCATION ADVANTAGE



Placed to supply fast growing battery supply chain in Europe

- ▶ **Global Li-ion battery** manufacturing capacity set to double by 2021
- ▶ **Multiple** Li-ion “Gigafactories” underway or planned in **EU**
- ▶ **Cobalt** is on EU critical minerals list, with mandate to develop independent supply
- ▶ **Majority** of battery minerals including cobalt are currently imported into Europe from China and Africa
- ▶ **Talga’s** Swedish deposits represent a potentially important and strategic new source of supply



WHY SWEDEN?

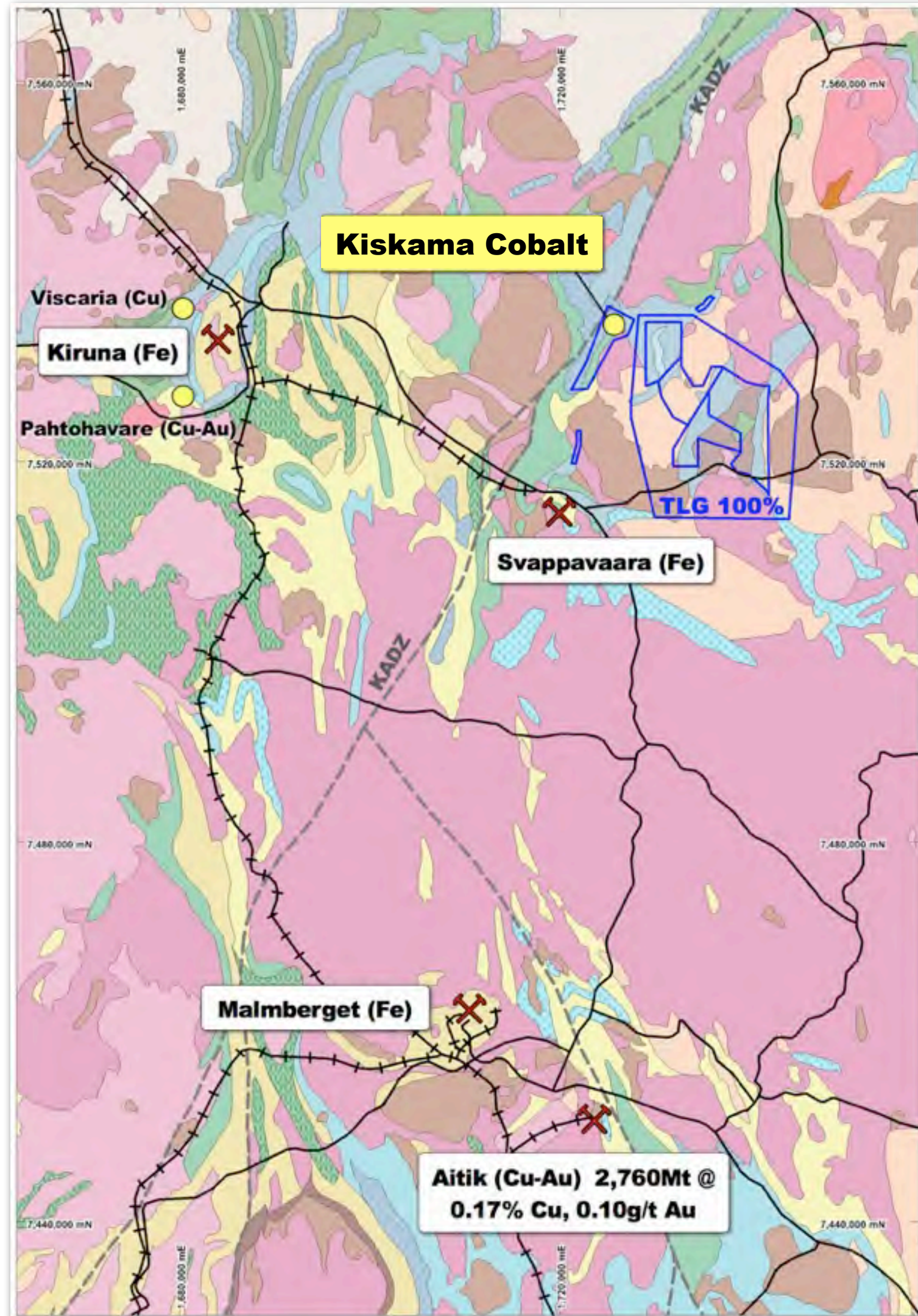
Location and Operations Advantage

- ▶ **Quality** operating and investment jurisdiction
- ▶ **Long term** mineral supply chain to Europe
- ▶ **Proximal** to roads and railway with links to largest cobalt smelter in world (Kokkola, Finland) and others (Skellefteå)
- ▶ **Abundant, low cost** (~US\$0.03/kWh) and sustainable power (>18 TW/year Hydro & >12 TW/year Wind) in Norbotten county alone
- ▶ **Same mining district** as Aitik; Europe's largest operating copper-gold mine (milling 36 million tonnes/ annum)
- ▶ **Potential toll treatment** opportunities to nearby smelters as well as stand alone/concentrate export
- ▶ **Local Li-ion battery 'Gigafactories'** being built eg, Northvolt, TerraE and others
- ▶ **Corporate** tax rate 22% and **mineral** tax rate 0.2%



KISKAMA PROJECT (100% TLG)

Sweden's largest cobalt deposit



- ▶ **Located** 40 km east of Kiruna, advantageously near existing roads, power and other infrastructure and logistics
- ▶ **Sweden's largest** cobalt deposit, with valuable by-product copper and gold, characterised as IOCG-type
- ▶ **Discovered 1972** by SGU. Up to 1980 drilling totaled 101 diamond holes (~14km of core) with at least 95 holes still stored at SGU in Malå
- ▶ **At the time** only **28%** of core assayed for cobalt & copper and **<2%** assayed for Gold
- ▶ Historic tonnage estimated by SGU but **JORC/NI43-101 resource remains to be estimated** using historic and modern drilling
- ▶ **Only 1km of 7km strike** historically tested. Remains **open** in all directions
- ▶ **Talga** drilling in 2014-15 (4 diamond holes) confirmed historical assays are accurate and enabled metallurgical testing
- ▶ **Large** growth potential. 7km length and down dip/downplunge targets remain to be tested.

KISKAMA DRILL HIGHLIGHTS - COBALT

Substantial widths and shallow depths offer low cost open-pit potential

- ▶ **42m @ 0.10% Co, 0.41% Cu** from 11m depth (Kis77006) including **27m @ 0.14% Co, 0.50% Cu**
- ▶ **33m @ 0.10% Co, 0.56% Cu** from 28m (Kis80017)
- ▶ **30m @ 0.12% Co, 0.14% Cu** from 67m (Kis 770001)
- ▶ **28m @ 0.11% Co, 0.51% Cu** from 59m (Kis72005)
- ▶ **36m @ 0.11% Co, 0.27% Cu, 0.13g/t Au** from 66m (2014 Kis04)
- ▶ **40m @ 0.09% Co, 0.24% Cu, 0.14g/t Au** from 50m (2014 Kis03)
- ▶ **17m @ 0.12% Co, 0.91% Cu** from 34m (Kis80006)

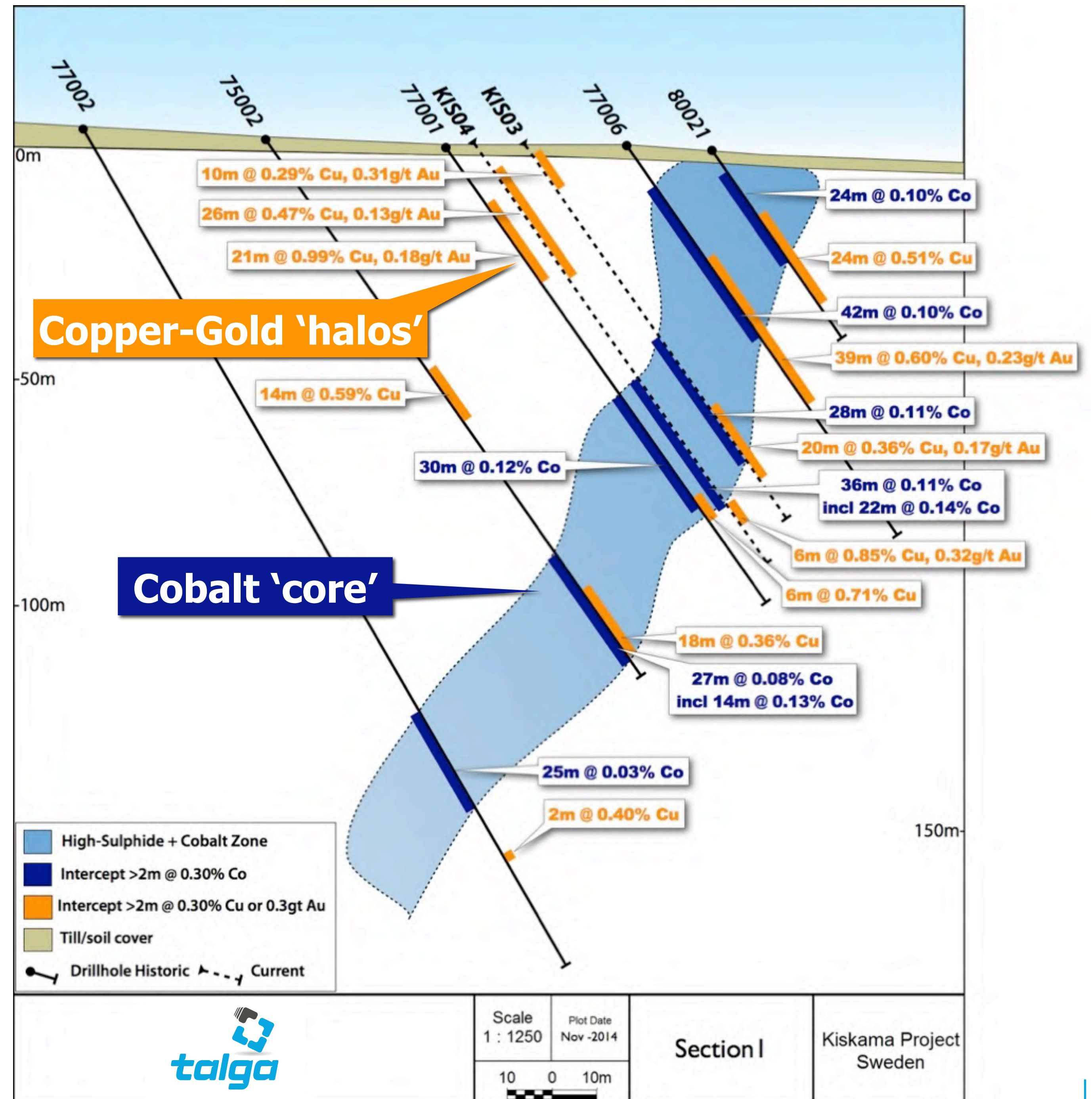


Intercepts highly encouraging in the context of deposit style and width, and current profitable mining operations in this region (Aitik mine, Boliden) where there is low cost hydro-electric power supplies, proximity to transport and milling options, favourable fiscal regimes and established high quality bulk commodity infrastructure.

COBALT ZONE WITHIN CU-AU

Substantial widths and byproducts

- ▶ **Kiskama** contains three sulphide lenses within a ~900 m long and 15 to 40 m wide mineralised zone, open along strike for 7km
- ▶ **The deposit consists** of cobalt-bearing pyrite occurring disseminated in chalcopyrite-magnetite-hematite minerals and strong K-feldspar alteration within an extensive zone of hydrothermal brecciation of andesitic host rock
- ▶ **Halos of surrounding** by-product copper-gold mineralisation is located at the redox boundary between magnetite-hematite mineralisation and is **typical for magnetite to hematite group IOCG-deposits**

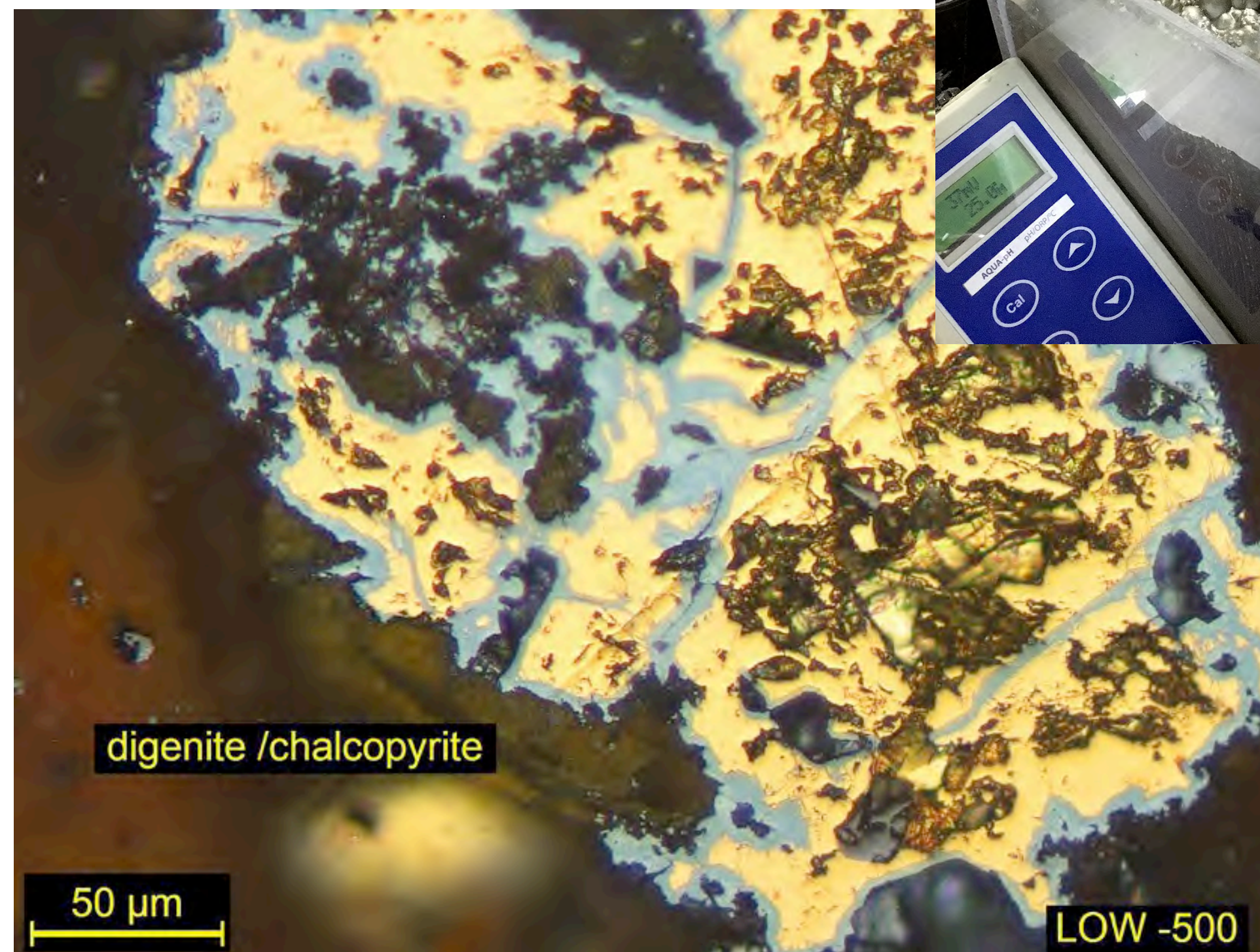
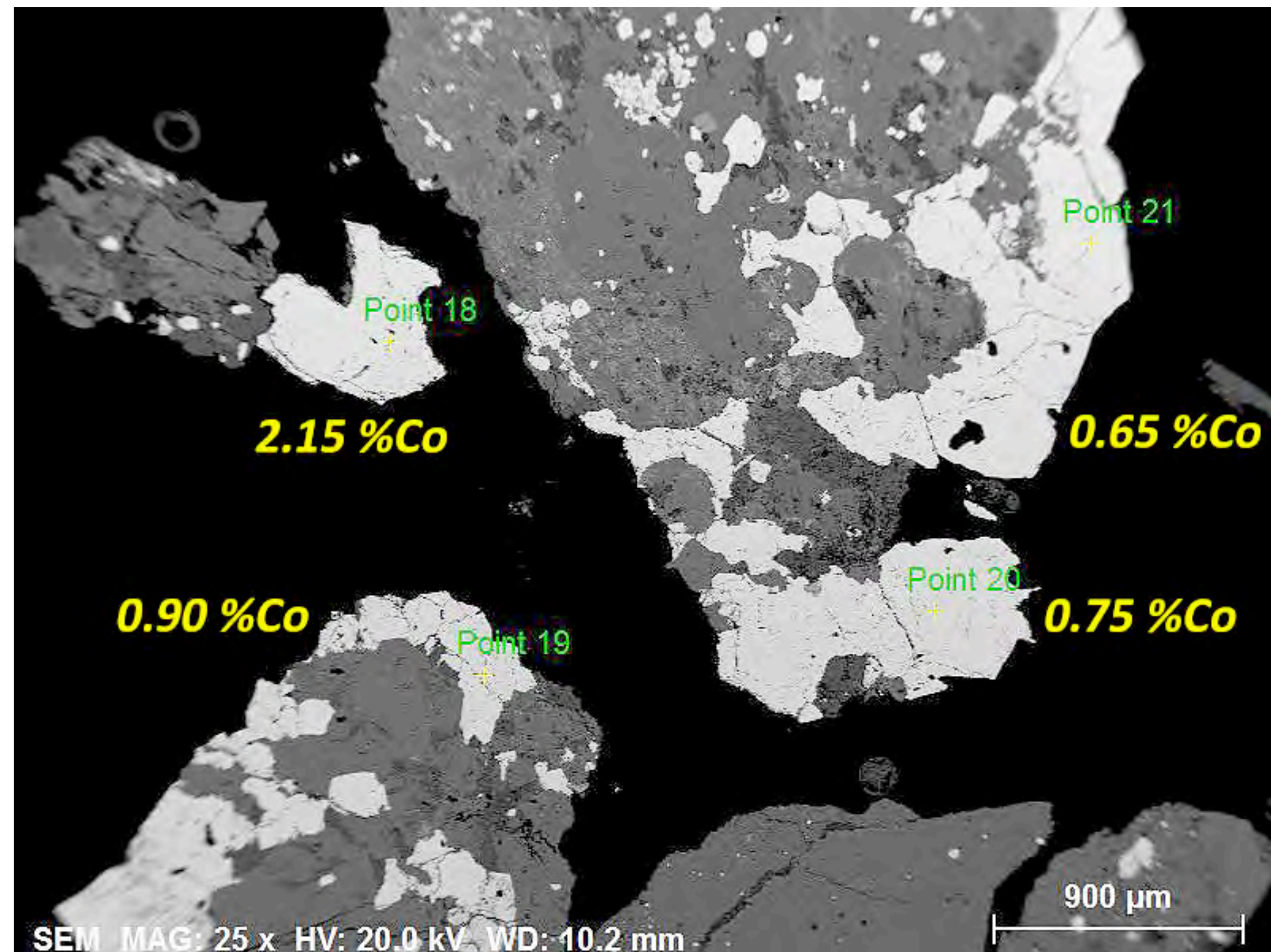


POSITIVE KISKAMA METALLURGY

High Recoveries of base and precious metals

- ▶ **First pass** metallurgical results in 2017 demonstrate high recoveries under flotation and Kell™ process
- ▶ **Up to 91%** recovery of Cobalt to concentrate and 99% to solution
- ▶ **Up to 86%** recovery of Copper to concentrate and 99% to solution
- ▶ **Up to 77%** recovery of Gold to concentrate and 95% to solution

Microscopic image of cobalt-bearing sulphides (left) and copper-bearing sulphides (right) from Kiskama project



KISKAMA POTENTIAL

Next Steps

- ▶ **New drilling** combined with completing cutting and assaying of historic untested whole core will potentially enable JORC resource to be completed at low cost.
- ▶ Zonation analysis of the mineralisation at Kiskama, in particular cobalt, showed clearly three separate lenses with likely plunge components, one of which **remains open** in a down-plunge position. Further drilling has high potential to **add tonnes** at depth and in parallel zones. New high-power geophysics will assist targeting.
- ▶ The **first -pass metallurgy completed** to date confirm Cobalt, Copper and Gold recovery is technically feasible but more detailed tests will enable an economic study (scoping to PFS).

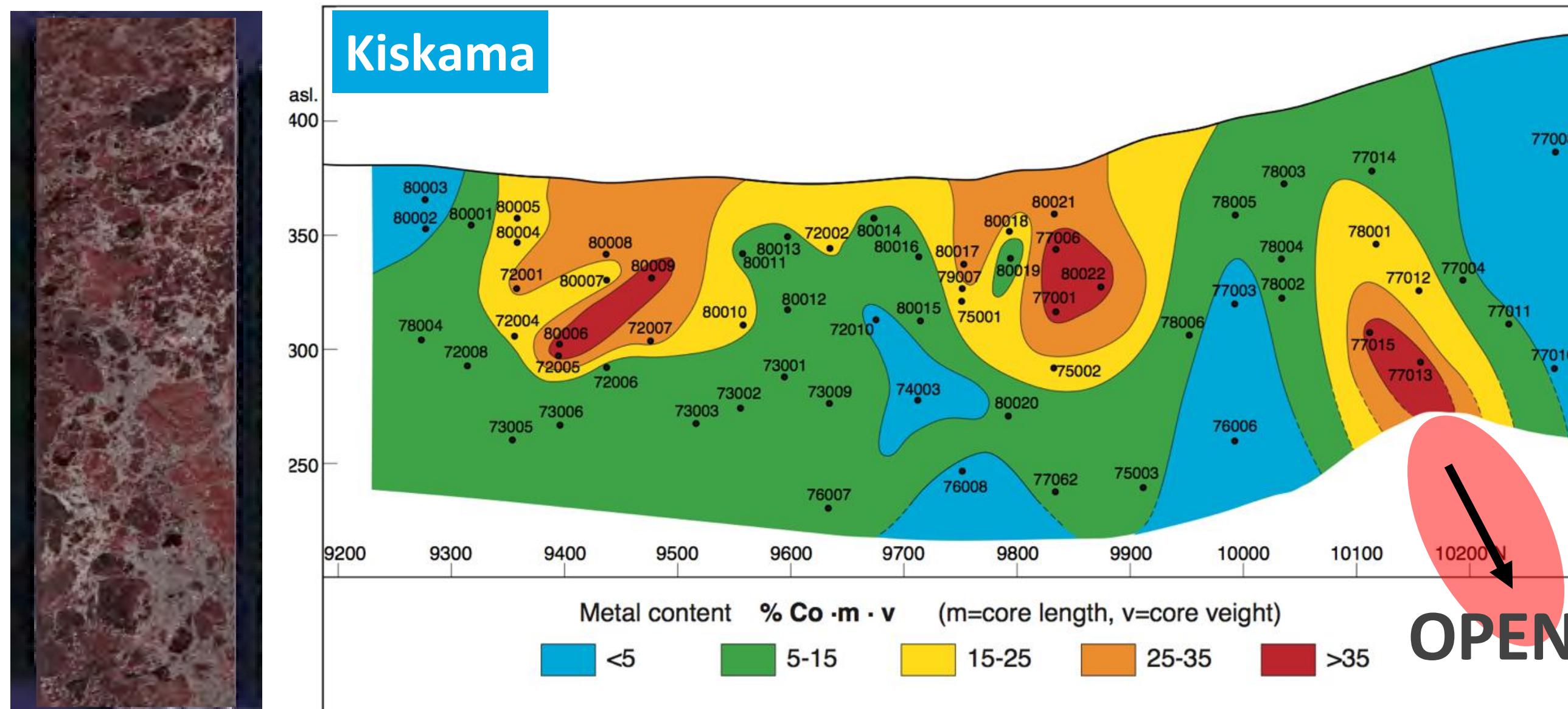
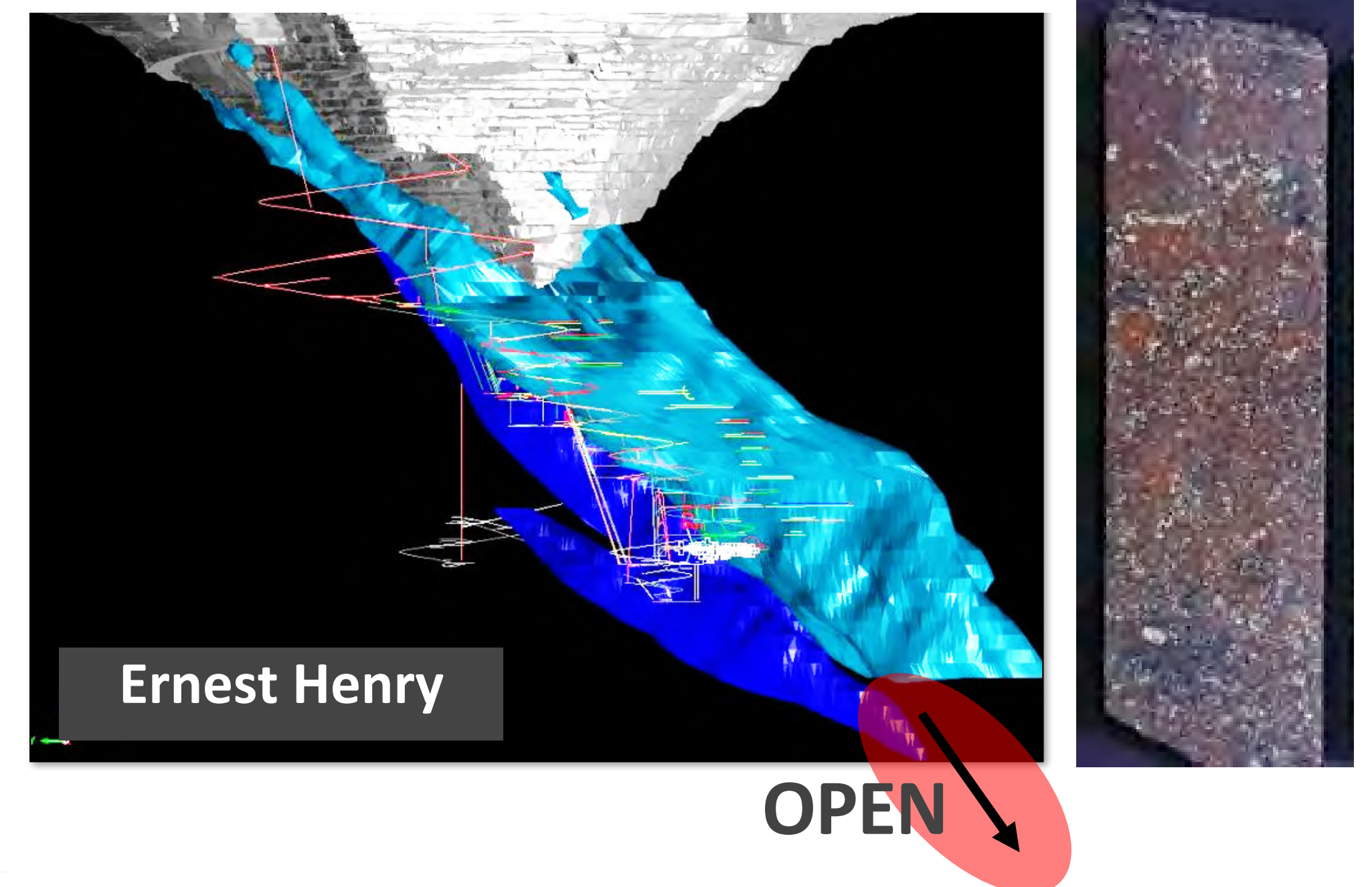


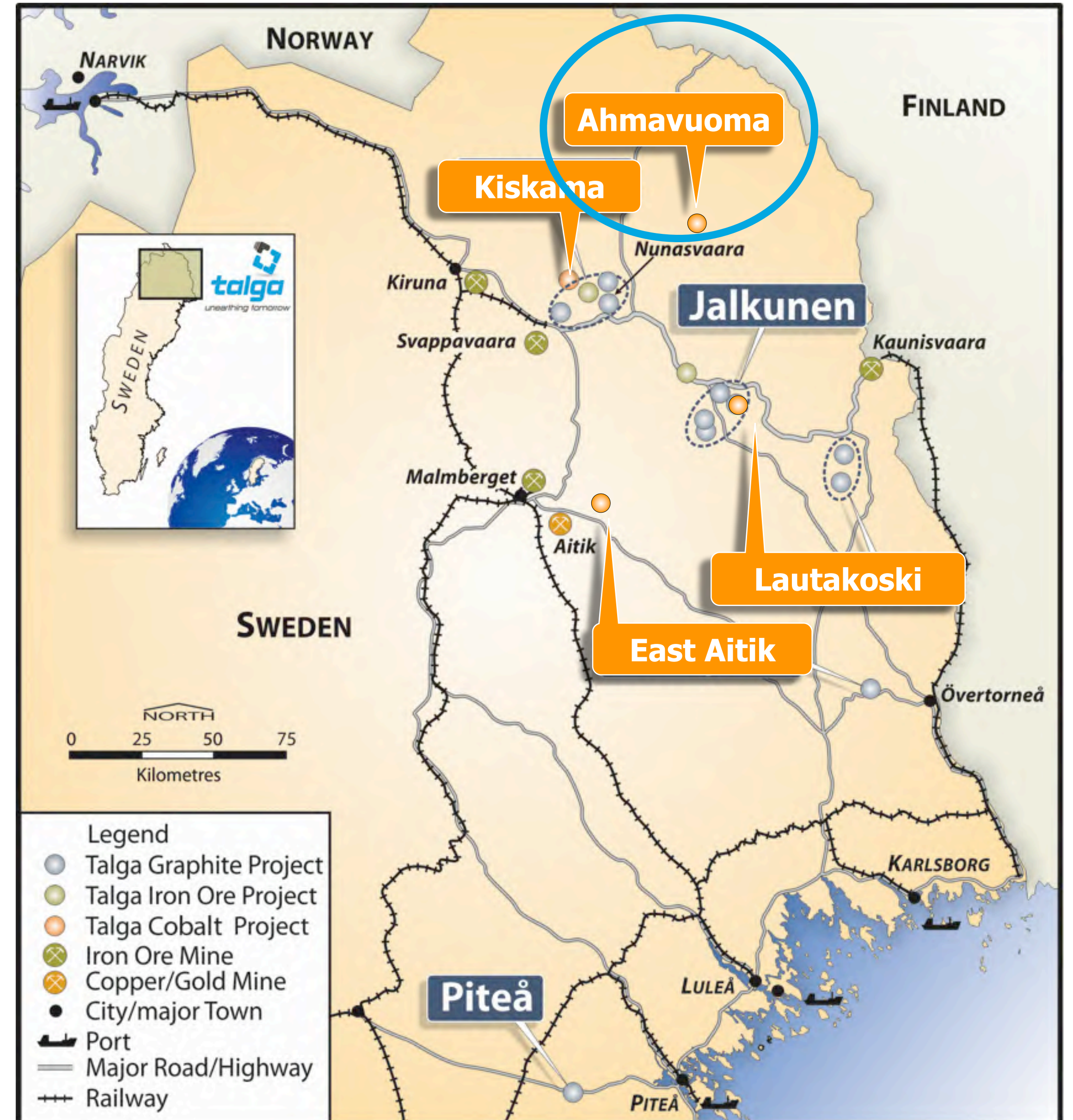
Figure 9. Co-content in the Kiskamavaara area (from Persson, 1981).



AHMAVUOMA PROJECT (100% TLG)

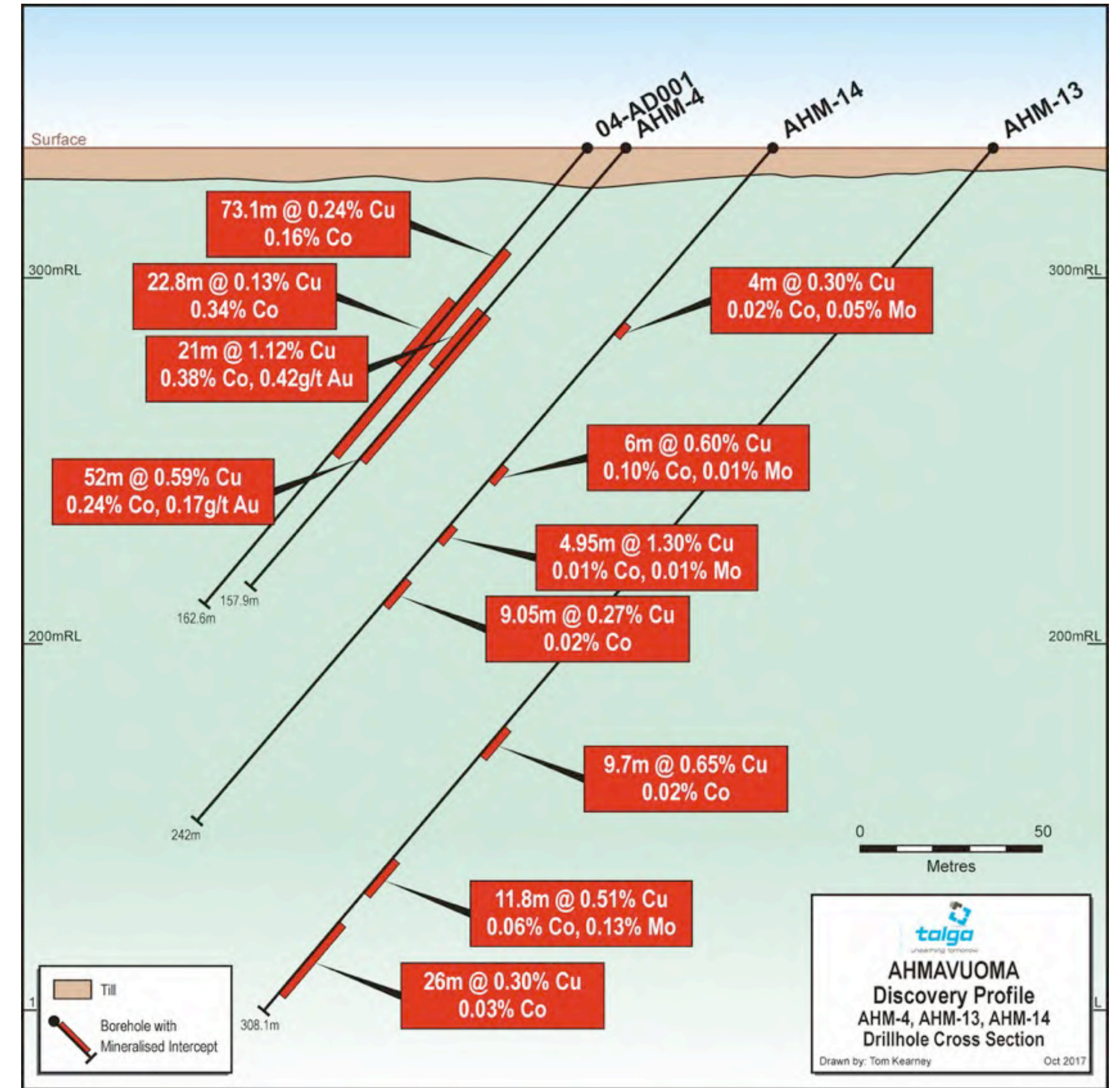
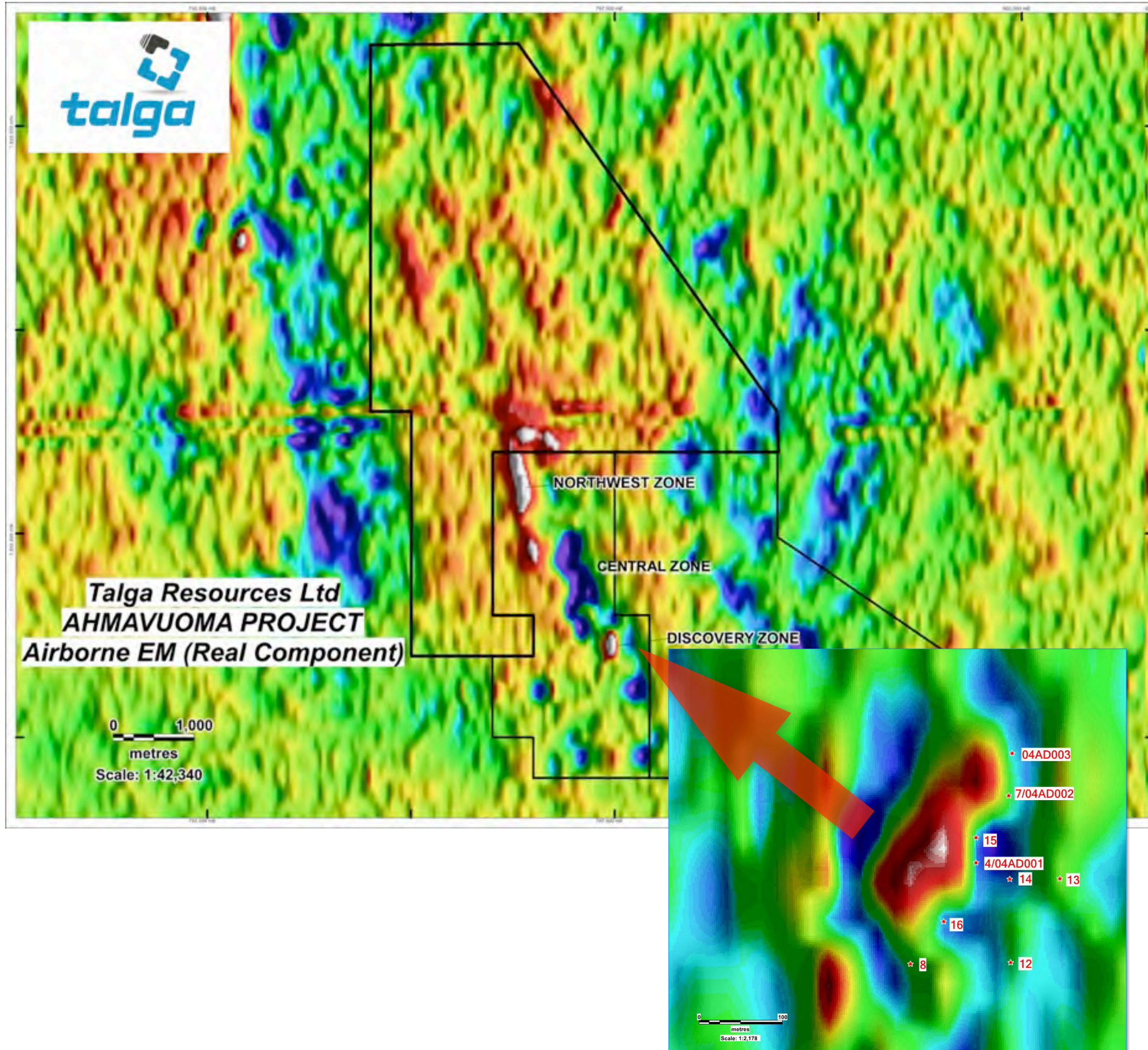
High grade early stage discovery

- ▶ **Located** ~30km NE of Talga's Vittangi graphite project
- ▶ Three exploration licences covering **40km²**
- ▶ **No outcrop. Discovered in 1978** by state mining company LKAB targeting ground EM geophysical targets. Drilled 17 scout diamond holes 1982-86 and Tertiary Minerals PLC 5 diamond holes in 2004
- ▶ **Broad** (~50-80m) zones of cobalt-copper-gold mineralisation around narrower, **higher-grade** zones.
- ▶ Historical **drilling highlights** include hole AHM4:
 - **52m @ 0.24% Co, 0.59% Cu, 0.17g/t Au** from 60m including **21m @ 0.38% Co, 1.12% Cu, 0.42g/t Au**
 - Re-assay of previously unsampled zones returned: **73.1m @ 0.16% Co** and 0.24% Cu from 34m downhole



DISCOVERY ZONE

Over 7km total length of EM conductors yet to be comprehensively tested



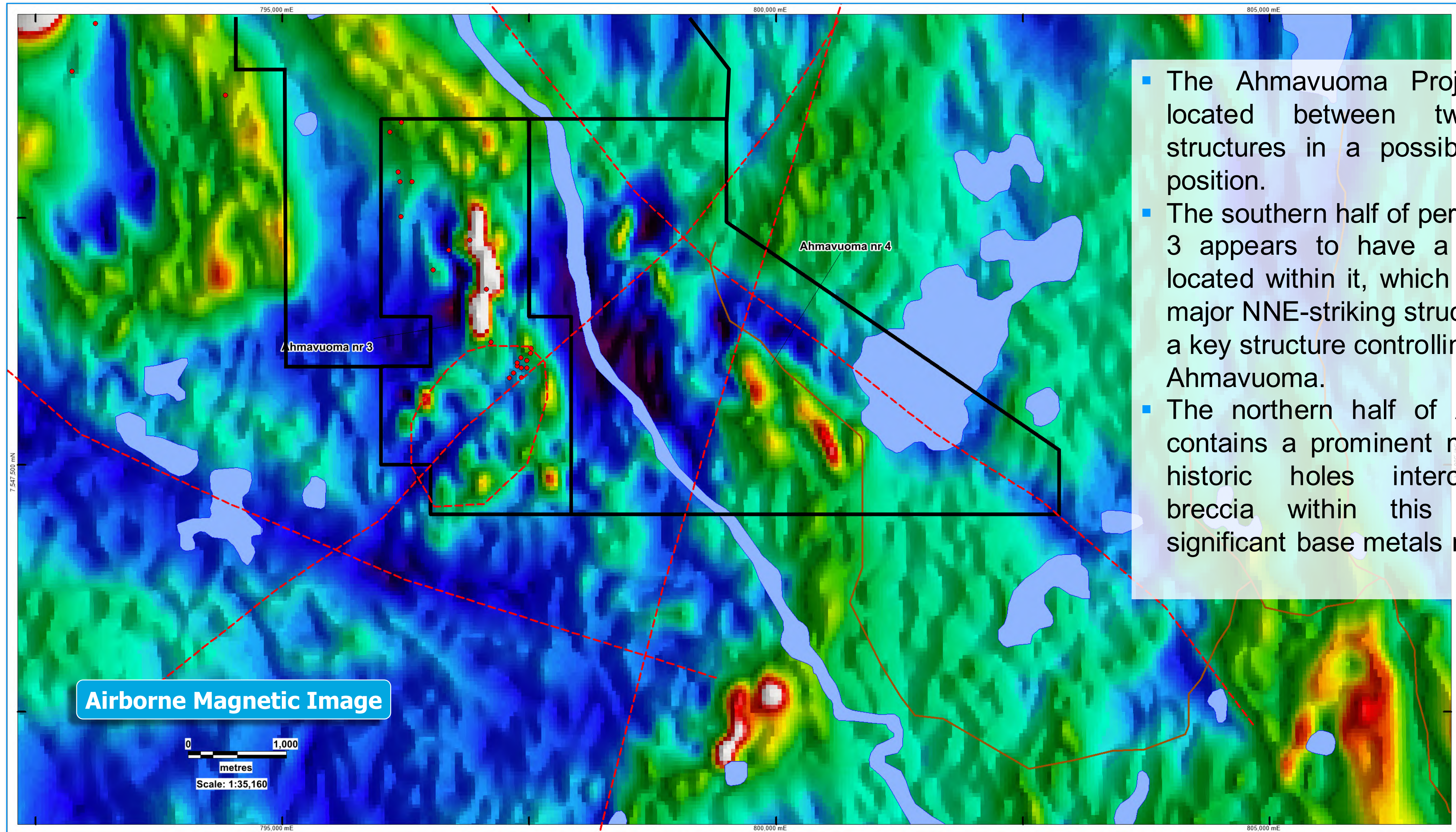
AHMAVUOMA GEOLOGY

Semi- to massive sulphides and brecciation

- ▶ Mineralisation consists of variably to massive sulphidic K-feldspar altered and strongly weathered intermediate volcanic breccias
- ▶ Cobalt scales with sulphides, not strictly coincident with copper. The Co:Cu ratio is $>2:1$ in strongest zone of cobalt where copper is lowest
- ▶ Suggests zonation or partitioning, increasing prospectivity for cobalt-rich zones to exist within overall copper byproduct system
- ▶ Highest grade individual intercepts include:
 - **2.0m @ 0.76% Co (AHM4)**
 - **0.6m @ 6.0% Cu (AHM14)**
 - **0.4m @ 2.88 g/t Au (04AD002)**



GEOLOGICAL SETTING



- The Ahmavuoma Project is favourably located between two regional-scale structures in a possible transform/splay position.
- The southern half of permit Ahmavuoma nr 3 appears to have a possible intrusive located within it, which in turn is cut by a major NNE-striking structure which may be a key structure controlling mineralisation at Ahmavuoma.
- The northern half of Ahmavuoma nr 3 contains a prominent magnetic high; two historic holes intercepted magnetite breccia within this feature but no significant base metals mineralisation.

AHMAVUOMA SUMMARY



Major high grade potential after Kiskama

- ▶ High cobalt and copper grades near surface and over substantial widths
- ▶ Only 'scout' drill tested. Mineralised positions Up-dip, along strike and down-dip remain open
- ▶ Over 7km length of shallow EM conductors yet to be tested in detail (historic "Slingram" EM penetration ~50m depth)
- ▶ Large volume of semi-massive sulphides in andesitic volcanic rocks with little differentiation between mineralised units - No geological controls known to date

NEXT STEPS

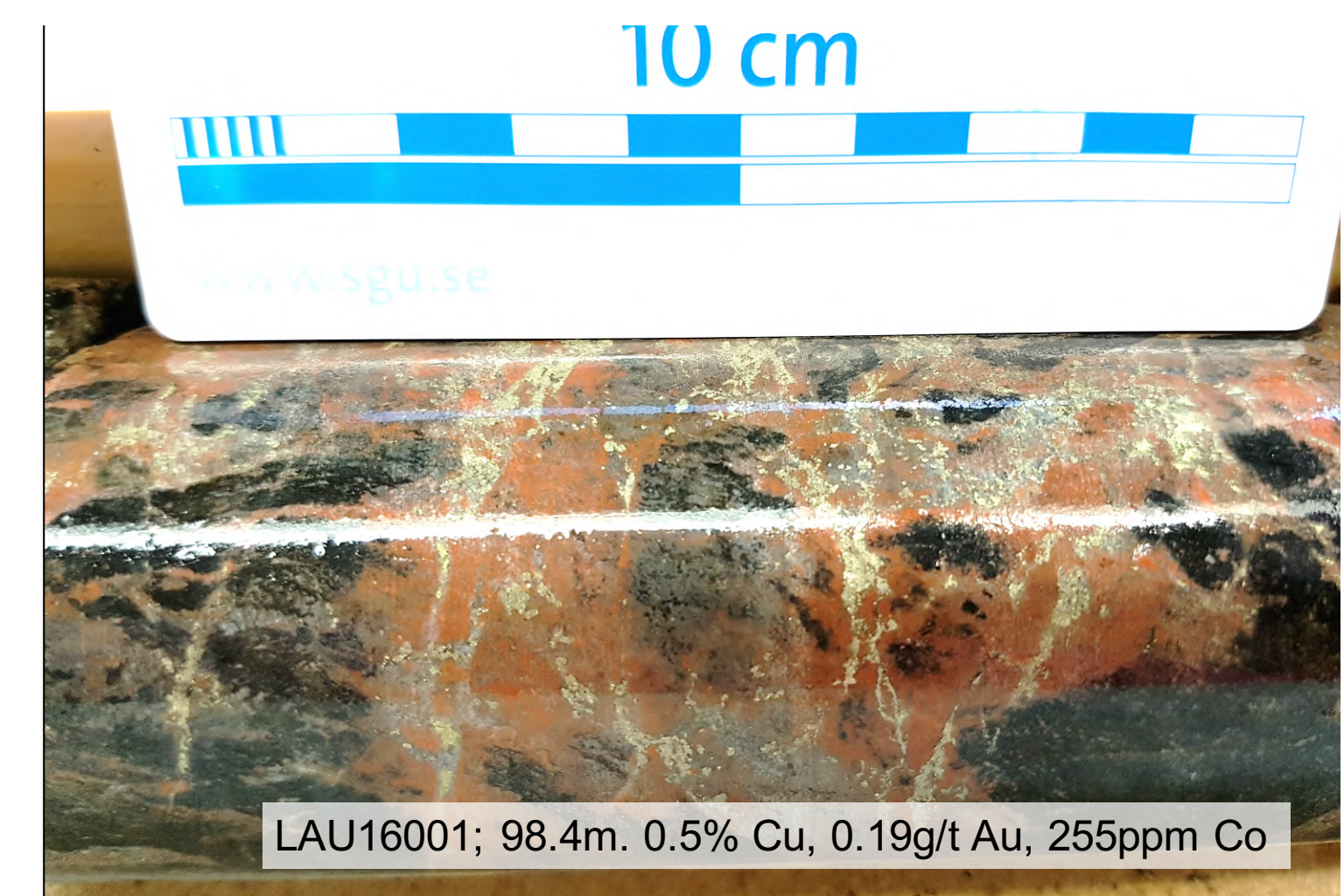
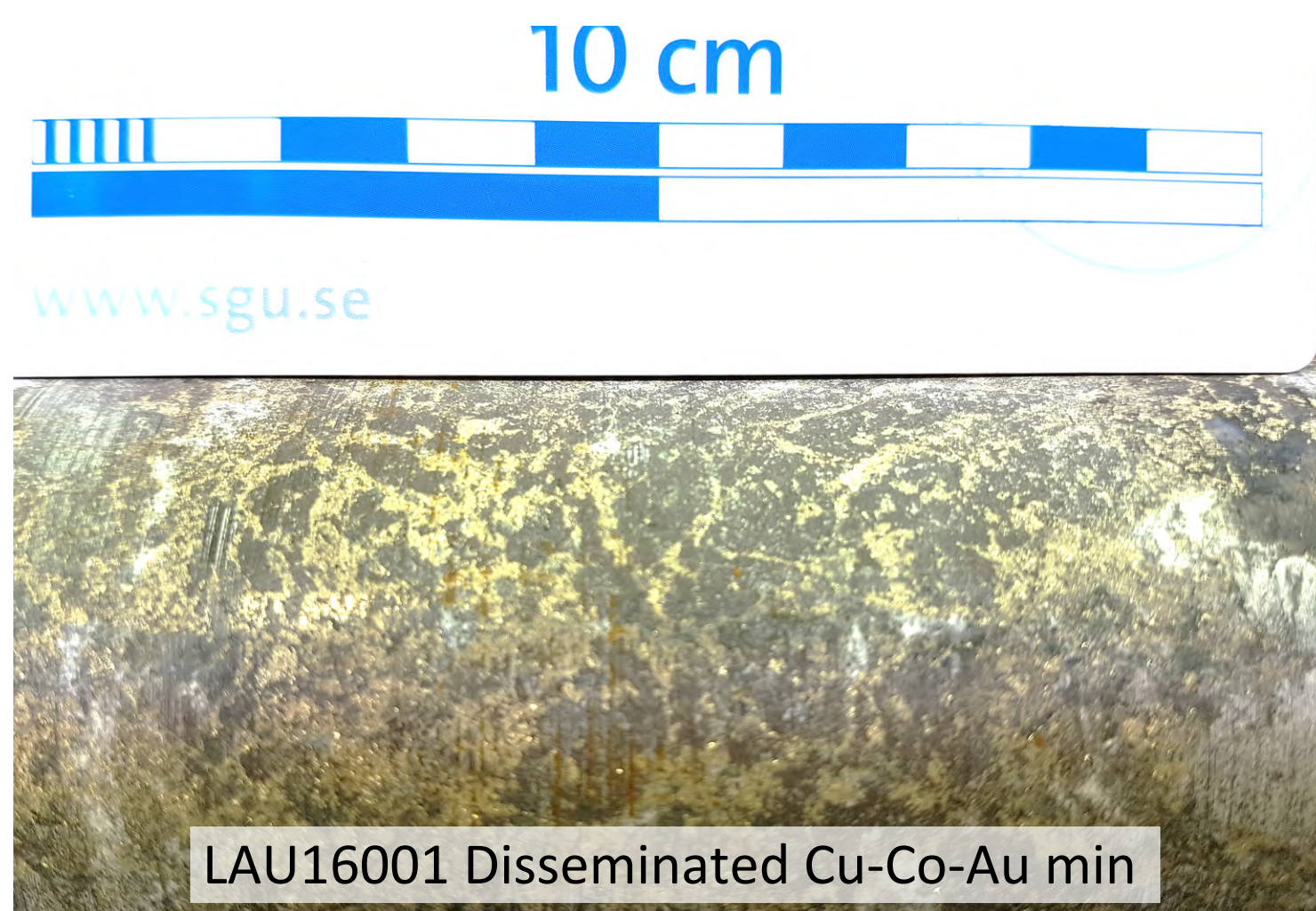
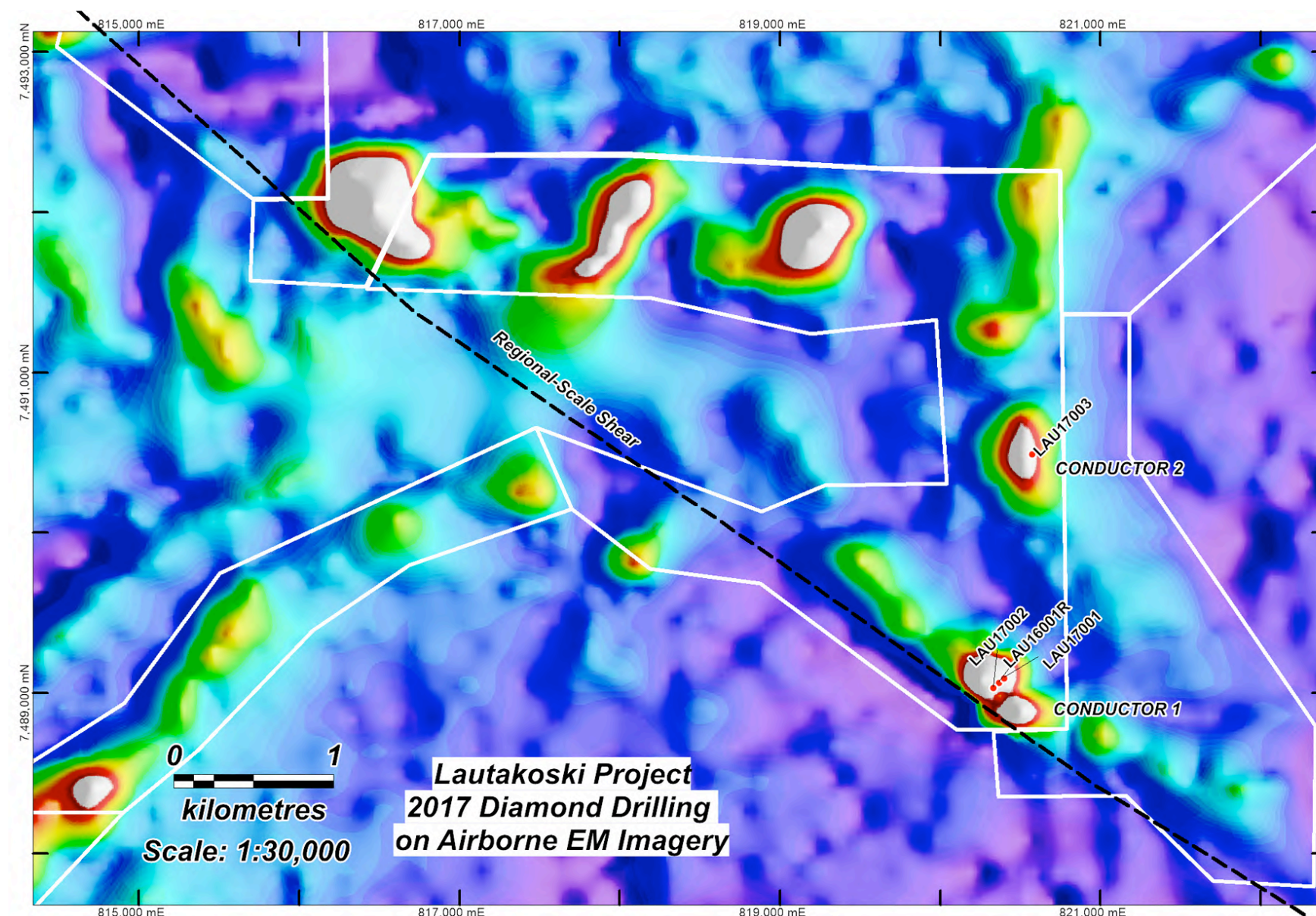
- ▶ Immediate potential to drill out high grade modest tonnage deposit around Discovery zone and along Northwestern Zone conductors. Complete metallurgy and move to scoping study/PFS in stages
- ▶ Potential to discover larger deposits down dip and along strike with modern (deeper) geophysics. Geological model includes VMS or IOCG at this stage.

LAUTAKOSKI PROJECT (100% TLG)



New Talga Discovery

- ▶ Located 50km south east of Kiskama, and over 20km from nearest drilling or known base metal occurrence
- ▶ A single 'wildcat' diamond drillhole (101m depth) by Talga in 2016 on a 'graphite target' EM conductor intercepted strongly altered and broadly copper-cobalt-gold mineralised volcanic rocks and breccia.
- ▶ Results* include **85.8m @ 0.18% Cu, 153ppm Co** from 14.2m (LAU16001) including **15m @ 0.41% Cu, 232ppm Co** from 85.0m with grades present **up to 1.5% Cu, 0.27g/t Au and 565ppm Co**



*Note: See ASX:TLG 6 Dec 2016

MINERALISED UNITS AT LAUTAKOSKI



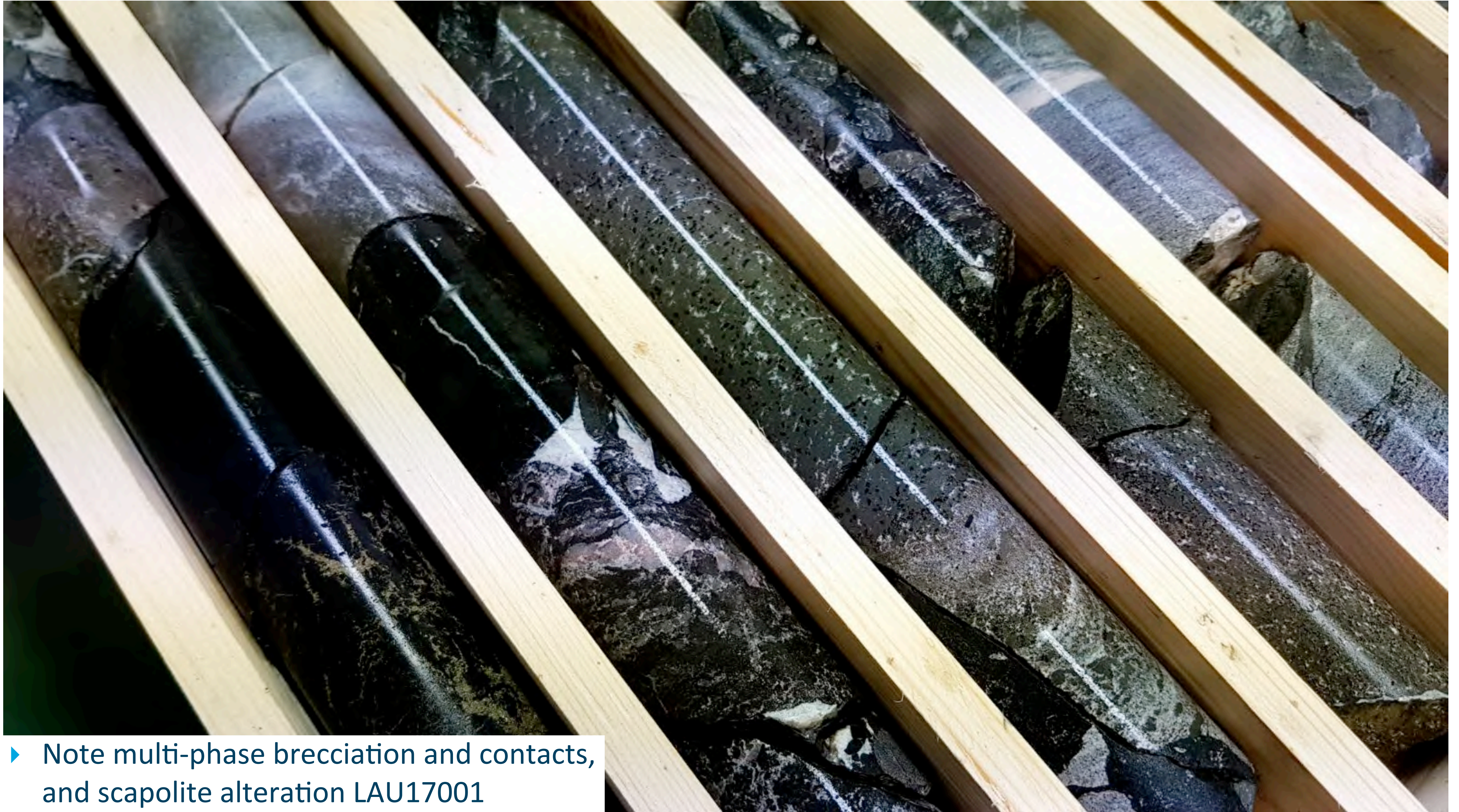
▶ Disseminated sulphides in intermediate volcanics LAU17001

MINERALISED UNITS AT LAUTAKOSKI



- ▶ Iron oxide (magnetite) Breccia with mineralised clasts of quartzite, metasediment, porphyry and volcanics
LAU17001

MINERALISED UNITS AT LAUTAKOSKI

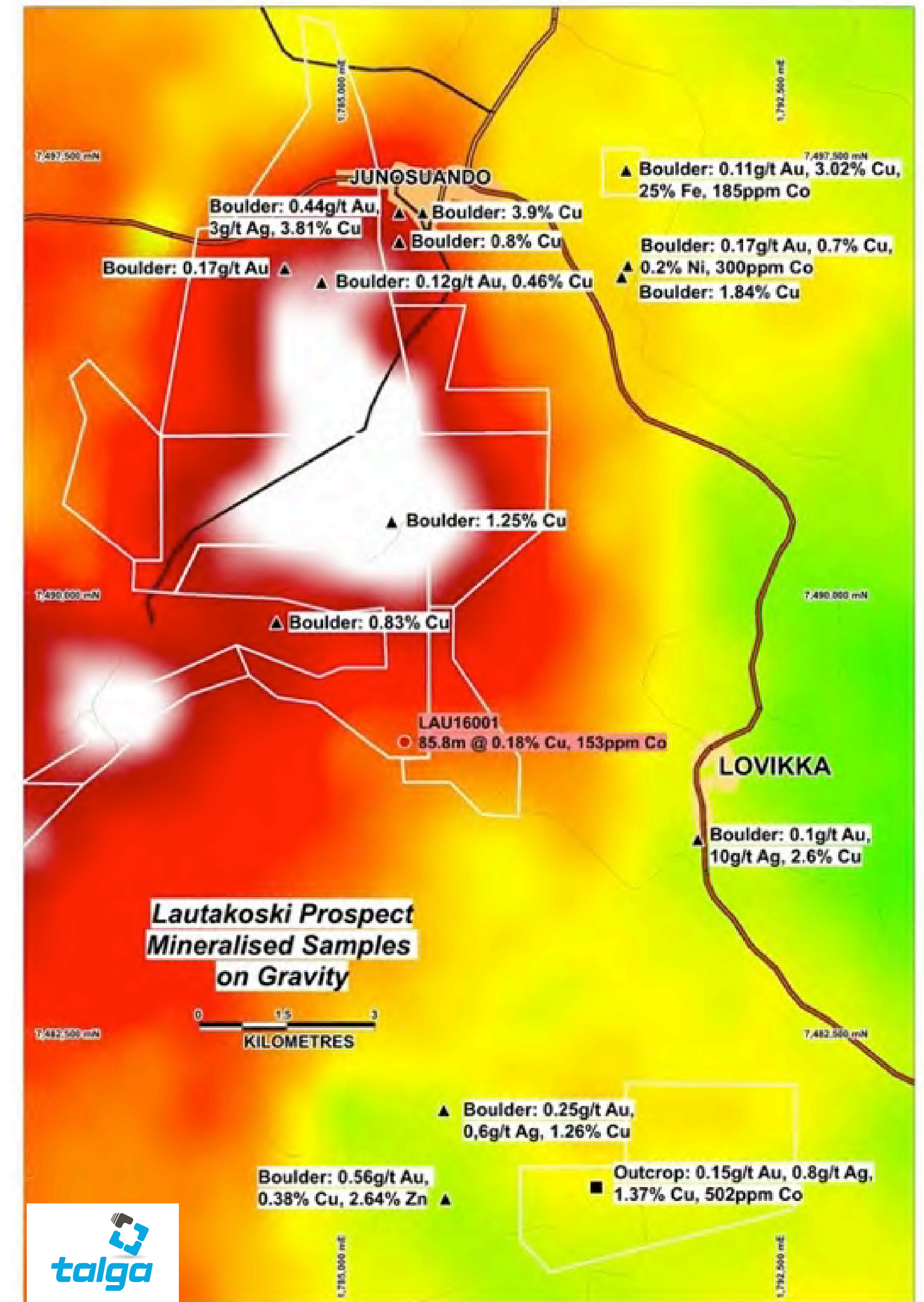


- ▶ Note multi-phase brecciation and contacts, and scapolite alteration LAU17001

LARGE SCALE

Discovery focusses around large gravity anomaly

- ▶ **LAU16001** occurs on the southern flank of **regional scale gravity high**, adjacent to a major crustal-scale structure and with coincident magnetic and EM anomalies
- ▶ **First hole** intercepted intensely hydrothermally altered and brecciated units with pervasive K-feldspar-albite-silica alteration (potential IOCG)
- ▶ Surrounding boulder field samples include up to **3.9% copper**, **0.56 g/t gold** and **0.05% cobalt**



NEAREST OUTCROP 8KM AWAY



▶ Outcrop grades 1.0% Cu and 0.05% Cobalt



LAUTAKOSKI SUMMARY



Exciting setting for discovery

- ▶ **Highly anomalous cobalt, copper and gold** grades for 'wildcat' drillhole under cover targeting another commodity
- ▶ **Disseminated mineralisation** over substantial downhole widths - remains open all directions
- ▶ **IOCG** and tectonic style alteration, geological setting and regional setting suggest **potentially large scale system is present**
- ▶ **Abundant** nearby EM **conductors** and high grade boulders suggest further targets worthy of testing

NEXT STEPS

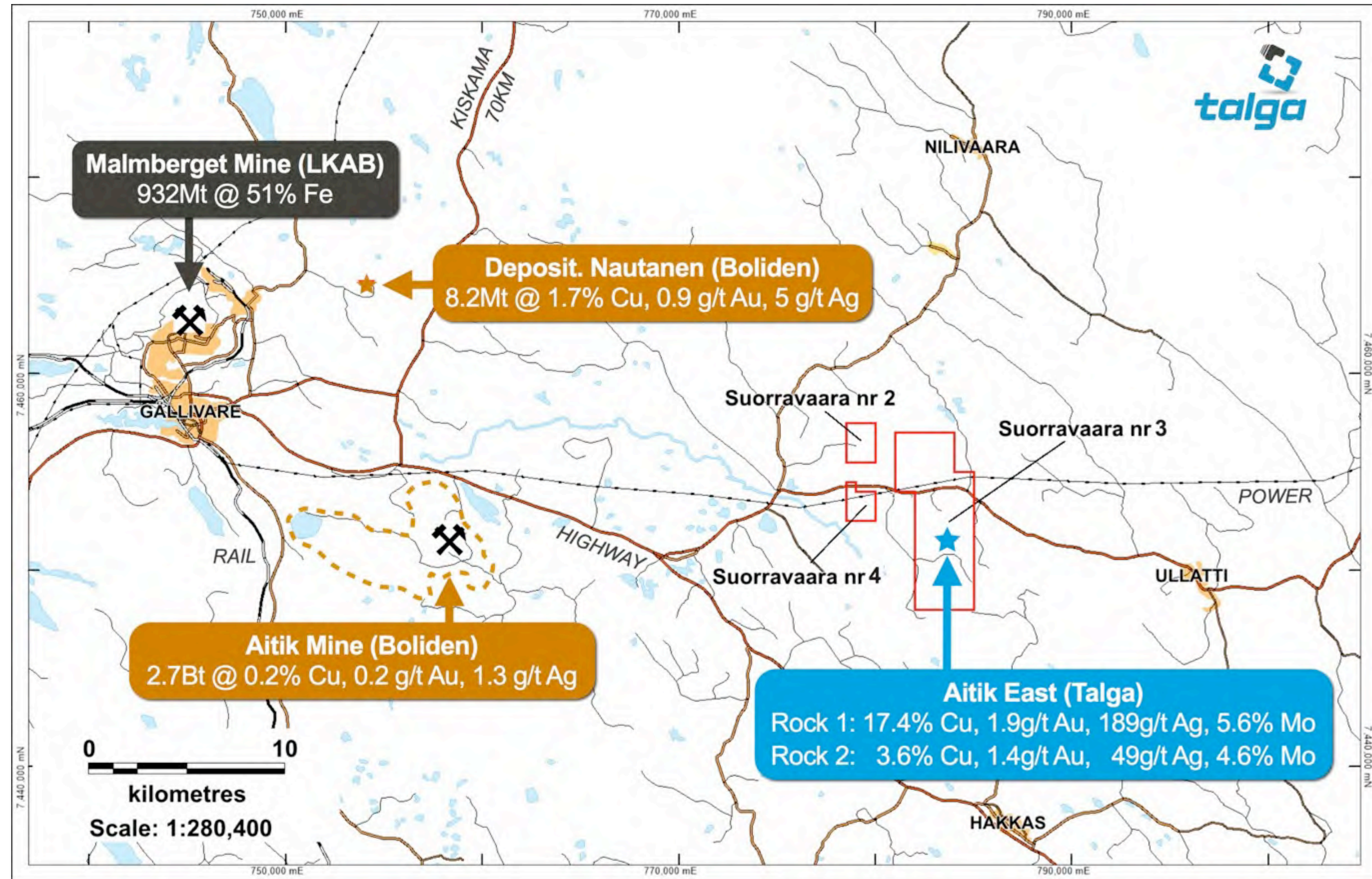
- ▶ **Complete** assaying of 2017 holes and complete new geophysics and geochemical surveys to provide vectors for follow-up drilling
- ▶ **Investigate** core further with petrography and other techniques to grasp system zonation/local vectors from discovery site

AITIK EAST PROJECT (100% TLG)



Outcropping Cu-Au mineralisation near Europe's largest base metal mine and mill

- ▶ Polymetallic (Cu-Au-Ag-Mo) project only **25km east** of 36 million tonnes per annum Aitik mine (Boliden)
- ▶ **High grade** base and precious metal rock samples at surface hosted in mafic volcanics intruded by and overlain by lithium-bearing pegmatites
- ▶ **No known drilling**
- ▶ **Excellent logistics** with current **road** access, grid **power** (sustainable hydro source) and nearby **mining** services hub (population >30,000)



AITIK EAST PROJECT

High grade polymetallic (Cu-Au-Ag-Mo) mineralisation at surface



- ▶ **Disseminated** and vein type Cu-Au-Ag-Bi-Mo mineralisation in mafic volcanics intruded by lithium-bearing pegmatites
- ▶ **Sampling** (1970-74) by Boliden returned **0.24%-1.84% Cu** and SGU sampling returned **3.6%-17.4% Cu*** with high grades of Au, Ag, Mo, Bi and Te
- ▶ **No evidence of any drilling**
- ▶ **Potential** for even a modest deposit to be commercialised through Aitik mill
- ▶ Secondary interest, **lithium**-bearing pegmatites should be explored and if warrant further work JV'd to partner
- ▶ **Next steps** include mapping, further surface sampling and drilling

Prover är insända av A. Stridh och håller

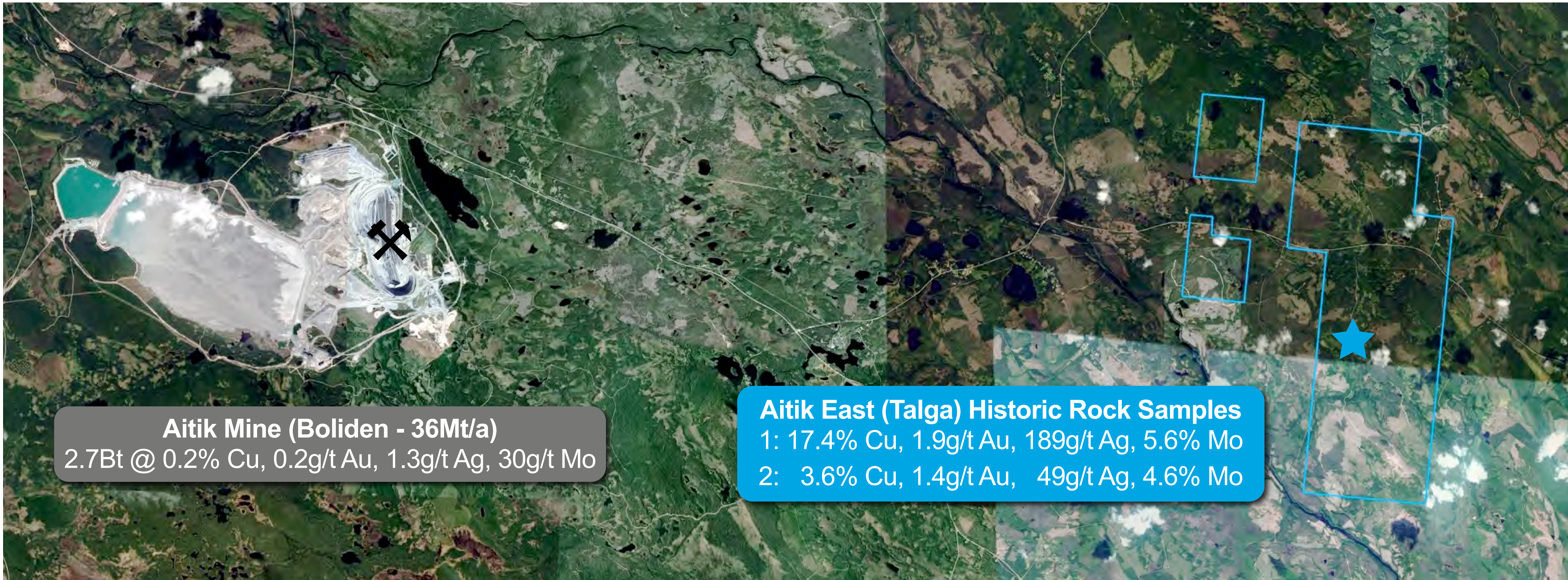
	Au(g/t)	Ag(g/t)	Cu %	S %	Bi %	Mo %
prov 1	1,8	189	17,4	9,4	0,5	5,6
2	1,4	49	3,56	3,3	0,1	4,6

*Note: See ASX:TLG 29 Aug 2017

AITIK EAST PROJECT



High grades of similar mineral suite to Aitik deposit



Aitik Mine (Boliden - 36Mt/a)
2.7Bt @ 0.2% Cu, 0.2g/t Au, 1.3g/t Ag, 30g/t Mo

Aitik East (Talga) Historic Rock Samples
1: 17.4% Cu, 1.9g/t Au, 189g/t Ag, 5.6% Mo
2: 3.6% Cu, 1.4g/t Au, 49g/t Ag, 4.6% Mo

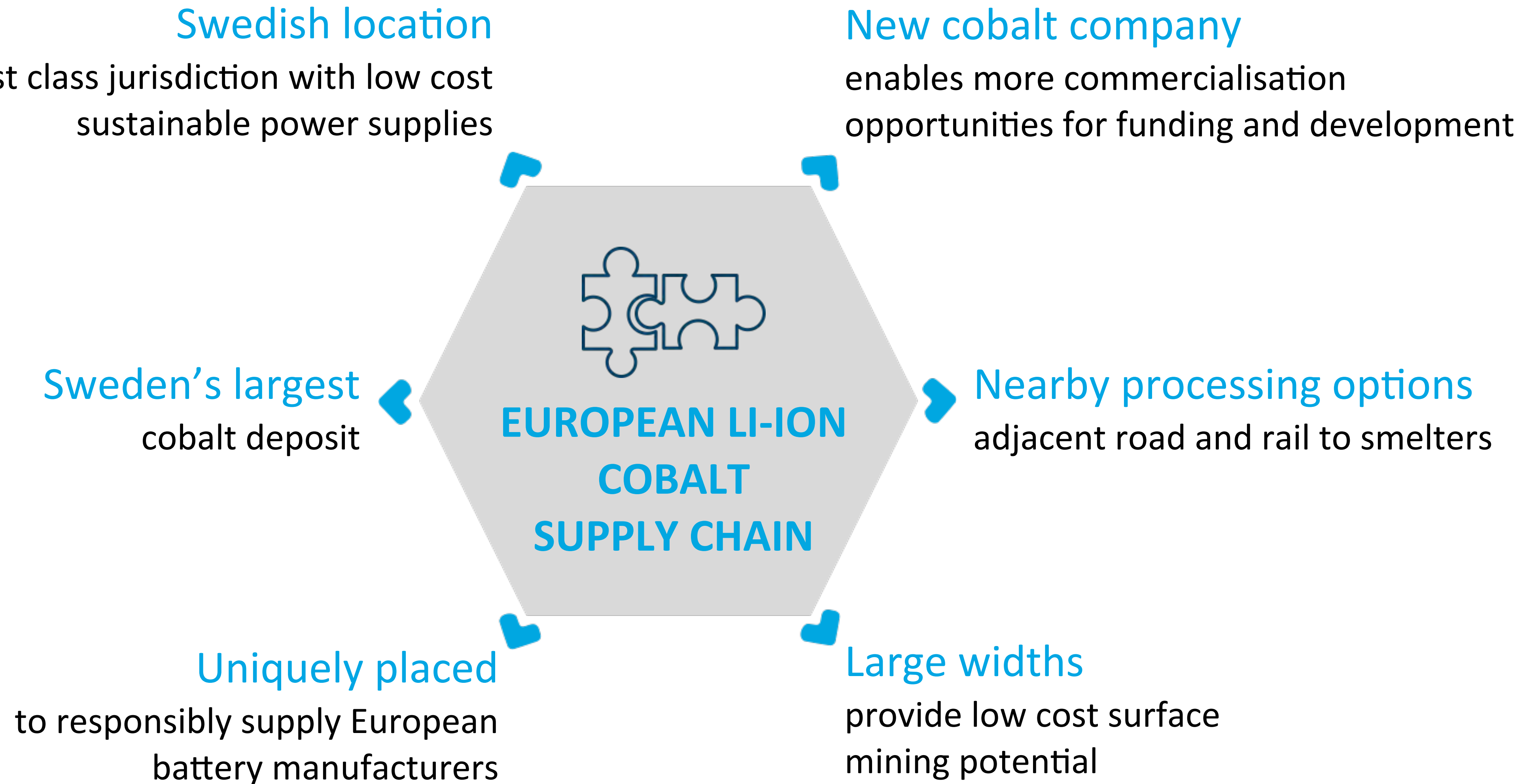
AITIK MINE (BOLIDEN)



TALGA COBALT OPPORTUNITY



Talga battery metals investment highlights



COMPANY DIRECTORY

Contact one of our operations for more information

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Talga Advanced Materials GmbH | Germany

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APPENDIX & STATEMENTS



Competent Person's Statements

The information in this document that relates to exploration results is based on information compiled by Amanda Scott, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy (Membership No.990895). Amanda Scott is a full-time employee of Scott Geological AB. Amanda Scott has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which has been undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Amanda Scott consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

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.