

Talga and Mitsui Execute MOU Agreement for Joint Anode Project Development

- Talga and Mitsui execute non-binding Memorandum of Understanding to evaluate joint development of the Vittangi Anode Project in northern Sweden
- Potential joint development may include strategic stake in project via Mitsui contributing towards consortium financing for pre-development and production stages
- Offers substantial synergies in establishing a European supply chain and securing strategic source of anode material for Mitsui customers

Battery anode and graphene additives provider Talga Resources Ltd (“Talga” or “the Company”) (ASX:TLG) is pleased to advise it has executed a Memorandum of Understanding (“MoU”) with Mitsui & Co. Europe Plc (“Mitsui”), the subsidiary of Mitsui & Co., Ltd., one of the largest global trading and investment companies based in Japan.

Talga is establishing a European supply of sustainable, low-CO₂ emission anode materials for lithium-ion batteries utilising its 100% owned mineral and technology assets in northern Sweden. Building on the Company’s vertically integrated business strategy, the development plan includes construction of a scalable lithium-ion battery anode production facility and integrated graphite mining operations in northern Sweden, with initial production capacity of 19,000 tonnes coated anode per annum (“Vittangi Anode Project”).

Following the completion of a Pre-Feasibility Study (see [ASX:TLG 23 May 2019](#)), outlining the strong economics of the Vittangi Anode Project, and a period of undertaken due diligence, Mitsui and Talga have executed a MoU.

The MoU outlines the intention to negotiate and enter into definitive agreements to form a joint venture with respect to the financing, construction and operation of the Vittangi Anode Project (“**Joint Venture**”) subject to a series of technical and commercial evaluation stages. A summary of the project background and MoU terms are detailed below.

Talga Managing Director, Mr Mark Thompson: *“We are very pleased to enter into this agreement with Mitsui to explore Talga’s value proposition together. Talga sees strong synergies with Mitsui in our goal to build a European supply chain of anode materials for lithium-ion batteries and we look forward to working closely with them as we drive the Vittangi Anode Project in Sweden towards production.”*

Project Background

Europe is undergoing unprecedented growth in the demand for domestic, sustainable and cost-effective battery production, driven by the move to renewable energy storage and electric vehicles (see [ASX:TLG 11 Nov 2019](#)). This is creating new demand for sustainable and locally sourced battery anode materials as cell manufacturers and automotive OEMs look to secure more stable raw material supply chains and strive to minimise their carbon footprints.

Talga’s innovation is to establish scalable European anode manufacturing in Sweden underpinned by vertical integration and in-house technology to build a secure, cost competitive and high-quality co-located supply. Building the anode refinery in northern Sweden, given its availability of fossil free energy, enables Talga to position itself as a low-carbon leader in anode production.



Agreement Terms

Mitsui and Talga have executed a non-binding MoU with the intention to negotiate and enter into a Joint Venture with respect to the Vittangi Anode Project. In completing due diligence on the Vittangi Anode Project and the proposed Joint Venture, Mitsui will review definitive feasibility and other studies of the development stages.

Mitsui, at their discretion, will have the non-exclusive right to negotiate and enter into a binding financing agreement for Stage 1 and Stage 2 of the Vittangi Anode Project, with the MoU term to end with the definitive agreements for Joint Venture.

Under the Joint Venture, Talga and Mitsui would jointly engineer, procure, construct and operate the Vittangi graphite mining and anode refinery operation in Europe, and market and sell Talga developed lithium-ion battery anode products. Should the Joint Venture be entered into the Company will release details in accordance with its disclosure obligations at that time.

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About Talga

Talga Resources Ltd (ASX:TLG) is building a European source of battery anode and graphene additives, to offer graphitic products critical to its customers' innovation and the shift towards a more sustainable world. Vertical integration, including ownership of several high-grade Swedish graphite projects, provides security of supply and creates long-lasting value for stakeholders. Joint development programs are underway with a range of international corporations.

Company website: www.talgagroup.com

