

Talga Looks to Expand Battery Anode Capacity

- Expressions of interest received for Talga’s lithium-ion battery anode products exceed 300% of planned annual capacity of the Vittangi Anode Project
- Talnode® products now in 36 active commercial engagements covering majority of planned European Li-ion battery manufacturers and 6 major global automotive OEMs
- Talga expanding scale of Niska Scoping Study as a result of this significant interest
- Li-ion battery megafactories set to require >2,500,000tpa active anode material by 2029, up from ~450,000tpa anode production today, with Europe the fastest growing market

Battery anode company Talga Resources Ltd (“Talga” or “the Company”)(ASX:TLG) is pleased to provide an update on the development of the Vittangi Anode Project in northern Sweden. As part of this on-going development the Company is engaging directly with lithium-ion (“Li-ion”) battery manufacturers towards purchase agreements for its planned anode production.

Commercial samples of Talnode-C, and in some cases Talnode-Si, are progressing through confidential qualification processes under 36 active customer engagements. These include the majority of announced Li-ion battery manufacturers in Europe (see Figure 1) and six of the world’s major automotive OEMs.

Expressions of Interest received by engaged parties for supply of Talnode-C in 2023 exceeds three times the annual production capacity proposed in the Company’s Pre-feasibility Study¹. As a result of this interest, Talga is expanding the Niska Scoping Study underway to evaluate significantly larger anode production options for the overall Vittangi Project.

Commenting on the Company’s progress, Talga Managing Director Mark Thompson said: “Our engagement with European battery companies and automotive OEMs has grown rapidly, with customers attracted by the potential of locally produced anode at competitive costs and with world-leading sustainability. As we progress Talnode-C through commercial qualification stages with customers it is pleasing to note that interest now greatly exceeds our original planned production, and that the need to review expansion options has arisen this early.”



Figure 1. Lithium-ion battery ‘megafactories’ announced for Europe. Source: R. Zenn, Farasis, June 2020



Planning for expansion of anode production – Niska scoping study

Based on the strong interest from industry and the anticipated permitting timeframes in Sweden, the Company has decided to expand the Niska scoping study of the Vittangi Project to review significantly larger anode production options. The outcomes will be in addition to the current Nunasvaara South PFS production plan of 19,000 tpa*.

This scoping study is underway on Talga's three Vittangi graphite resources not currently in the PFS; Nunasvaara North, Niska South and Niska North ("Niska Scoping Study"), all located within approximately 2.5km kilometres north of Nunasvaara South (see Figure 2). Collectively these JORC resources total 6.5 million tonnes at 26.8%Cg (see Table 1), including a higher grade resource domain at Nunasvaara North of 900,000 tonnes at 33.0%Cg (see Table 2).

A mining study supporting the larger scale project has been completed, and metallurgical and battery product testwork on composite samples is underway. Due to the significant increase in scale, the Company is targeting completion of the Niska Scoping Study in Q3 2020.

Li-ion anode market growth

Worldwide Li-ion battery demand continues to rapidly increase, with global battery manufacturing capacity set to exceed 2.5 tera-watt hours (TWh) per annum by 2029 across 142 battery plants. This will require >2,500,000 tpa of graphite anode, up from ~450,000 tpa anode production today. Europe is the world's fastest growing region for Li-ion battery manufacturing and will require 500,000 tpa of new graphite anode supply by 2029.²

While the COVID-19 outbreak in 2020 has severely impacted electric vehicle ("EV") sales in the short term, Bloomberg New Energy Finance data³ shows EV sales hold up better than internal combustion engine vehicles due to new (lower cost) models and supportive government policies.

In the quarters prior to the COVID-19 outbreak EV sales as % of total passenger vehicles rose rapidly in the EU, with Germany and France recording increases of 100% during the period⁴. Numerous countries across Europe have implemented some form of financial incentives towards customer uptake of EVs, and post COVID-19 these have increased markedly in some countries⁵.

Talga is entering the European market at a time when 100% of anode supply is still sourced from Asia. The Company's marketing team reports that, post COVID-19, localisation is becoming an increasingly significant factor influencing customer's purchasing decisions.

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* Talga confirms all material assumptions underpinning the production target and corresponding financial information continue to apply and have not materially changed as per Listing Rule 5.19.2

¹ Talga Vittangi Anode Project Pre-feasibility Study: [ASX:TLG 23 May 2020](#)

² Benchmark Mineral Intelligence, May 2020: <https://www.benchmarkminerals.com/megafactories/assessments/>

³ BloombergNEF, Electric Vehicle Outlook 2020: <https://about.bnef.com/electric-vehicle-outlook/>

⁴ Rho Motion, May 2020: <https://fingfx.thomsonreuters.com/gfx/editorcharts/rlgvdwakkpo/index.html>

⁵ <https://cleantechnica.com/2020/06/05/germany-doubles-ev-incentives-conventional-cars-get-nichts/>



Figure 2. Map showing Talga's Vittangi Graphite Resources including the Niska-Nunasvaara North deposits. Note mine layout subject to change and based on Company's PFS (ASX:TLG 23 May 2019).

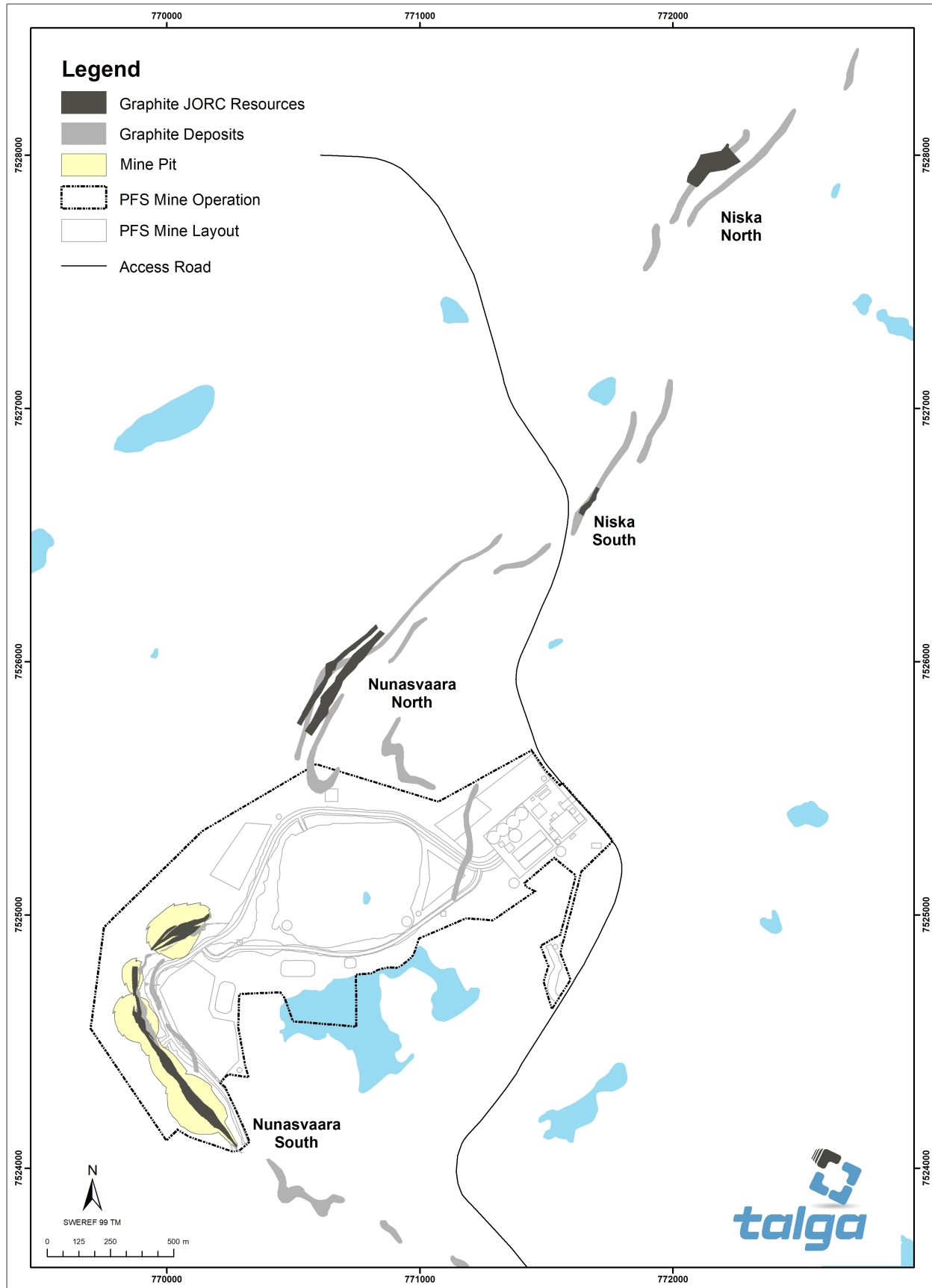


Table 1 *Total Vittangi Project Graphite Mineral Resources*

Deposit	Resource Category	Tonnage (t)	Graphite (% Cg)	Contained Graphite (t)
Nunasvaara South	Indicated	8,900,000	25.0	2,225,000
	Inferred	1,500,000	23.0	345,000
Nunasvaara North	Indicated	1,800,000	29.4	529,200
	Inferred	100,000	27.4	27,400
Niska North	Indicated	4,160,000	25.8	1,074,528
Niska South	Indicated	480,000	25.8	123,696
Sub-total	Indicated	15,340,000	25.8	3,952,424
	Inferred	1,600,000	23.9	382,400
Total	Indicated & Inferred	16,940,000	25.6	4,334,824

Note:

1. Mineral Resources are reported at various cut-off grades: Nunasvaara 17% Cg and Niska 10% Cg.
2. Niska South and North Indicated Mineral Resources rounded down to nearest 1000t.
3. Nunasvaara Mineral Resources rounded to nearest 100,000t.
4. Due to rounding totals may not reconcile exactly.
5. The Nunasvaara Mineral Resource was disclosed in April 2017 in accordance with the 2012 JORC Code (ASX: TLG 27 Apr 2017).
6. The Niska Mineral Resource was disclosed in October 2019 in accordance with the 2012 JORC Code (ASX: TLG 15 Oct 2019).

Table 2 *Nunasvaara MRE-High Grade Domain (30% Cg lower cut-off grade, April 2017). Note that the Inferred Resource at a lower cut-off grade of 30% Cg is less than 50Kt in all areas and is excluded*

Deposit	Resource Category	Tonnage (t)	Graphite (% Cg)	Contained Graphite (t)
Nunasvaara South	Indicated	1,100,000	32.2	354,200
Nunasvaara North	Indicated	900,000	33.0	297,000
Total		2,000,000	32.6	652,000

Note: 1. Due to rounding totals may not reconcile exactly.

Table 3 *Vittangi Project Nunasvaara Probable Ore Reserve Statement*

Deposit	Reserve Category	Tonnage (t)	Graphite (% Cg)	Contained Graphite (t)
Nunasvaara South	Proven	0	0	0
	Probable	1,935,000	23.53	455,305
Total		1,935,000	23.53	455,305

Note:

1. Due to rounding totals may not reconcile exactly.
2. The Nunasvaara Ore Reserve was disclosed in May 2019 in accordance with the 2012 JORC Code (ASX: TLG 23 May 2019).



Competent Persons Statement

The Niska Mineral Resource estimate was first reported in the Company's announcement dated 15 October 2019 titled 'Talga Substantially Increases Flagship Graphite Resource Size, Grade and Status'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement and that all material assumptions and technical parameters underpinning the Resource estimate in the previous market announcement continue to apply and have not materially changed.

The Nunasvaara Mineral Resource estimate was first reported in the Company's announcement dated 27 April 2017 titled 'Talga boosts Swedish graphite project with maiden Niska resource'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement and that all material assumptions and technical parameters underpinning the Resource estimate in the previous market announcement continue to apply and have not materially changed.

The Nunasvaara Ore Reserve statement was first reported in the Company's announcement dated 23 May 2019 titled 'Outstanding PFS results support Vittangi graphite development'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement and that all material assumptions and technical parameters underpinning the Reserve estimate in the previous 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.

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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

