

Successful Graphite Exploration Drilling Program Completed

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Corporate Information

ASX Code **TLG, TLGOA**

Shares on issue **181.9m**

Options (listed) **44.9m**

Options (unlisted) **34.7m**

Company Directors

Keith Coughlan
Non-Executive Chairman

Mark Thompson
Managing Director

Grant Mooney
Non-Executive Director

Stephen Lowe
Non-Executive Director

- **Graphite intercepted in every hole drilled across three projects in Northern Sweden**
- **Resource drilling at Nunasvaara North extends mineralisation**
- **Graphite mineralisation intercepted in maiden drilling of exploration targets at the Jalkunen Project**
- **First assay results expected by end of October**

Talga Resources Ltd (ASX:TLG) ("Talga" or "the Company") is pleased to advise the completion of exploration drilling totalling 20 diamond holes for 1,950 m across three of its graphite projects located in northern Sweden (see Table 1 and Figure 2).

The drilling was designed to:

- Infill and extend a high grade portion of the Nunasvaara resource at the Vittangi project for future permitting and development planning; and
- Follow-up several prospective sites along the large Jalkunen exploration target and the Piteå project for exploration and permit planning.

Vittangi Graphite Project, Nunasvaara

At the Company's Vittangi graphite project ("Vittangi"), a total of 13 exploration diamond drillholes for 1210m were completed at Nunasvaara North, located ~1km to the northeast of the main Nunasvaara graphite deposit which contains part of the current JORC (2012) total mineral resource of 9.8Mt @ 25.3% Cg (ASX:TLG 30th May 2016 and Fig 3 & 4).

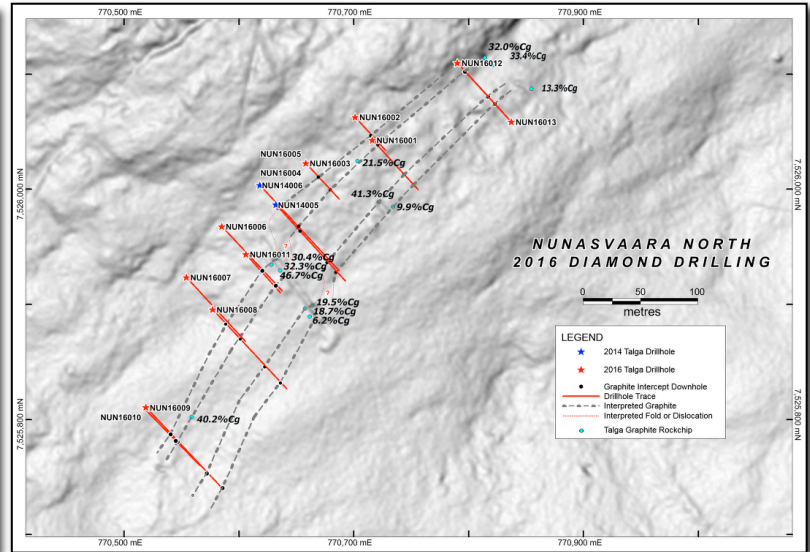
Figure 1 High grade graphite from the 'hangingwall graphite unit' intercepted in drillhole NUN16006 at Nunasvaara North, Vittangi graphite project.



Figure 2 Talga's Projects, Sweden.



Figure 3 Drill hole locations Nunasvaara North, Vittangi Project.



The drilling at Nunasvaara North was designed to enable a potential upgrade of the size and status of the current inferred resource, in addition to follow-up high grade graphite zones (ASX:TLG 13th November 2014) intercepted in 2014 which included:

- 47m @ 30.8% Cg including 10m @ 40.6% Cg from 1m (NUN14005)
- 46m @ 31.4% Cg including 10m @ 44.9% Cg from 52m (NUN14006)

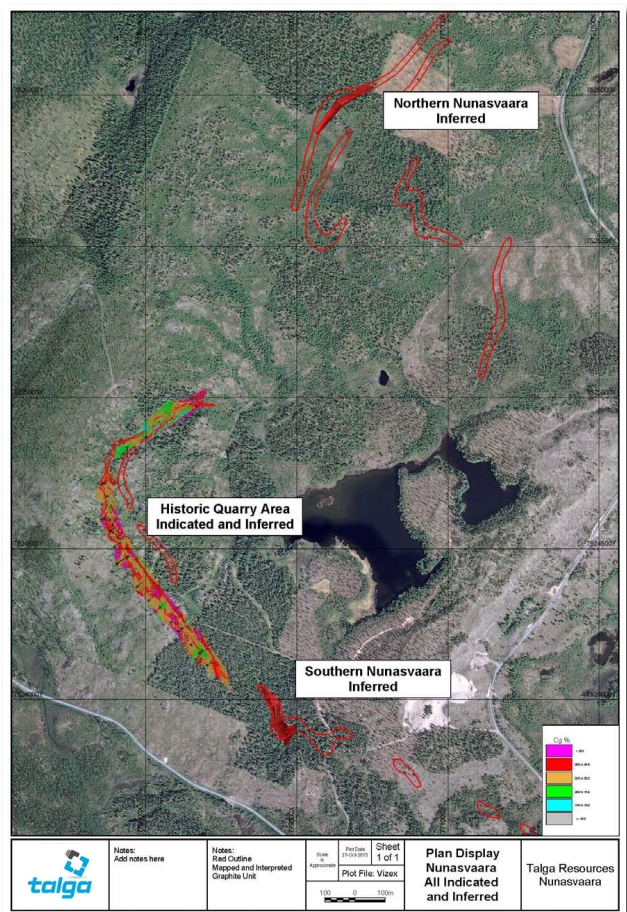
The drilling covered a total strike length of 420m and all thirteen drillholes intercepted visually high grade graphite from the main 'hangingwall graphite unit' (Fig 1) on lines 50-100m apart (Fig 3). Four of these holes were extended to test the parallel lower grade 'footwall graphite unit', with graphite intercepted in each hole.

The two sub-vertical graphite units at Nunasvaara North are approximately 35m (true width) apart, separated by a gabbro unit. Visual inspection of the drill core shows the main hangingwall graphite unit has some variability in true width - ranging 10-35m - while the footwall unit is slightly wider.

Metallurgical testing of drill core from this higher grade portion of the Nunasvaara resource is planned to determine any additional beneficial implications in the Company's novel processing technologies.

At the main Nunasvaara deposit, where trial mining is ongoing in the historic quarry area, two geotechnical drillholes for a total of 217m were completed in the footwall of the deposit for ongoing mining studies and pit design work. The deeper of the two holes was extended to 150m downhole to intercept the historically mapped, but previously undrilled 'footwall graphite unit' approximately 15m thick underlying the current Nunasvaara deposit. The assay results of this unit may have additional positive implications for the development of Nunasvaara.

Figure 4 Current Nunasvaara resource and mapped graphite units, Vittangi graphite project.



Jalkunen Graphite Project, Nybrännan and Lautakoski Prospects

At the Company's Nybrännan prospect (part of the Jalkunen graphite project, see Fig 5) located approximately 50km east of Nunasvaara, two maiden exploration drillholes were completed for a total of 226m.

The drillholes at Nybrännan were located approximately 100m south of historic graphite workings where previous Talga rock chip sampling returned 41.3% Cg (ASX:TLG 16th September 2014).

The holes were planned using slingram electromagnetic ("EM") measurements completed by Talga in 2015 and both holes intercepted ~16m (downhole) of visually high grade graphite. The geological sequence intercepted at Nybrännan was very similar to that found at Nunasvaara (Fig 6). In addition, hole NYB16002 also intercepted (~15m downhole width) a strongly altered and sulphidic gabbro at the end of the hole with base metal (chalcopyrite) mineralisation.

At the Lautakoski prospect, located approximately 35km south east of Nybrännan, a single maiden exploration drillhole was completed to a depth of 101m.

The hole was designed to test a strong EM conductor identified from historic airborne surveys and ground EM surveys completed by Talga in 2015.

LAU16001 intercepted a strongly altered sequence of mainly mafic volcanic sediments including a 8m (downhole width) zone of visibly high grade, variably altered and brecciated graphite (Fig 7), the matrix of which is sulphidic (pyrrhotite-pyrite±chalcopyrite).

Below the graphite unit, the mafic volcanic sediments were strongly altered and variably but pervasively mineralised with disseminated pyrite-pyrrhotite-chalcopyrite throughout the remainder of the hole.

The unexpectedly high levels of sulphides at Lautakoski may be source to the EM anomalies in this part of the Jalkunen project and suggests further potential for base metals in addition to graphite.

Figure 5 Map of Jalkunen project showing main graphite deposits, prospects and EM conductors.

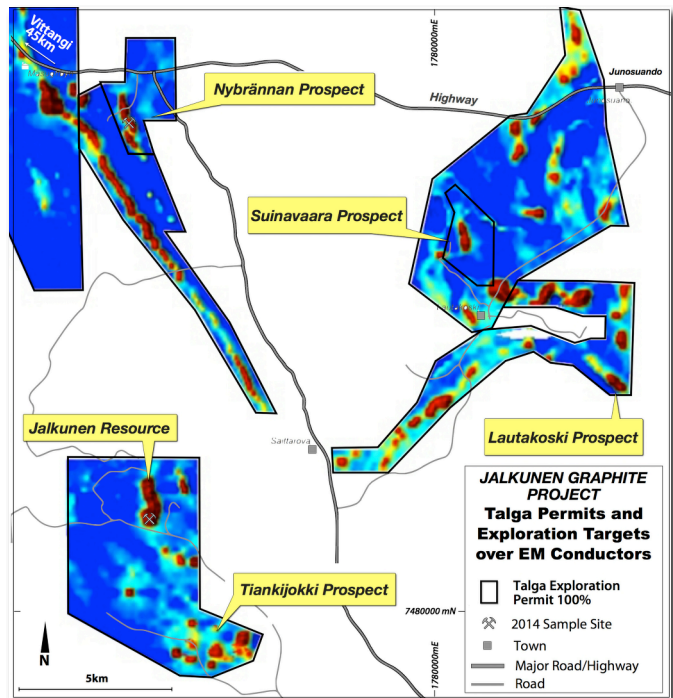


Figure 6 High grade graphite unit intercepted in NYB16001 at Nybrännan prospect, Jalkunen Project.



Figure 7 Matrix-supported hydrothermal breccia with graphite clasts intercepted in LAU16001 (~18.00m) at Lautakoski prospect, Jalkunen Project.



Piteå Graphite Project, Gråliden and Önusträsket Prospects

At the Company's Piteå graphite project (Fig 2), located approximately 30km west of the city of Piteå, single exploration drillholes were completed at each of the Gråliden and Önusträsket graphite prospects.

The Önusträsket hole tested an EM target ~400m north of historic drilling which had recorded >80% of the graphite flake present exceeding 300 microns length. The Gråliden hole was the first drill test of a large EM anomaly located approximately 6km northeast of Önusträsket.

Both drillholes intercepted wide zones of coarse graphite in quartz-biotite-muscovite gneiss. The zones were frequently intruded by pegmatitic granites containing traces of the distinctly blue-coloured mineral apatite, which is a key accessory mineral in the Varuträsk lithium-bearing pegmatite located near the city of Skellefteå to the south.

The Piteå graphite project is rich in logistical advantages; adjacent to sealed roads, 30 minutes trucking to either port or rail access to greater Europe and offering high leverage to any discoveries.

Conclusion and Next Steps

Core processing, logging and sampling is underway and all holes are expected to be in the assay laboratory by the end of October. Base metal prospective intervals will be sampled first and results of these holes are expected over the next fortnight, with all remaining assay results to follow in due course.

The drill results from Nunasvaara North will be used to potentially revise the current JORC (2012) resource estimate with the aim to upgrade it from inferred to indicated status, enabling further exploitation permitting and economic studies to be completed as part of on-going development of this project.

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

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About Talga

Talga Resources Ltd ("Talga") (ASX: TLG) is an advanced material minerals company developing graphene and micrographite products for the coatings, energy storage, construction products and composites markets. Talga products have significant potential advantages in performance, value and application owing to unique ore and patent pending process technology.

Talga sources graphite ore from its 100% owned deposits in Sweden, with pilot test processing at the Company's pilot test facility in Germany. Collaborative testing is underway with a range of corporations including industrial conglomerate Tata, UK listed Haydale and German based Jena Batteries.

Table 1 Drill hole details.

SWEREF 99TM							
Hole ID	Project	Prospect	Easting	Northing	Dip	Azi	EOH Depth
NUN16001	Vittangi	Nunasvaara North	770716	7526043	-55	137	102.3
NUN16002	Vittangi	Nunasvaara North	770701	7526063	-45	137	54.5
NUN16003	Vittangi	Nunasvaara North	770658	7526023	-45	137	60.3
NUN16004	Vittangi	Nunasvaara North	770658	7526023	-65	137	64.2
NUN16005	Vittangi	Nunasvaara North	770658	7526023	-65	137	85.8
NUN16006	Vittangi	Nunasvaara North	770585	7525968	-45	137	108.7
NUN16007	Vittangi	Nunasvaara North	770554	7525924	-45	137	109.2
NUN16008	Vittangi	Nunasvaara North	770577	7525896	-45	137	133.1
NUN16009	Vittangi	Nunasvaara North	770519	7525811	-45	130	141.8
NUN16010	Vittangi	Nunasvaara North	770519	7525811	-65	130	94.7
NUN16011	Vittangi	Nunasvaara North	770606	7525944	-45	137	63.7
NUN16012	Vittangi	Nunasvaara North	770790	7526110	-45	137	81.8
NUN16013	Vittangi	Nunasvaara North	770837	7526059	-45	317	109.8
NUN16014	Vittangi	Nunasvaara	770101	7524252	-45	50	150.4
NUN16015	Vittangi	Nunasvaara	770028	7524353	-45	50	66.4
NYB16001	Jalkunen	Nybrännan	804225	7497300	-50	90	124.9
NYB16002	Jalkunen	Nybrännan	804275	7497300	-50	90	100.7
LAU16001	Jalkunen	Lautakoski	820366	7489071	-50	230	101
GRD16001	Piteå	Gråliden	767325	7260360	-50	90	95.9
ÖNS16001	Piteå	Önusträsket	762577	7256921	-50	70	101

Competent Person's Statement

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.

The information in this report that relates to Resource Estimation is based on information compiled and reviewed by Mr Simon Coxhell. Mr Coxhell is a consultant to the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this document and to the activity which he is undertaking 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"). Mr Coxhell consents to the inclusion in this report of the Matters based on this information in the form and context in which it appears

TECHNICAL GLOSSARY

The following is a summary of technical terms:

Airborne EM surveying	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording conductivity characteristics of rocks by measuring deviations of the earths electrical resistance.
Alteration	The change in the mineral composition of a rock brought about by chemical or physical means, commonly by the action of hydrothermal solutions.
Amphibole	A ferro-magnesian silicate mineral.
Apatite	A phosphate mineral.
Biotite	A monoclinic mineral commonly seen as a dark coloured mica.
Breccia	A rock composed of angular rock fragments.
Cg (%)	Graphitic Carbon (grade of the mineral Graphite)
Chalcopyrite	Copper iron sulfide, $CuFeS_2$, occurring in brass-yellow crystals or masses: the most important ore of copper.
Deposit	Coherent geological body with some proven continuity and extent.
Diamond drilling	Rotary drilling technique using diamond set or impregnated bits, to cut a solid, continuous core sample of rock. The core sample is retrieved to the surface and offers the most quality sample of the drilled rock for logging.
Electo-magnetic survey (EM)	Measuring electrical conductivity characteristics of rocks by measuring deviations of the earths electrical resistance.
Flake graphite	Graphite disseminated in metamorphic rock as thin, visible flakes that are separable from the rock by mechanical means.
Footwall	The fault block which lies below any inclined fault surface.
Gabbro	A dark, coarse-grained intrusive igneous rock.
Geotechnical drilling	Drilling that targets geological information for mine planning or structural purposes.
Gneiss	General petrological term applied to coarse-grained, banded rocks that formed during high-grade regional metamorphism.
Grade	Classification of sample or orebody by the quantity or purity of contained mineral or metal.
Granite	A coarse grained, holocrystalline, felsic, acidic, plutonic rock in which quartz constitutes 10% to 50% of the felsic components and in which the alkali feldspar/total feldspar ratio is generally restricted to the range of 65% to 90%.
Graphite	Graphite is a crystalline solid of black-grey colour with a metallic sheen, whose structure corresponds to a stacking of planes of carbon atoms, that are bonded to each other by covalent bonds with sp^2 hybridization. In a layer or plane, the atoms are arranged according to a hexagonal pattern and thus constitute what is called a "graphene sheet".
Hangingwall	The fault block which lies above any inclined fault surface.
Hydrothermal	Related to the passage of water or fluid though rock.
Hydrothermal brecciation	Related to the passage of water or fluid though rock causing fragmentation.

Indicated resource	An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes. An Indicated Mineral Resource will be based on more data and therefore will be more reliable than an Inferred Mineral Resource estimate. As defined in the JORC Code.
Inferred resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drillholes that may be limited in number or of uncertain quality and reliability. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. As defined in the JORC Code.
JORC Code	Australasian Code for Reporting of Mineral Resources and Ore Reserves (Joint Ore Reserves Committee).
Logging	The process of recording geological observations of drill samples.
Mt	Million metric tonnes.
Mafic volcanic	Ferromagnesian silicate rock.
Metallurgy	The science and art of separating metals and minerals from their ores by mechanical and chemical processes.
Microns	One millionth of a metre ore, equivalently one thousandth of a millimetre.
Mineral resource	A concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such a form that there are reasonable prospects for the eventual economic extraction; the location, quantity, grade geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Sub-divided into Inferred, Indicated and Measured categories defined in the JORC Code.
Muscovite	A common mica that is essentially transparent.
Pegmatite	An exceptionally coarse-grained igneous rock, with interlocking crystals, usually found as irregular dikes, lenses, or veins.
Project	A group of related mineral prospects, deposits or resources that are divided from other projects by geography, geology or minerals of interest.
Prospect	A mineral occurrence whose continuity is not yet defined or coherent enough to be classified as a deposit.
Pyrite	Iron sulphide mineral with the chemical formula FeS ₂ .
Pyrrhotite	Iron sulphide mineral, usually magnetic.
Quartz	A mineral composed of silicon dioxide, SiO ₂ .
Slingram	A type of ground based dual - coil, electromagnetic profiling system in which both the transmitter and receiver can be moved while detecting resistivity.
Strike	The compass direction of a horizontal line on an inclined plane and commonly used to describe the length of a geological feature at surface.
Sulphide	A general term to cover minerals containing sulphur and commonly associated with metal mineralisation.
True width	The orthogonal thickness of a feature, measured at right angles to its surface.
Unit (geological)	A geological layer or other feature with unique features that can be identified consistently along strike.