



ASX Code: TLG

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Issued Capital

as of Mar 31, 2012

46.35m Shares

4.35m Options (unlisted)



DRILLING TO COMMENCE ON SWEDISH ADVANCED GRAPHITE PROJECTS

- 5,000m diamond core drilling programme in Sweden scheduled to commence end of June
- Targeting upgrade of resource classification and size
- Follows ahead-of-schedule acquisition of new projects
- Pathway to scoping studies

Summary

Talga Gold Limited (ASX: TLG; "Talga" or "the Company") is to commence the Company's maiden drilling programme on its 100% owned graphite and iron deposits in northern Sweden, on 25 June.

The drill start will occur only weeks after the acquisition by Talga of the Swedish portfolio of Teck Resources Limited – an acquisition brought forward nearly a month ahead of schedule because of the Company's satisfaction with their mineralised potential and project development upside.

Talga has mobilised its exploration team to Sweden for the initial programme comprising 5,000m of diamond drilling across four graphite and one iron ore projects. Drill results are expected to allow preliminary economic studies to commence on several deposits.

Scope of Drilling Programme

The schedule involves at least one drill rig working full time for the next three to four months. The objectives are:

Nunasvaara and Raitajärvi graphite projects: Expansion of respective current JORC-code compliant Inferred Resources of 3.6Mt @ 23%C and 0.5Mt @ 10.8%C and an in part upgrading to Indicated Resource category. Drill samples will supply fresh material for detailed metallurgy and the commencement of economic studies. It is envisaged that the resource upgrades can be completed in Q4 2012 and scoping studies commenced in Q1 2013.

Jalkunen and Pajala graphite projects: The projects currently contain five JORC-code compliant Exploration Targets¹ with a respective combined total of 10-35.2Mt @ 3.4%-30.6%C (*Jalkunen Project*) and 1.3-2.3Mt @ 3.9%-40.9%C (*Pajala Project*). Objectives include:

- extending the graphite intercepted in historic drilling;
- upgrading at least part of these Exploration Targets¹ into JORC-code compliant Inferred Resource category and;
- providing fresh material for graphite specification and metallurgy testwork.

Masugnbyn iron ore project: Expand the size of the current JORC-code Inferred Resource of 44.1Mt @ 30.9% Fe at the Junosuando deposit and at least in part upgrade this to Indicated Resource category. The initial drilling focus will be on shallow and higher grade zones identified from the historical database review. Drillcore will provide material for metallurgical testing, concentrate specification and ore type appraisal by strategic partners and off-take customers.

Testwork is underway in Canada, after some temporary delays, on resampling of historic diamond drill cores from the Project areas.

Future Exploration and Development Strategy

Talga wholly owns a portfolio of advanced and high grade graphite projects in the Kiruna Mineral District of northern Sweden, all within a 110km radius of the central *Jalkunen project*.

The immediate focus is to advance multiple graphite projects towards fast-tracking of development, possible due to the advantage of established quality infrastructure including power, road, rail and ports. Initially this will entail the expansion in size and upgrading of the categorisation of the existing resources published for *Nunasvaara* and *Raitajärvi*. Additionally, it is also the Company's objective to complete drilling on a number of other projects, including the multiple JORC-code compliant exploration targets associated with the *Jalkunen project*.

Within six to nine months the objective is for the Company to be in a position to commence an economic study with respect to mining and processing graphite in northern Sweden. Several projects could potentially be included in a single economic study. Considering the diverse range of carbon content and particle size forming different segments of the graphite market, it is possible that the best outcome will involve the development of more than one graphite mine, serviced by a centrally located concentration facility. Based on historical investigations Talga's graphite projects contain a range of sizes and grades, from microcrystalline through coarse flake deposits.

In conjunction with the above the Company will advance the iron ore projects within the area and at an appropriate stage consider options to commercialise these assets either in their own right or in conjunction with other parties.

For further information, please contact:

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References

1 The JORC Code compliant Exploration Targets are not to be construed as JORC Code compliant Mineral Resources. The JORC Code compliant Exploration Targets are based on historic diamond drill testing, airborne and ground geophysics, trench and bulk sampling conducted by the Geological Survey of Sweden and associated state companies that pre-date the creation of the JORC Code and so the potential quantity and grade of the Exploration Targets is conceptual in nature. There has been insufficient exploration to define a JORC Code Mineral Resource and it is uncertain if further exploration, metallurgy and interpretation will result in the determination of a JORC Code Mineral Resource.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Dylan Jeffriess who is a member of the Australian Institute of Geoscientists. Mr Jeffriess is a consultant to the Company and has sufficient experience which is relevant to the activity to which he is undertaking to qualify as a "Competent Person" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Jeffriess consents to the inclusion in the report of the matters based on this 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 2004 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.

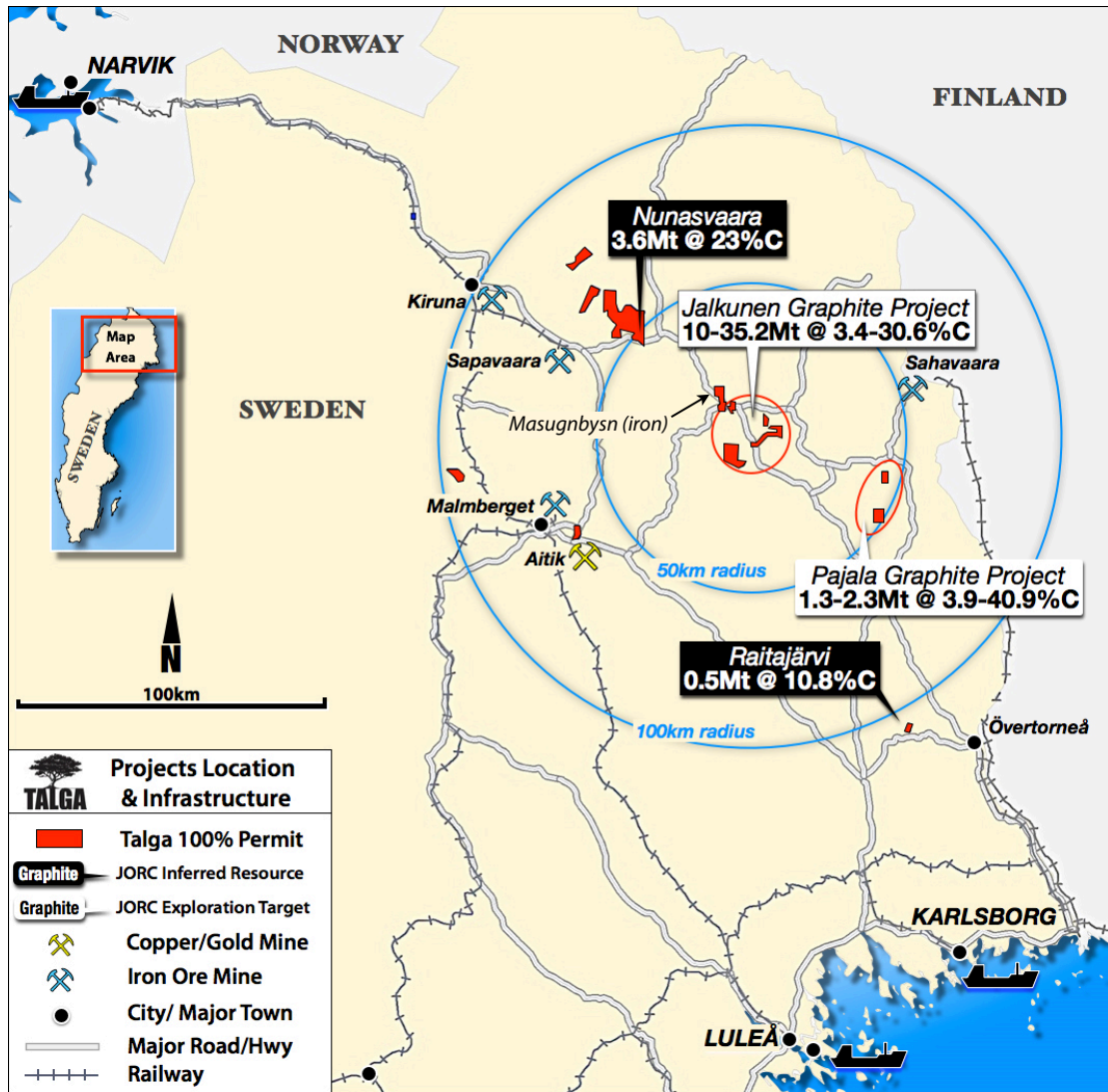


Fig 1. Talga's graphite project locations and infrastructure in north Sweden.