



QUARTERLY ACTIVITIES REVIEW

For the period ending 30 September 2012

ASX Code: TLG

Talga Gold Ltd

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Corporate Information

ASX Code **TLG**

Shares on issue **53.30m**

Options (unlisted) **4.85m**

52 week high **A\$0.77**

52 week low **A\$0.12**

Cash (at 26 Oct) **A\$2.6m**

Company Directors

Sean Neary

Non-Executive Director &
Chairman

Mark Thompson

Managing Director

Piers Lewis

Non-Executive Director &
Company Secretary



SUMMARY

During the reporting period, Talga Gold Ltd (ASX: TLG) ("Talga" or "the Company") conducted further exploration on the Company's 100% owned projects in Sweden (graphite, iron ore and copper/gold) and Western Australia (gold).

After successfully acquiring TCL Sweden Limited ("TCL Sweden"), a subsidiary of Teck Resources Limited the previous quarter, the Company embarked on drilling at the Nunasvaara graphite project. Additional work completed in Sweden included geological reconnaissance and rock geochemical sampling, historic data review and re-sampling of historic drilling, and preparations for drilling the Masugnsbyn iron ore project and Raitajärvi graphite.

In Western Australia preparations were concluded for conducting a reverse circulation ("RC") drill program at the Tambina gold project in WA's Pilbara region.

During the quarter the Company concluded a successful capital raising and engaged with potential strategic partners and investors in Asia.

SWEDEN GRAPHITE PROJECTS (TLG 100%)

During the period the Company completed its maiden 19 hole diamond drilling program at **Nunasvaara** on 30 July, 2012 (see Fig 2). The program was designed to upgrade the size and status of the historically drilled 3.60Mt @ 23% graphitic carbon ("Cg") JORC Inferred Mineral Resource.

The drilling program was successful as graphite mineralisation was intersected outside the current resource model at infill positions over the eastern extension and previously untested up-dip and down-dip locations. The known strike length was increased from



Figure 1. North Sweden is attracting significant private and government investment towards mining infrastructure. Pictured is the road through Talga's Nunasvaara project undergoing upgrade to 100 tonne payload capacity to service new iron ore mines in the area, Aug 2012. (Translated the sign reads "Pilot, Follow Me")

approximately 700m to 1200m and maximum known vertical extent to 150m depth. The deposit remains open at depth and along strike.

Assay results of the drilling were received subsequent to the quarter end (see ASX:TLG 16 October 2012) which confirmed every hole had intercepted consistent and high-grade graphite mineralisation. Downhole intercepts included 85.1m at 22.1% Cg including 33.8m at 30.5% Cg (Hole NUS12018) and 59.8m at 26.4% Cg, including 29.1m at 31.0% Cg (Hole NUS12012). For details see Appendix 1.

As less than 8% of the greater Nunasvaara graphite unit has been drill tested to date, a reconnaissance rock geochemistry program was conducted. This confirmed that the graphite unit extends north over more than 9km of strike (see Fig 3) and remains open to the south for a further 6km. The outcropping graphite mineralisation shows considerable promise to add significant scale to the project. Assay results are pending.

The results will be reviewed with the aim of expanding graphite resources with more drilling during the winter period, pending the outcome of a new resource estimate at Nunasvaara.

During the period Talga released assay results of sampling historic drill cores from the Nunasvaara, Jalkunen and Pajala graphite projects (see ASX:TLG 21 August 2012). Results were positive and have firmed up drill targets to be integrated into the Company's work plans.

Raitajärvi Environmental Study

As a prelude to the commencement of drilling at the Raitajärvi graphite project an environmental screening study was completed by SRK Consulting (Sweden) AB. The study was designed to determine the effects, if any, of Talga's planned drilling program on the environment. Additionally the study results could be later incorporated into an environmental permit associated with a potential exploitation permit application should a decision be made to fast track the project. Results identified no high-level environmental impediment to drilling but winter drilling was recommended to avoid swampier areas. Talga is refining its drill plans and will re-submit applications to conduct winter drilling at Raitajärvi.

SWEDEN IRON PROJECTS (TLG 100%)

During the period further review of historic drilling on the Masugnsbyn iron project was undertaken and subsequent to quarter end, independent consultants CoxsRocks Pty Ltd provided a revised JORC Mineral Resource of 87.2Mt @ 29.9% iron as magnetite ("Fe_{mag}") using a cut off grade of 20% Fe_{mag} (See ASX:TLG 10 October 2012). The global resource consists of 49.7Mt @ 30.0% Fe_{mag} Indicated category and 37.5Mt @ 29.6% Fe_{mag} Inferred category.

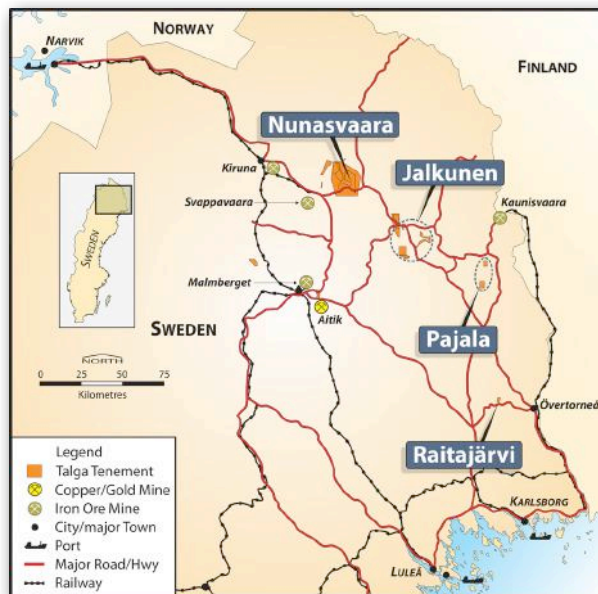


Fig 2. Talga's graphite projects and transport infrastructure, Sweden.

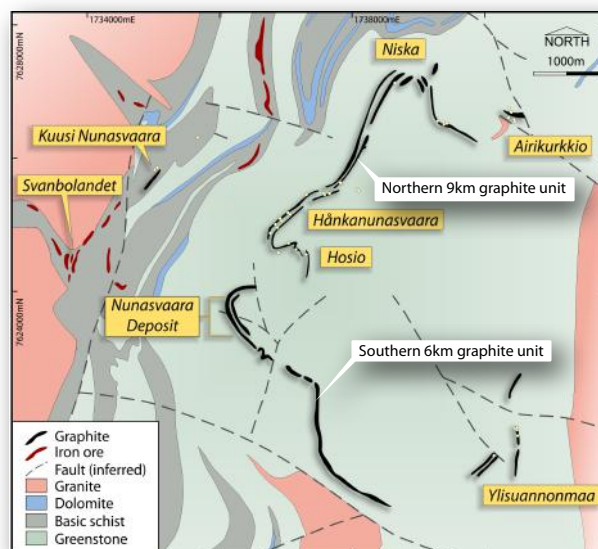


Fig 3. Nunasvaara deposit summary geology map.



Fig 4. Talga's iron ore projects and transport infrastructure, Sweden.

During the period Talga commenced a diamond drilling program at Masugnsbyn to extend/infill historic magnetite intercepts and gain fresh samples for metallurgical work/concentrate development. Subsequent to the period nine drill holes were completed for 1,424m (for details see Appendix 2).

The northern-most drillhole MAS1216 intersected approximately 8m (downhole width) of massive to semi-massive sulphides from 40m depth. Mineralisation consists of pyrrhotite and pyrite with minor chalcopyrite (see Fig 5).

Skarn-hosted iron ores in this region can have considerable sulphide contents and in milling the sulphides are largely removed using flotation processes similar to VMS deposits. A low level of copper in magnetite concentrates can be deleterious but a high level zone may add value to a project. The core from this program and Talga's other iron projects in Sweden will be undergo detailed assaying for copper, gold and other elements that may not have been tested for in historical exploration.

Further Iron Potential

Masugnsbyn is one of a number of iron projects gained in the recent acquisition of TCL Sweden Ltd. Review of data at the **Vittangi** project has also revealed strong intercepts of iron mineralisation in historic drilling. At the Vathanvaara prospect historic drill intercepts including 235m @ 35.9% Fe_{mag} and 124m @ 43.4% Fe_{mag} (see ASX:TLG 10 October 2012) highlight the projects potential.

Corporate

Several field trips were undertaken during the period to China. The field visits were conducted to;

- Engage with potential strategic partners and customers in the iron ore, gold and graphite sectors.
- Promote Talga to current and potential investors in Asia.
- Examine first hand the state of the Chinese graphite mines, currently understood to be providing 80% of world natural graphite supply.

The results of these investigations have confirmed and enhanced the Company's confidence in its European based graphite and iron ore projects.

Throughout the quarter the Company finalised a capital raising for \$2.3m to institutional and sophisticated investors. The funds received will be used to continue its development of the Company's graphite, iron ore and gold projects.

As at 30 September 2012, the Company has a cash balance of \$2.6m.

Upcoming Events

Over the next period Talga is conducting several site visits for



Fig 5. Sulphide zone at 40-47.6m depth, MAS1216 Masugnsbyn.



Figure 6. Meeting magnetite and steel mill operators, China.

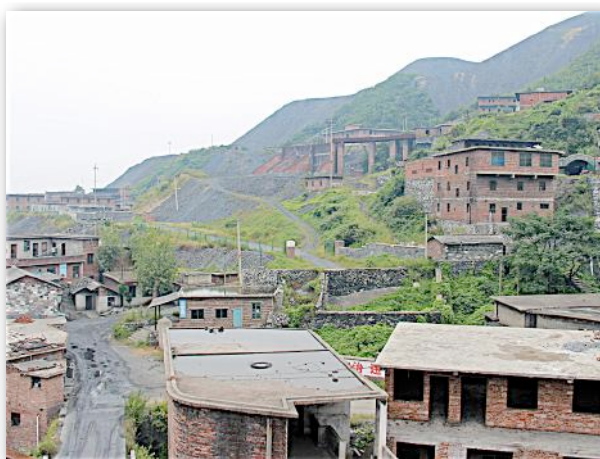


Figure 7. Closed amorphous graphite mines, Lutang China Aug 2012.

potential investors, strategic partners and customers to Australia and Sweden. The Company is participating and presenting at the following events:

The 9th Annual RMG Exploration and Mining Investment Conference

Stockholm 21 Nov 2012 Presentation Time: 11.45am

Mines and Money London 2012

London 4 Dec 2012 Presentation Time: 1.40pm

The 2nd Industrial Minerals Graphite Conference

London 6th Dec 2012 Presentation Time: 9.00am

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Figure 8. Inspecting graphite flotation mill, Heilongjiang province China



Figure 9. Graphite packing, Heilongjiang province China Sept 2012.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Darren Griggs and Mr Mark Thompson, who are members of the Australian Institute of Geoscientists. Mr Griggs and Mr Thompson are employees of the Company and have sufficient experience which is relevant to the activity to which is being undertaken 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 Griggs and Mr Thompson consent 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.

APPENDIX 1

Nunasvaara drillhole data and graphite assay results

Hole ID	East (RT90)	North (RT90)	Hole Depth (m)	Azi	Dip	From (m)	To (m)	Interval (m)	Est. True Width (m)	% Graphite
NUS12001	1736020	7523809	63.45	90	-44	17.4	42.3	24.8	22	24.9
NUS12002	1736014	7523738	110.05	55	-61	59.0	84.6	25.7	19	21.4
NUS12003	1736039	7523687	58	58	-45	8.0	38.3	30.3	25	28.7
incl.						12.0	38.3	26.3	22	30.2
NUS12004	1736050	7523646	66.2	57	-46	7.3	47.5	40.2	33	28.2
incl.						19.0	45.0	26.0	21	30.5
NUS12005	1736056	7523600	86.95	58	-60	49.9	78.7	28.8	24	25.4
incl.						66.0	70.0	4.0	3	30.8
NUS12006	1736096	7523559	62.3	54	-45	20.0	53.0	33.0	27	19.9
incl.						32.0	36.7	4.7	4	31.9
NUS12007	1736063	7523544	157.85	52	-80	110.0	146.7	36.7	18	26.0
incl.						118.0	136.0	18.0	9	30.4
NUS12008	1736096	7523511	91.1	52	-44	48.9	73.3	24.3	20	22.5
NUS12009	1736168	7523421	72.25	50	-45	49.3	59.0	9.8	8	32.9
NUS12010	1736206	7523398	59.85	55	-46	28.0	47.5	19.5	17	25.0
incl.						38.0	47.5	9.5	8	31.2
NUS12011	1736243	7523348	69.15	55	-59	20.0	59.4	39.4	29	26.4
incl.						43.7	56.0	12.3	9	31.4
NUS12012	1736271	7523318	109.6	55	-80	38.5	98.3	59.8	24	26.4
incl.						69.2	98.3	29.1	12	31.0
NUS12013	1736309	7523273	70.65	51	-45	27.0	57.0	30.0	27	28.1
incl.						31.0	57.0	26.0	23	31.1
NUS12014	1736339	7523244	76.6	51	-69	22.5	61.2	38.7	24	17.5
NUS12015	1736325	7523225	118.95	51	-76	64.0	109.7	45.7	30	17.8
incl.						79.0	91.0	12.0	8	30.5
NUS12016	1736363	7523206	79.25	54	-56	35.4	53.0	17.6	13	25.4
NUS12017	1736288	7524006	115	324	-42	59.7	96.5	36.8	18	23.5
incl.						61.0	67.0	6.0	3	33.1
NUS12018	1736226	7523954	150.85	324	-44	45.9	131.0	85.1	33	22.1
incl.						45.9	79.7	33.8	13	30.5
NUS12019	1736132	7523908	78.85	324	-44	52.2	66.2	14.0	12	23.5

Note. Samples consisting of half core (original core diameter approximately NQ size) prepared and assayed by ALS-Chemex with graphite and multi-elements respectively measured using the LECO and ICP techniques. Internal laboratory QAQC was completed during sample analysis and external standards used to monitor quality, with satisfactory results. Intercepts may vary across different datasets due to rounding.

APPENDIX 2

Masugnsbyn diamond drillhole data

Hole ID	East (RT90)	North (RT90)	Azi	Dip	Hole Depth (m)
MAS1201	1766485	7499293	70	-50	170
MAS1203	1766447	7499399	70	-60	193
MAS1204	1766435	7499523	70	-55	128
MAS1205	1766331	7499604	70	-57	200
MAS1206	1766404	7499604	70	-57	149
MAS1207	1766394	7499706	70	-50	128
MAS1208	1766325	7499795	70	-55	188
MAS1209	1766414	7499821	70	-60	104
MAS1216	1766585	7500286	70	-55	164

ABOUT TALGA GOLD

Talga Gold (**Talga**) (ASX: "TLG") is a diversified mineral explorer with a portfolio of graphite, iron, copper and gold projects in Sweden and Western Australia.

Since listing in July 2010, Talga has been actively exploring its portfolio of gold projects in the Yilgarn and Pilbara regions of Western Australia. In 2011 and 2012, Talga identified and subsequently acquired a number of graphite, iron and IOCG projects in Sweden.

GRAPHITE

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 development, with fast-tracking available 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 high grade graphite 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.

IRON

Talga wholly owns exploration permits in the Kiruna mineral district recognised as containing significant iron ore deposits with considerable growth upside based on historic drilling and JORC compliant resources and exploration targets.

Talga's strategy is to 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.

GOLD

Talga is actively exploring high grade gold projects in the Yilgarn and Pilbara regions of Western Australia. Additionally the Company owns several copper/gold projects within its Sweden portfolio.