Significant Increase in Resources and Potential of Talga's Swedish Iron Deposits

- Upgraded JORC Indicated and Inferred Mineral Resource at Masugnsbyn project of **87.2Mt @ 29.9% iron as magnetite ("Fe_{mag}")** representing a **98% size increase** from previous estimate.
- Additional JORC compliant Exploration Target[1] of **61-145Mt** @ **29-37% Fe_{mag}** estimated to **100m depth** at Vittangi project.
- Historic drill intercepts including **235m @ 35.9% Fe_{mag}** and **124m @ 43.4% Fe_{mag}** highlight potential of Vittangi project.
- **Drilling has commenced** at Masugnsbyn to provide new samples for metallurgical testing and concentrate development.

Talga Gold Limited (ASX: TLG; "Talga" or "the Company") is pleased to announce an update on its 100% owned Iron projects in northern Sweden.

Masugnsbyn Magnetite Resource Increase

The Masugnsbyn iron project is located approximately 50km by road southeast from Talga's Nunasvaara graphite deposit in the Kiruna mineral district. First mined in 1644, the mineralisation at Masugnsbyn is predominantly skarn type magnetite and is defined by historic exploration along an 8,800m long zone.

Table 1. Masugnsbyn Global Resource Estimate October 2012

Project	Indicated		Inferred		**Total**	
	Mt	$\%Fe_{mag}$	Mt	$\%Fe_{mag}$	Mt	$\%Fe_{mag}$
Masugnsbyn	49.7	30.0	37.5	29.6	**87.2**	**29.9**

The new JORC compliant Mineral Resource estimate of 87.2Mt @ 29.9% iron as magnetite ("Fe_{mag}") using a cut off grade of 20% Fe_{mag} (See Table 1) replaces the previous estimate of 44.1Mt @ 30.9% Fe (See ASX:TLG 28 February 2012). This new estimate was completed by independent consultants CoxsRocks Pty Ltd and is based on historical drill data from 68 diamond core holes.

An iron mineralised skarn zone, 65-140m thick, hosts the resource that is defined by historic drilling along a 5,700m long zone. The main part of the deposit comprises two lenses, with the footwall lens (35.2% Fe_{mag}) being potentially amenable to selective open cut mining in the early stages of development.

The deposit lies adjacent to sealed roads and grid power, and is approximately 60km from state-owned rail accessible by permit of the Sweden Transport Authority. There are multiple port options for export of bulk materials including Narvik to the north which currently loads approximately 18Mt iron ore annually from the Kiruna district and handles

Figure 1. Talga staff inspecting historic iron workings at Masugnsbyn

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Corporate Information

ASX Code	**TLG**
Shares on issue	**53.30m**
Options (unlisted)	**4.35m**
52 week high	**A$0.77**
52 week low	**A$0.12**
Cash (at 21 Sept)	**A$2.8m**

Company Directors

Sean Neary
Non-Executive Director & Chairman

Mark Thompson
Managing Director

Piers Lewis
Non-Executive Director & Company Secretary

Capesize vessels. Alternately Luleå to the south currently handles Panamax size vessels but is planning upgrades for 2014 to 'New Panamax/Baby-Capesize' loading capability.

Figure 2. Historically mined magnetite ore, Masugnsbyn project.

Infrastructure-rich District Gathers Momentum

This area of Sweden is currently host to accelerating mining activity. 60km by road to the northwest of Masugnsbyn the state owned LKAB group is developing several magnetite iron deposits at Svappavaara (total 325Mt resources), in addition to operating the nearby Kiruna magnetite iron mine (+2Bt resource). At Kaunisvaara, 90km by road east of Masugnsbyn, Northland Resources S.A. has commenced open cut mining of magnetite iron deposits. It was announced (TSX:NAU 5 September, 2012) that the Swedish government has committed to invest SEK 1.3 billion (AUD$190 million) to upgrade the road to facilitate Northland's transport of magnetite concentrate, through Talga's Masugnsbyn project, to the railhead at Svappavaara. In addition SEK 800 million (AUD$120 million) is to be spent improving the Malmbanan rail line (Kiruna to Narvik) as part of approximately SEK 3.5 billion (AUD$520 million) to be invested in mining-related infrastructure between 2013 and 2017.

Talga has commenced a 9-hole 1,300m diamond drilling program at Masugnsbyn to extend/infill historic drill intercepts and gain fresh samples for metallurgical work/concentrate development.

Further Iron Potential

Masugnsbyn is one of a number of iron projects gained in the recent acquisition of TCL Sweden Ltd from Teck Resources Ltd in June 2012. Review of the historic data has revealed strong intercepts of iron mineralisation in previous drilling at the Vittangi project. At the Vathanvaara prospect historic drill intercepts include 235m @ 35.9% Fe_{mag} (Hole 71205) and 124m @ 43.4% Fe_{mag} (Hole 71202) highlight potential for future resource development (see Table 2 and Figures 6a,b). The Vittangi project is within 20km of the railhead and LKAB mines near Svappavaara and could potentially share some infrastructure with the adjacent Nunasvaara graphite deposit (See locations in Figures 3 and 5).

Table 2. Summary of selected historic drillhole iron intercepts.

Exploration Target	Hole ID	East (RT90)	North (RT90)	Hole Depth (m)	Azi	Dip	From (m)	To (m)	Interval (m)	% Fe_{mag}
Jänkkä	Jank 71001	1733109	7521322	161	112	-60	46	98	**52**	**26.6**
Kuusi Nunasvaara	72502	1736757	7527975	225	292	-60	104	160	**56**	**26.3**
Mänty Vathanvaara	71001	1731343	7530271	350	0	-60	63	163	**100**	**30.2**
Sorvivuoma	72201	1730764	7534130	165	0	-60	20	92	**72**	**30.7**
Sorvivuoma	72202	1730559	7534105	146	0	-60	45	87	**42**	**35.4**
Vathanvaara	71201B	1730729	7532465	150	150	-70	51	150	**99**	**43.2**
Vathanvaara	71202	1730896	7532577	334	150	-60	61	108	**47**	**34.4**
							134	175	**41**	**27.5**
							210	334	**124**	**43.4**
Vathanvaara	71204B	1730875	7532437	183	330	-60	50	150	**100**	**37.8**
Vathanvaara	71205	1731107	7532595	274	208	-60	30	265	**235**	**35.9**
Vathanvaara	71206	1731071	7532507	183	28	-70	19	170	**151**	**32.1**
Vathanvaara	71208	1730955	7532497	171	330	-80	9	130	**121**	**34.1**
Vathanvaara	71209	1731083	7532247	140	85	-60	75	140	**65**	**38.1**
Vathanvaara	71211	1731146	7532373	109	265	-60	40	90	**50**	**34.1**

Note. Intervals selected based on min. composite width of 40m at >25% Fe_{mag} and max. width of internal waste 10m.

A revised conservative JORC compliant Exploration Target[1] of 61-145Mt at a grade range of 29-37% Fe_{mag} has been estimated to 100m depth within the Vittangi project (See Table 3).

Table 3. Vittangi Project Iron Exploration Targets[1]

Exploration Target	Tonnage Range (Mt)	Grade Range (%Fe_{mag})
Jänkkä	5-22	24-30
Kuusi Nunasvaara	14-43	22-34
Nunasjärvenmaa	7-11	31-40
Mänty Vathanvaara	7-10	30-34
Sorvivuoma	12-26	36-40
Vathanvaara	16-33	34-50
Total 0-100m depth	**61-145**	**29- 37**

Managing Director Mr Mark Thompson said, "We continue to realise value via our purchase of TCL Sweden Ltd from Teck Resources in June this year. As we interrogate the acquired database we find further encouragement for confidence in the projects to host several mining opportunities. The iron ore deposits are near our graphite deposits, and there are synergies in assessing both from a common operational base. With only a modest amount of drilling we can test the potential of the iron exploration targets to convert to resources over the next 12 months, while reviewing options for commercialisation."

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1 Exploration Target

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 drilling and geophysics conducted by the Geological Survey of Sweden and other companies, but the potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Figure 3. Talga's iron projects located in northern Sweden.

Figure 4. Masugnsbyn iron project summary geology map.

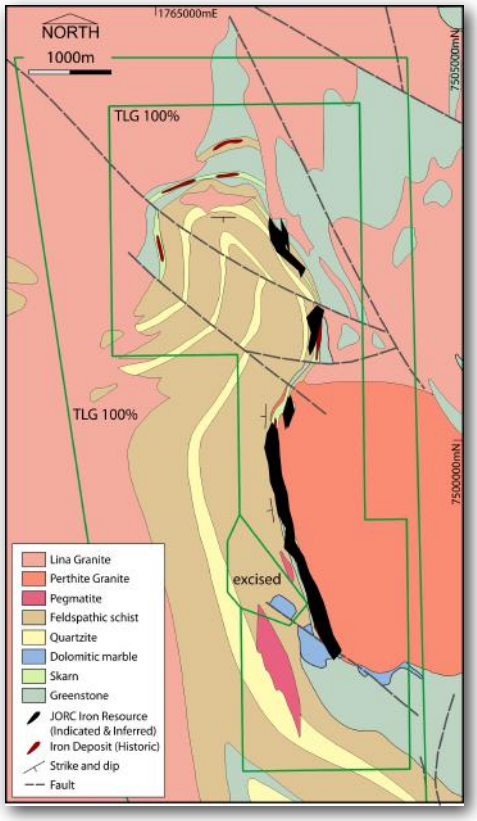
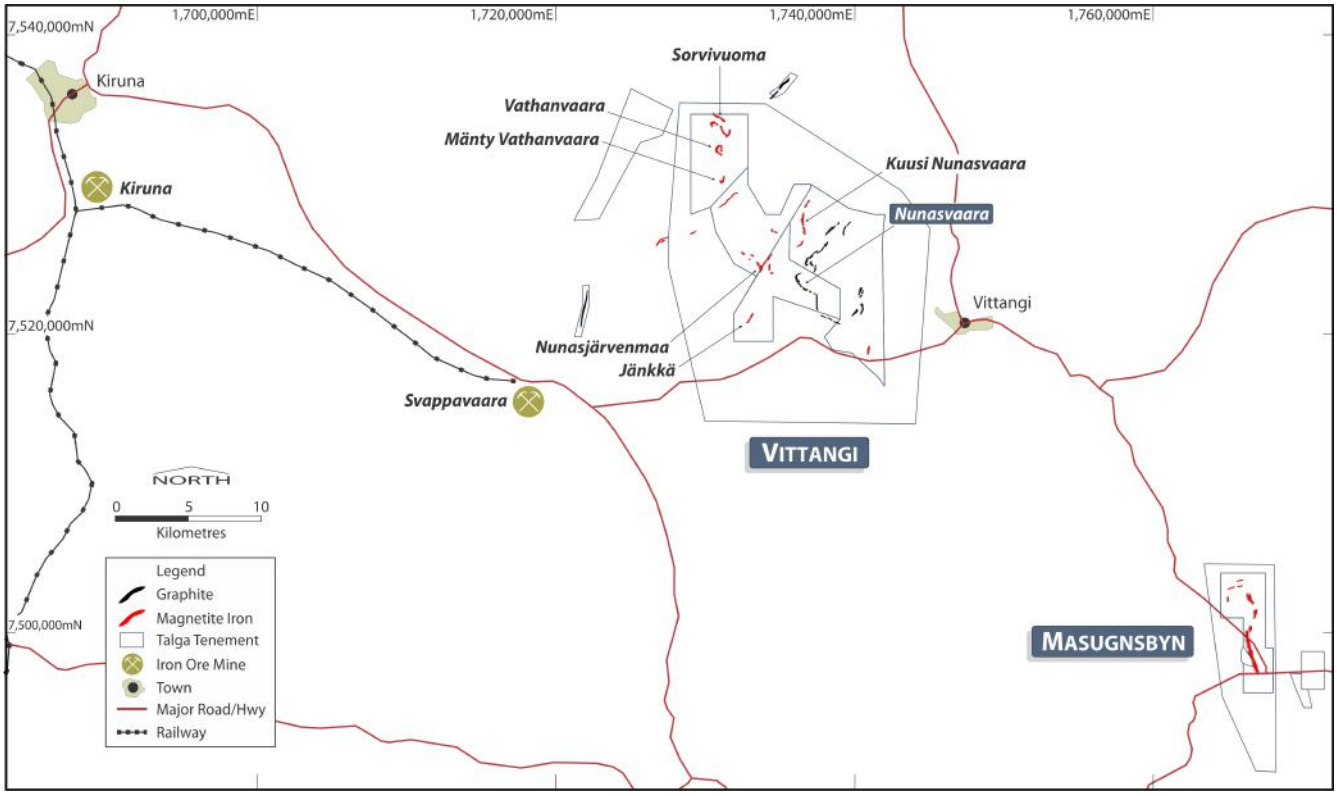
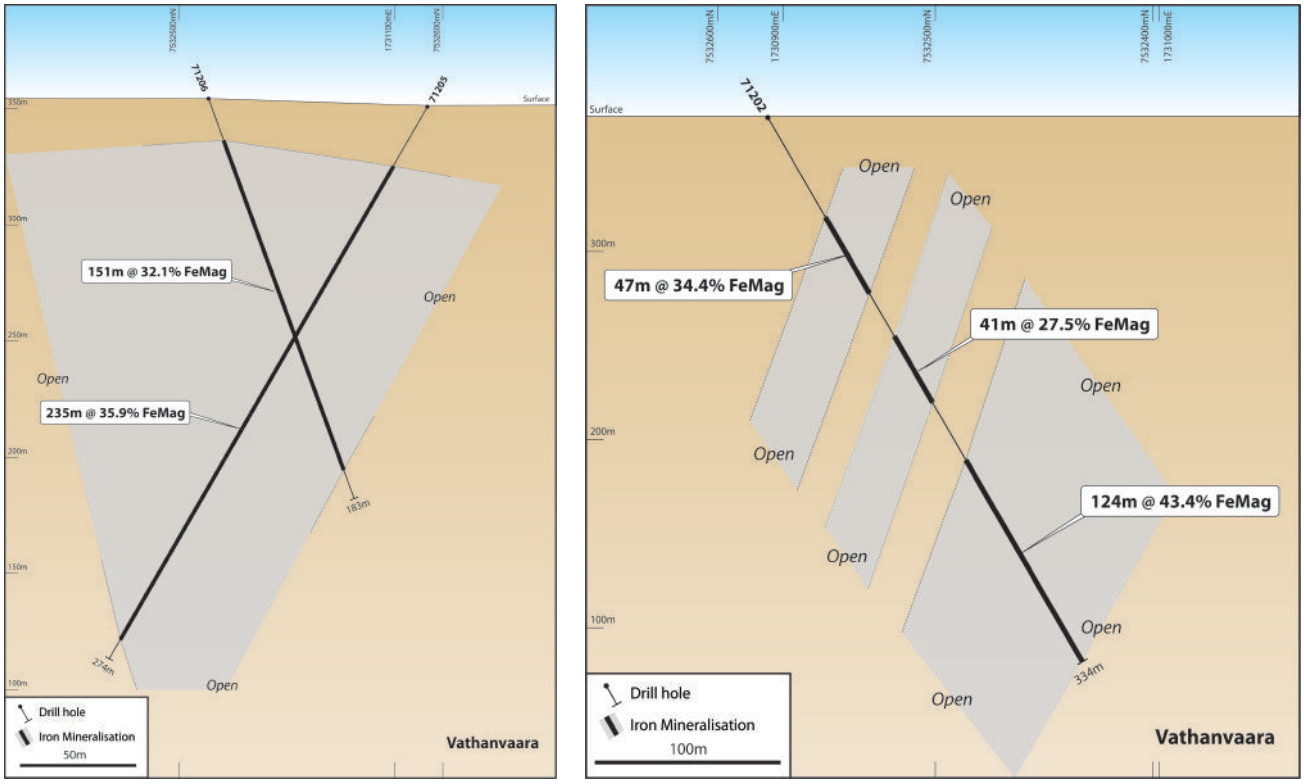


Figure 5. Location map of Talga's iron and graphite projects in northern Sweden.



Figures 6a,b. Schematic sections of selected historic drill intercepts at Vathanvaara project.



APPENDIX 1

Resource Estimation Methodology

Masugnsbyn Iron Deposit: Indicated and Inferred JORC Compliant Resource

Drillhole data used in the Masugnsbyn Iron Resource estimate comprised a total of 68 diamond holes for 9,000 metres drilled along the entire strike length of the deposit (5,700 metres). Drill hole spacing was at nominal 200 metre centres with holes approximately 50 metres apart on each section.

Analysis was completed on all mineralised intervals (n=1,800) at generally one metre or in some cases two metre sections of core by the Geological Survey of Sweden at the Kemiska Laboratory in Stockholm or the LKV laboratory in Kiruna. The grade of iron as magnetite ("Fe_{mag}") is derived from assays for HCl and HNO_3 soluble iron with a correction factor applied to discount iron present as sulphides.

A variable bulk density was used (2.63 - 4.81 t/bcm) based on individual measurements (n=1633) and lower cut off 10% Fe_{mag} was applied to the constructed wireframes and outlines. All historical assays were used with a maximum vertical depth of 257 metres from surface used.

Interpretation of sections was completed with the outlines wireframed together to form coherent validated shapes. The grade estimation methods was ID2 of values lying within validated wireframes (solids) with only the numbers from the individual wireframes/solids used for the interpolation.

Parent block sizes were set at 5m (x), 10m (y) and 5m (z), with the sub−cell size down to half of the parent cell size. The resource estimate has been classified based on data density, data quality, confidence in the geological interpretation and confidence in the estimation.

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.

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information 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.