


 **ASX Code: TLG**
**Talga Resources Ltd**

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[www.talgaresources.com](http://www.talgaresources.com)**Corporate Information**

ASX Code TLG

Shares on issue 54.40m

Options (unlisted) 3.75m

Cash (at 31 Dec) A\$1.7m

52 week high \$0.77

52 week low \$0.12

**Company Directors****Sean Neary**Non-Executive Director &  
Chairman**Mark Thompson**

Managing Director

**Piers Lewis**

Non-Executive Director



## QUARTERLY ACTIVITIES REVIEW

### For the period ending 31 December 2012

**SUMMARY**

During the reporting period, Talga Resources Ltd (ASX: TLG) ("Talga" or "the Company") has been highly active exploring the Company's 100% owned projects in Sweden (graphite, iron ore and copper/gold) and Western Australia (gold). The main achievements were:

- *Results of Talga's maiden drilling program at Nunasvaara graphite deposit leading to 110% size increase of JORC Indicated and Inferred Resource to 7.6 million tonnes at 24.4% graphite ("Cg") at 10% lower cut-off (for details see Table 1 below).*
- *Infrastructure development milestones advanced with a Memorandum of Understanding signed with Port of Luleå (Sweden) for export of up to 80,000 tonnes of graphite concentrate/products.*
- *Reconnaissance rock chip sampling of the Vittangi project returned highly positive results, confirming high grade Nunasvaara graphite unit extends over 15km strike.*
- *New JORC Indicated and Inferred resource estimate for the Masugnsbyn iron ore project of 87.2 million tonnes at 29.9% iron as magnetite ("Fe<sub>mag</sub>") at 20% lower cut-off (for details see Table 2).*
- *Completion of followup 1,428m diamond drilling program at Masugnsbyn for resource infill/extension and magnetite concentrate development.*
- *Completion of government co-funded reverse circulation ("RC") drill program at the Tambina gold in conglomerate project in WA's Pilbara region (results pending).*

**SWEDEN GRAPHITE PROJECTS (TLG 100%)**

During the period the Company announced the results of its maiden 19 hole 1,697m diamond drilling program at the *Nunasvaara* graphite deposit, part of the 100% owned Vittangi project in northern Sweden (see ASX:TLG 16 October 2012). Assay results confirmed historically drilled high-grade graphite mineralisation. Talga's downhole intercepts included 85.1m at 22.1% Cg (Hole NUS12018) and 59.8m at 26.4% Cg (Hole NUS12012). For details see Appendix 1.

The drilling confirmed graphite mineralisation from surface to approximately 150m depth, over at least 1,200m strike and an average true width of 20m (ranging 8-33m). The deposit remains open at depth and along strike, with less than 8% of the project's graphite unit drill tested to date.

Talga's drilling allowed independent geological consultant CoxsRocks Pty Ltd to revise the JORC Indicated and Inferred resource to 7.6 million tonnes at 24.4% Cg at a 10% lower cut-off (See Table 1). The new resource is a 110% increase in size (tonnage) over

Table 1. Nunasvaara November 2012 Mineral Resource Estimate (10% Cg lower cut-off grade).

JORC Classification	Tonnes (Mt)	Graphite (%Cg)	Contained Graphite (tonnes)
Indicated	5.6	24.6	1,377,600
Inferred	2.0	24.0	480,000
<b>Total</b>	<b>7.6</b>	<b>24.4</b>	<b>1,857,600</b>

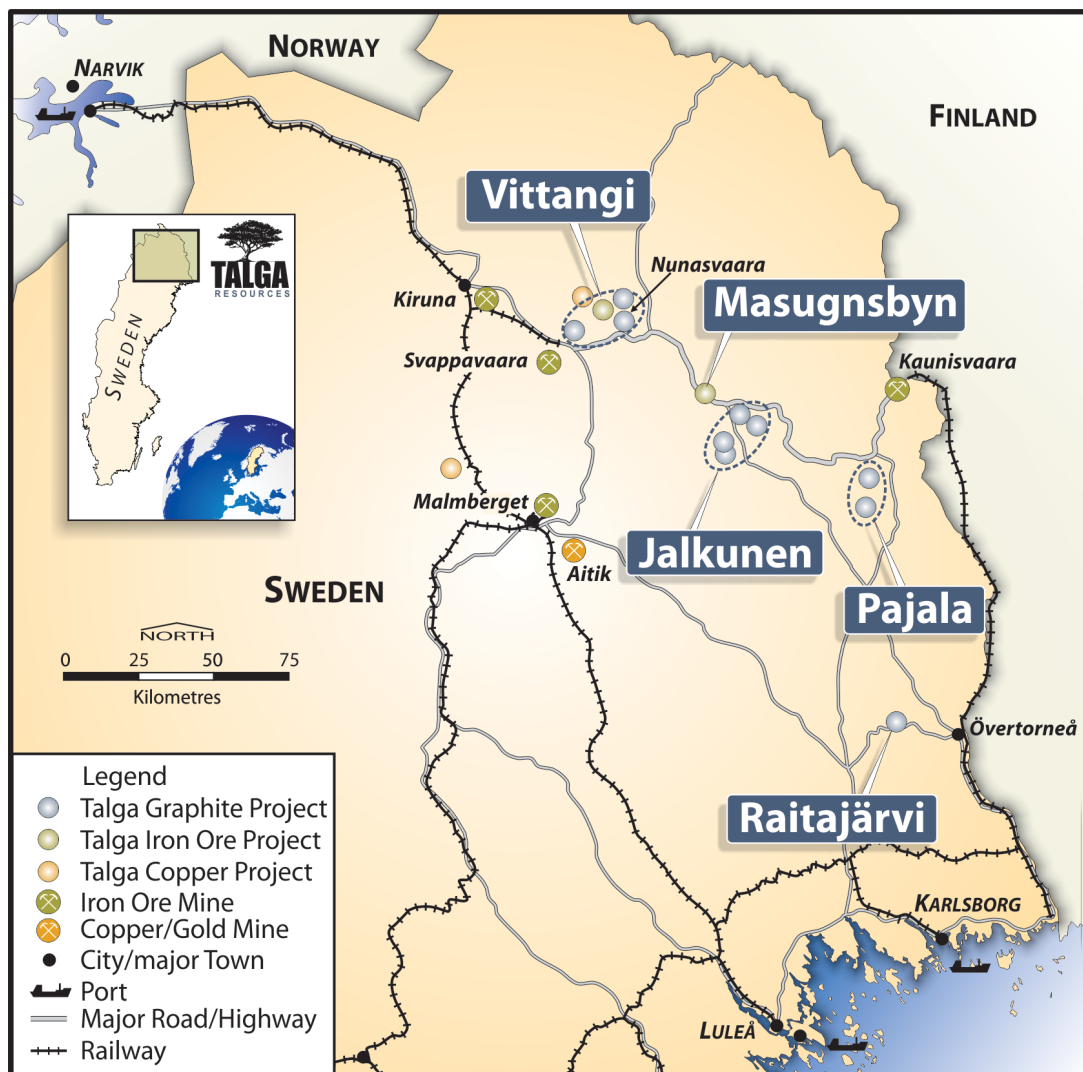


Fig 1. Location of Talga's mineral projects, Sweden.

the previous (historic drilling) estimate, and contains 5.6 million tonnes in the Indicated category from 0-125m depth. Nunasvaara is the highest grade of graphite resource defined to JORC or NI 43-101 status in the world (*Ref: Technology Metals Research Advanced Graphite Projects Index*).

Over two tonnes of Nunasvaara drill core was transported to Perth for metallurgical and comminution testwork, which commenced during the period. As previously noted initial petrography identified Nunasvaara graphite to be predominantly ultrafine flake (<75 microns, also known as amorphous) size with a minor component of coarser flake (75-300 microns). The Nunasvaara deposit's exceptional resource grade, open-pit geometry, proximity to low cost power and transport infrastructure provides advantages for the production of graphite to suit multiple size segments of the market. Metallurgical results will be integrated into the upcoming scoping study, which is being expanded to include the potential production of higher-margin finished products, taking advantage of Sweden's proximity to high-technology end users.

A key aspect of potential mineral sales is quality, highly functional transport pathways and thus Talga signed a non-binding Memorandum of Understanding (MOU) with the Port of Luleå (PoL) regarding the allocation of port space allowing up to 80,000 tonnes of graphite concentrate/products to be exported. The MOU provides a framework between the parties towards securing a binding Port Terminal Services Access Agreement (PTSAA) in the future and utilising the integrated sea-logistics system at Luleå for potential production from Talga's key projects in 2015.

## Sweden Exploration

During the period the assay results of a reconnaissance rock geochemistry program along strike of Nunasvaara within the **Vittangi** graphite project were received and reported (see ASX:TLG 15 November 2012). Results confirmed that the high-grade graphite unit extends north over more than 9km of strike and remains open to the south for a further 6km. The average grade of all samples on the unit (n=49) was 26.2% Cg and the peak grade was 46.7% Cg.

It is apparent that if required, there is significant scope for expansion of the Nunasvaara resource (currently already exceeding a potential 20 year mine life). The rock sample results and other datasets were used to estimate a total project JORC compliant exploration target<sup>1</sup> at Vittangi of 46-70 million tonnes at 15-30% Cg constrained to 0-100m depth (see Appendix 3).

Various statutory surveys and applications were completed as part of the permitting process for drilling at the **Raitajärvi** flake graphite project. Drilling is expected to be approved for commencement in Q1 of 2013.

Compilation of large historic datasets continued across Talga's multiple graphite projects in northern Sweden. A new tenement application was made over a historic flake graphite occurrence south of Talga's base in Luleå and an extension of term was applied for on a licence over copper/cobalt mineralisation inherited in the TCL Sweden Ltd acquisition. Recruiting of personnel and contract groups for the scoping study was advanced.

### SWEDEN IRON PROJECTS (TLG 100%)

Talga owns multiple iron projects in the Kiruna district, an active iron ore (magnetite) mining province with several iron mills and pelletising plants in operation. Approximately 90% of the district's iron ore is exported to countries within Europe and the Middle-East, with the remainder feeding steel mills in nearby Luleå.

During the period historical drilling data was used to complete a new JORC mineral resource estimate for the **Masugnsbyn** iron project (see Fig 1). Using a lower cut-off grade of 20% Fe<sub>mag</sub> the total global JORC Mineral Resource now stands at 87.2Mt @ 29.9% Fe<sub>mag</sub> (see ASX:TLG 10 October 2012 and table 2.) The project has development advantages in that it contains a discrete higher grade footwall zone (35.2% Fe<sub>mag</sub>), and is proximal to low cost power and operating heavy haulage transport infrastructure.

Table 2. Masugnsbyn October 2012 Mineral Resource Estimate (20% Cg lower cut-off grade).

JORC Classification	Tonnes (Mt)	Iron as Magnetite (%Fe <sub>mag</sub> )
Indicated	49.7	30.0
Inferred	37.5	29.6
<b>Total</b>	<b>87.2</b>	<b>29.9</b>

Following the successful resource upgrade Talga completed a followup diamond drilling program in this period to extend and infill some zones of the resource and gain fresh samples for metallurgical work/concentrate development. Nine drill holes were completed for 1,428m (for details see Appendix 2). Results of this stage will be used to investigate commercialisation of the project in conjunction with Talga's other iron project at Vittangi, where a JORC compliant exploration target<sup>1</sup> of 61-145Mt @ 29-37% Fe<sub>mag</sub> (0-100m depth) was identified during the period (see Appendix 4).

### AUSTRALIA GOLD PROJECTS (TLG 100%)

During the period a government co-funded RC drilling program consisting of 22 drill holes totalling 1,349 metres was completed at the Tambina gold project (TLG option to acquire 100%). The objective of the drilling was to test a series of stacked, shallow dipping, near surface quartz pyrite conglomerate horizons that contain gold over at least 2km strike (see ASX:TLG 30 October 2012). The target conglomerate horizons were intersected in all holes with downhole thicknesses of 1-20m apparent over single or stacked (parallel) intersections. Due to end of year delays assays were not received during the period and the term of the option to acquire 100% was extended to 30 June 2013. Subsequent to the period some preliminary drill assay results have been received, confirming stratigraphically contiguous but low tenor gold mineralisation in the conglomerate hostrock. Followup detailed assaying is being undertaken prior to a

review of the project. Fieldwork on the other gold projects in WA included geological reconnaissance of anomalies defined in previous quarters, rehabilitation of drillsites and field trips with potential investors.

## CORPORATE

During the period the Company's name was changed to Talga Resources Ltd, as approved by shareholders at the annual general meeting, to better reflect the diversified minerals assets now being developed by the Company.

The board considers the more advanced Swedish graphite and iron projects to be key to creating value for shareholders in the shorter term and has approved potential divestment of the Australian gold assets. The focus of any commercialisation is to provide funds for developing other assets in the Company.

As at 31 December 2012 the Company had a cash balance of \$1.7m.

## Upcoming Events

The Company invites shareholders and interested parties to meet Managing Director Mark Thompson present Talga's corporate presentation at upcoming industry events:

### ***RIU Explorers Conference***

Fremantle, WA. 14 Feb 2013. Presentation Time: 3.50pm.

### ***Mines and Money Hong Kong 2013***

Hong Kong. 18 March 2013. Presentation Time: 9.40am.

**For further information, please contact:**

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*1 Exploration Targets: The estimates of exploration target sizes in this announcement are in accordance with the guidelines of the JORC Code (2004) and should not be misunderstood or misconstrued as estimates of Mineral Resources. The potential quantity and quality of the exploration targets are conceptual in nature and 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.*

### **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	1736019.8	7523809	63.45	90	-44	17.4	42.3	24.8	22	24.9
NUS12002	1736013.5	7523738	110.05	55	-61	59.0	84.6	25.7	19	21.4
NUS12003	1736038.8	7523687	58	58	-45	8.0	38.3	30.3	25	28.7
					<b>incl.</b>	12.0	38.3	26.3	22	30.2
NUS12004	1736050.4	7523646	66.2	57	-46	7.3	47.5	40.2	33	28.2
					<b>incl.</b>	19.0	45.0	26.0	21	30.5
NUS12005	1736055.6	7523600	86.95	58	-60	49.9	78.7	28.8	24	25.4
					<b>incl.</b>	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
					<b>incl.</b>	32.0	36.7	4.7	4	31.9
NUS12007	1736062.8	7523544	157.85	52	-80	110.0	146.7	36.7	18	26.0
					<b>incl.</b>	118.0	136.0	18.0	9	30.4
NUS12008	1736095.9	7523511	91.1	52	-44	48.9	73.3	24.3	20	22.5
NUS12009	1736168.3	7523421	72.25	50	-45	49.3	59.0	9.8	8	32.9
NUS12010	1736205.9	7523398	59.85	55	-46	28.0	47.5	19.5	17	25.0
					<b>incl.</b>	38.0	47.5	9.5	8	31.2
NUS12011	1736243.4	7523348	69.15	55	-59	20.0	59.4	39.4	29	26.4
					<b>incl.</b>	43.7	56.0	12.3	9	31.4
NUS12012	1736270.5	7523318	109.6	55	-80	38.5	98.3	59.8	24	26.4
					<b>incl.</b>	69.2	98.3	29.1	12	31.0
NUS12013	1736309.1	7523273	70.65	51	-45	27.0	57.0	30.0	27	28.1
					<b>incl.</b>	31.0	57.0	26.0	23	31.1
NUS12014	1736339.3	7523244	76.6	51	-69	22.5	61.2	38.7	24	17.5
NUS12015	1736324.8	7523225	118.95	51	-76	64.0	109.7	45.7	30	17.8
					<b>incl.</b>	79.0	91.0	12.0	8	30.5
NUS12016	1736363.2	7523206	79.25	54	-56	35.4	53.0	17.6	13	25.4
NUS12017	1736287.7	7524006	115	324	-42	59.7	96.5	36.8	18	23.5
					<b>incl.</b>	61.0	67.0	6.0	3	33.1
NUS12018	1736226.3	7523954	150.85	324	-44	45.9	131.0	85.1	33	22.1
					<b>incl.</b>	45.9	79.7	33.8	13	30.5
NUS12019	1736131.9	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 Q4 2012 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



APPENDIX 3 Talga's graphite JORC exploration targets<sup>1</sup> Q4 2012.

Project	Exploration Target	Tonnage Range (Mt)	Grade Range (%Cg)
Vittangi	Nunasvaara	34-51	20-25
	Mörttjärn	10-16	15-20
	Maltosrova	2-3	20-30
Raitajärvi	Raitajärvi	7-9	8-11
Jalkunen	Lautakoski	39-52	19-27
	Jalkunen	13-26	13-18
	Tiankijokki	2-3	17-23
	Nybrännan	5-10	20-25
Pajala	Lehtosölkä	4-6	8-14
	Liviovaara	1-2	18-30
<b>Total 0-100m depth</b>		<b>117-178Mt</b>	<b>17-23% Cg</b>

APPENDIX 4 Talga's iron JORC exploration targets<sup>1</sup> Q4 2012.

Project	Exploration Target	Tonnage Range (Mt)	Grade Range (%Fe <sub>mag</sub> )
Vittangi	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
<b>Total 0-100m depth</b>		<b>61-145Mt</b>	<b>29-37% Fe<sub>mag</sub></b>

**ABOUT TALGA RESOURCES**

Talga Resources (**Talga**) (ASX: "TLG") is a diversified mineral explorer and developer with a portfolio of 100% owned graphite, iron, copper and gold projects in Sweden and Western Australia.

**Graphite**

Talga wholly owns multiple advanced and high grade graphite projects in the Kiruna Mineral District of northern Sweden. The immediate focus is to advance multiple graphite projects towards development, utilising the advantages of established quality infrastructure including power, road, rail and ports. Initially this will entail economic studies on the JORC Indicated and Inferred 7.6Mt @ 24.4% Cg Nunasvaara resource and upgrading of the size and status of the Raitajärvi graphite inferred resource.

**Iron**

Talga owns multiple JORC compliant iron resources and exploration targets located in the Kiruna mineral district. The iron ore deposits are of significant scale and strategic importance, with considerable growth upside based on historic drilling. Talga's strategy is to advance the iron ore projects with further drilling to attain larger JORC resources before considering options to commercialise these assets, either in their own right or in conjunction with other parties.

**Gold**

Talga owns multiple high grade gold projects located in the Yilgarn and Pilbara regions of Western Australia. Additionally the Company owns several copper-gold projects within its Sweden portfolio.