



SIGNIFICANT UPGRADE OF TALGA'S SWEDISH IRON ORE RESOURCE

Talga Resources Ltd

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Corporate Information

ASX Code **TLG**

Shares on issue **55.3m**

Options (unlisted) **3.75m**

Company Directors

Sean Neary

Non-Executive Chairman

Mark Thompson

Managing Director

Piers Lewis

Non-Executive Director

 **ASX Code: TLG**

- **New mineral resource estimate at Masugnsbyn iron project increases size and status of Talga's strategically located magnetite resource.**
- **Total JORC mineral resource increased by 28% to 112.0 Mt @ 28.6% iron as magnetite ("Fe_{mag}") with 87.0 Mt @ 28.3% Fe_{mag} in JORC Indicated category and 25.0 Mt @ 29.5% Fe_{mag} Inferred category.**
- **Strategic partners being sought to advance the project, which is located adjacent to current producing infrastructure and milling options.**

MASUGNSBYN IRON PROJECT (TLG 100%)

Talga Resources Limited (ASX: TLG) ("Talga" or "the Company") is pleased to report a new mineral resource estimate at the 100% owned *Masugnsbyn* iron project in north Sweden.

The project is located on the Svappavaara-Pajala highway approximately 60km by road southeast from the Svappavaara iron mine and mill complex of the state-owned Luossavaara-Kiirunavaara AB ("LKAB") group (Fig 1 and 2). The 48km² Masugnsbyn iron project hosts five historic magnetite (iron oxide) occurrences defined by historic work including diamond drilling.

Since securing the project as part of the Teck subsidiary acquisition in 2012, Talga has completed nine diamond drill holes for 1,428m over the northern extent of the *Junosuando* deposit. The drilling infilled sections to establish better continuity and confirm shallower ore positions than historic drill intercepts. Results of the drilling were announced on 29th April 2013. The deposit remains open at depth and along strike to the north.

In total, Masugnsbyn has a combined Indicated and Inferred JORC resource of 112.0 Mt @ 28.6% iron as magnetite ("Fe_{mag}") using a lower cut off grade of 20% Fe_{mag} (See Table 1). This represents an approximate 28% size increase from the previous estimate of 87.2 Mt @ 29.9% Fe_{mag} (See ASX:TLG 10 October 2012). The new estimate includes 87.0 Mt @ 28.3% Fe_{mag} in the Indicated category and 25.0 Mt @ 29.5% Fe_{mag} in the Inferred category. The resource was completed by independent consultants CoxsRocks Pty Ltd and is based on drill data from 68 historical diamond core holes and 9 diamond core holes completed by Talga in 2012.

Table 1. Masugnsbyn In-Situ JORC Resource Estimate May 2013

Masugnsbyn Magnetite In-Situ Resource @ 20%Fe _{mag} lower cutoff		
Resource Classification	Mt	Fe _{mag} (%)
Indicated	87.0	28.3
Inferred	25.0	29.5
All Resources	112.0	28.6

History

The iron mineralisation outcropping at the most southern extent of the Masugnsbyn project, *Junosuando*, was first mined in 1644 and a blast furnace was built on the site soon thereafter, with iron production continuing sporadically until 1873. From that time a number of exploration campaigns were conducted in the Masugnsbyn iron ore field from 1914 to 1970, including ground geophysical surveys and diamond drilling by the Swedish Geological Survey ("SGU"). Drilling was conducted in the periods 1917 and 1965 to 1970, when the majority of the 68 historic drillholes were completed.

Development Context

Mineralisation occurs as an iron mineralised skarn zone, 65-140m thick, suitable for open cut mining (Fig 3). The 5,400m long deposit for the most part comprises two lenses, with the footwall lens being higher grade and potentially amenable to selective mining in the early stages of development. Sulphides of iron and copper are present that will likely require a flotation circuit in the event of development, but this is offset by extraordinarily low levels of other deleterious elements such as phosphorous and titanium. Magnetite deposits with similar characteristics under development in the district include Sahavaara. The advantages of low cost power and established infrastructure is also locally demonstrated by the Kiruna deposit that is producing magnetite from underground development to 1,300m depth.

Analytical results of Masugnsbyn drill sample composite reported in 1972 by Witschard of the SGU as follows: Cu 0.08%; S 1.9%; P₂O₅ 0.02%; Al₂O₃ 2.0% and TiO₂ 0.06%. These are in-situ values. There is no known metallurgical data for the project however similar style deposits in the area suggest that a premium iron concentrate could be produced by magnetic concentration and flotation (Northland Resources AB reports).

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 magnetite annually from the Kiruna district and handles Cape size vessels. Alternately, Luleå to the south currently exports 6Mt magnetite annually and handles Panamax size vessels with the port planning upgrades to accommodate larger vessels.

Due to the Company's graphite projects taking priority a strategic partner is being sought for some or all of the Masugnsbyn iron project in Sweden, along with the nearby Vittangi project where a JORC compliant Exploration Target¹ of 61-145Mt @ 29-37%Fe_{mag} has been defined from 0-100m depth by previous drilling and geophysics.

Talga's Managing Director, Mark Thompson said, "This is another excellent result from our Swedish exploration activities, rapidly building a JORC magnetite inventory in an area with strategic value and imminent potential for development."

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Fig 1. Talga Resources project locations in north Sweden.

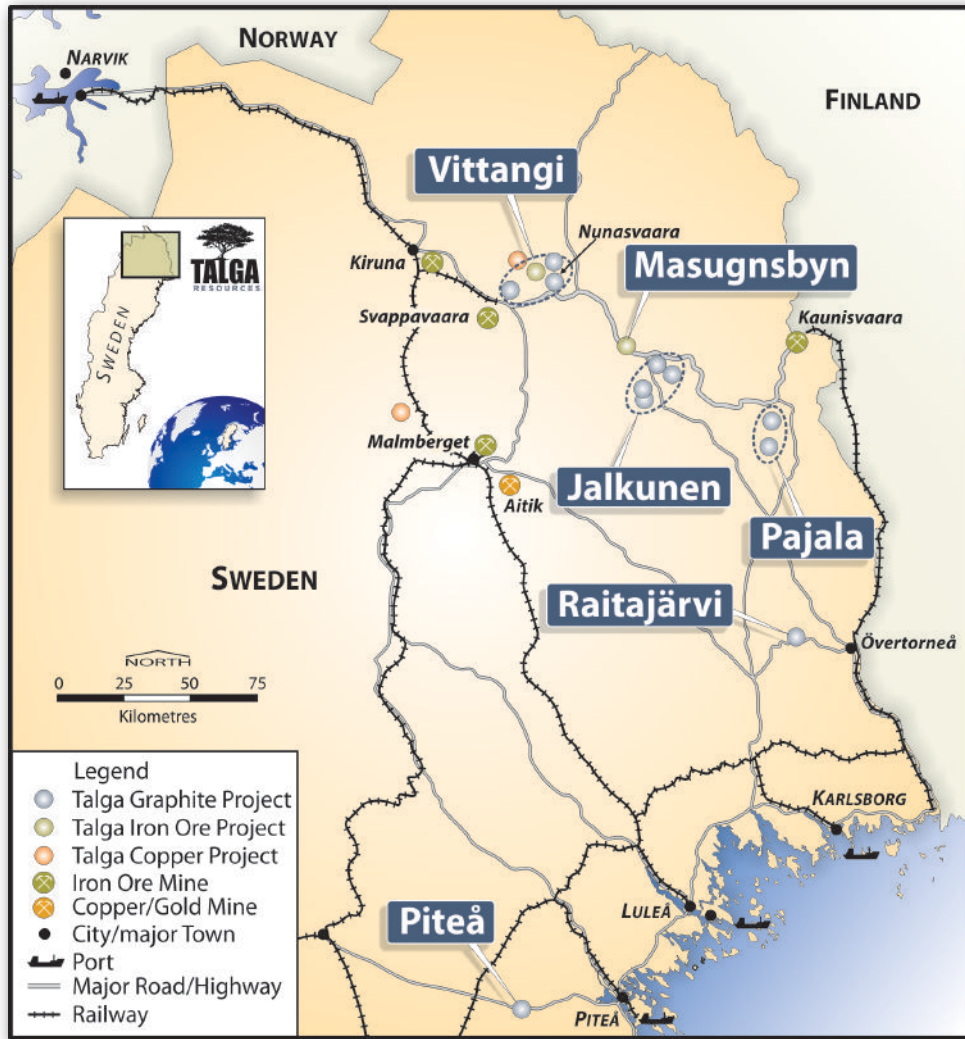


Fig 2. Talga Resources project locations in the Kiruna mineral district of north Sweden showing iron projects/mines.

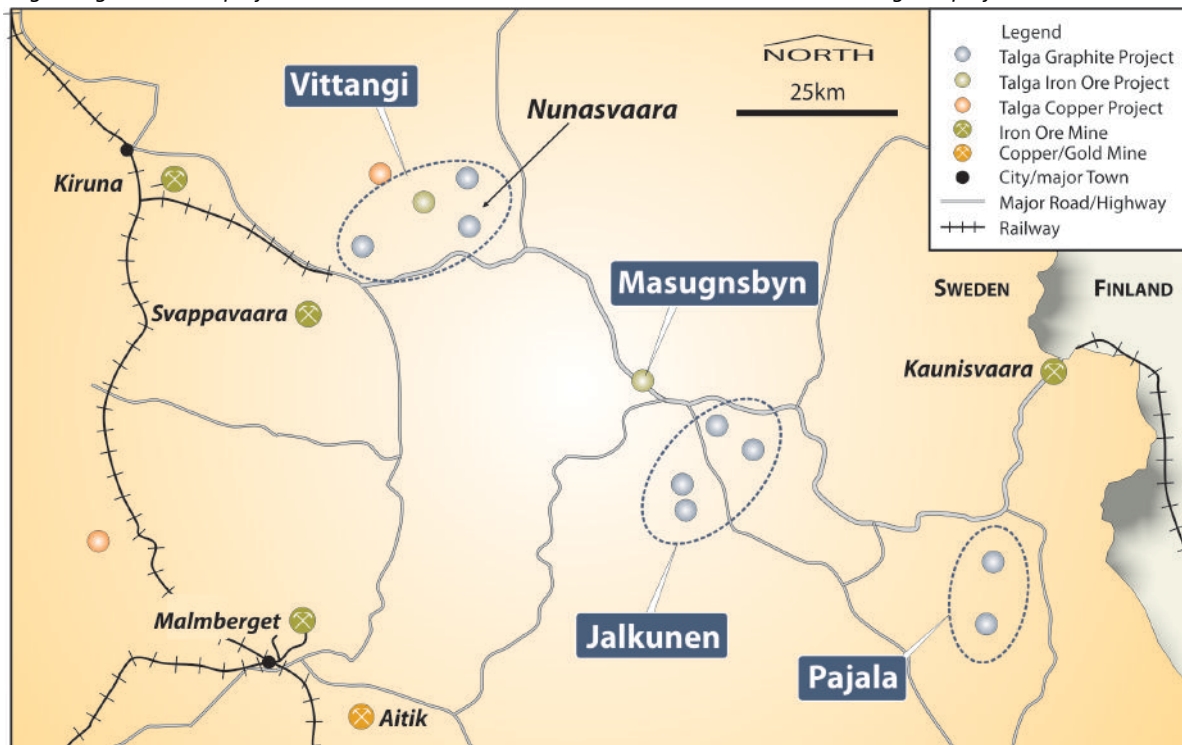
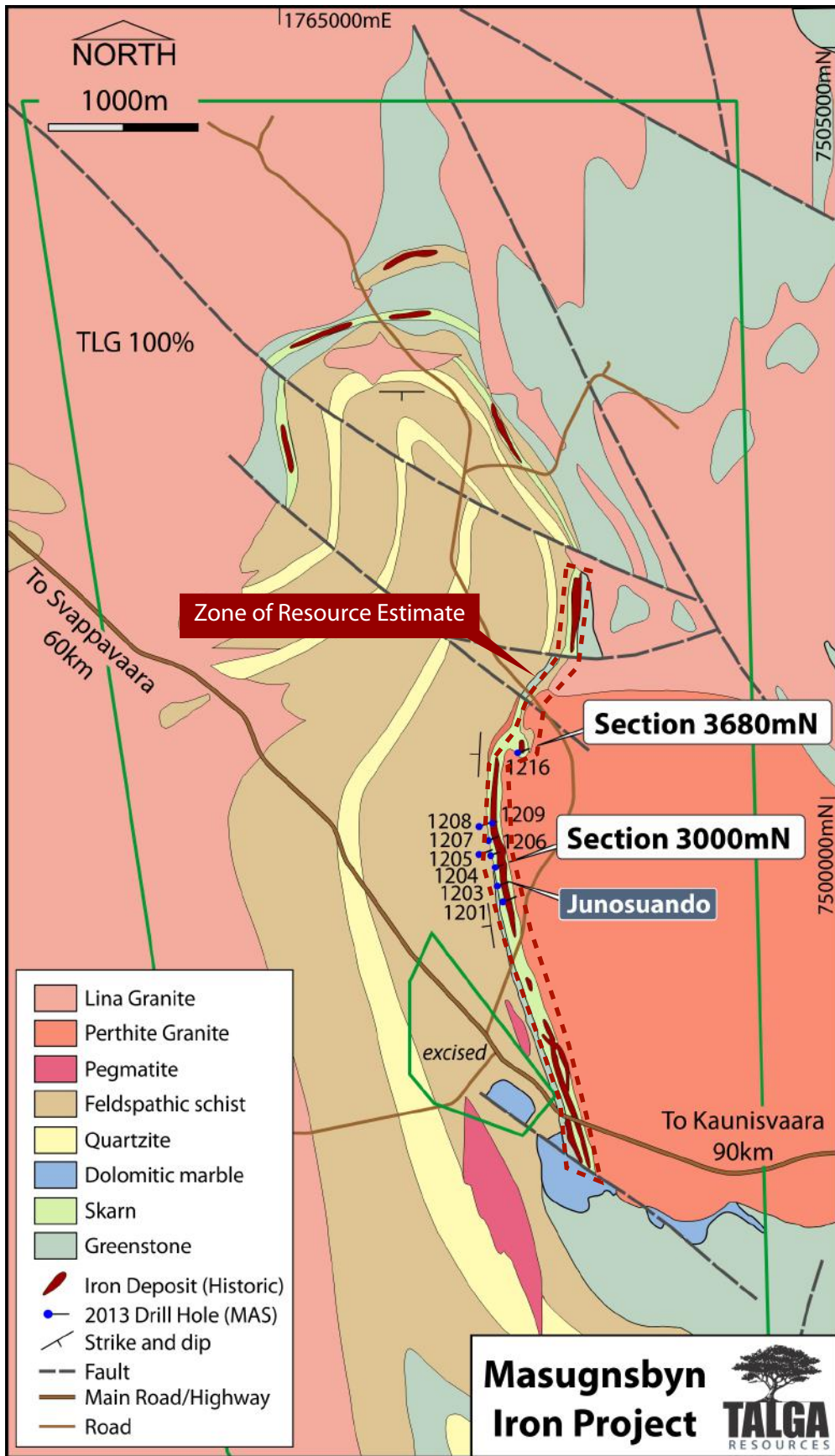


Fig 3. Masugnsbyn iron project summary geology map and Talga Resources drill holes.



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 77 diamond holes for 10,429 metres drilled along the entire strike length of the deposit (5,700 metres). Drill hole spacing was at nominal 100-200 metre centres with holes approximately 25-50 metres apart on each section.

Analysis was completed on all mineralised intervals (n=2,195) 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 HNO₃ soluble iron with a correction factor applied to discount iron present as sulphides. The recent analysis by Talga has been by XRF methods which correlate well with the previous historic analytical techniques.

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 RESOURCES LTD

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

Graphite

Talga wholly owns multiple advanced and high grade graphite projects in northern Sweden. The immediate focus is to advance these projects towards development, utilising the advantages of established quality infrastructure including power, road, rail and ports. Initially this will entail economic studies on the Nunasvaara and Raitajärvi graphite deposits.

Iron

Talga owns multiple magnetite iron deposits located in the Kiruna mineral district of northern Sweden. The iron deposits are of significant scale and strategic importance, with considerable growth upside based on historic drilling. Talga's strategy is to divest or find a strategic partner for these assets to provide funds for the graphite projects.

Gold

Talga owns multiple high grade gold projects located in the Yilgarn and Pilbara regions of Western Australia, which the Company is divesting to focus on the Swedish assets. Additionally the Company owns several copper-gold projects within its Sweden portfolio.

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.