



QUARTERLY ACTIVITIES REVIEW

For the period ending 31 March 2014

Talga Resources Ltd

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Corporate Information

ASX Code TLG

Shares on issue 105.1m

Options (unlisted) 3.75m

Company Directors

Keith Coughlan

Non-Executive Chairman

Mark Thompson

Managing Director

Grant Mooney

Non-Executive Director

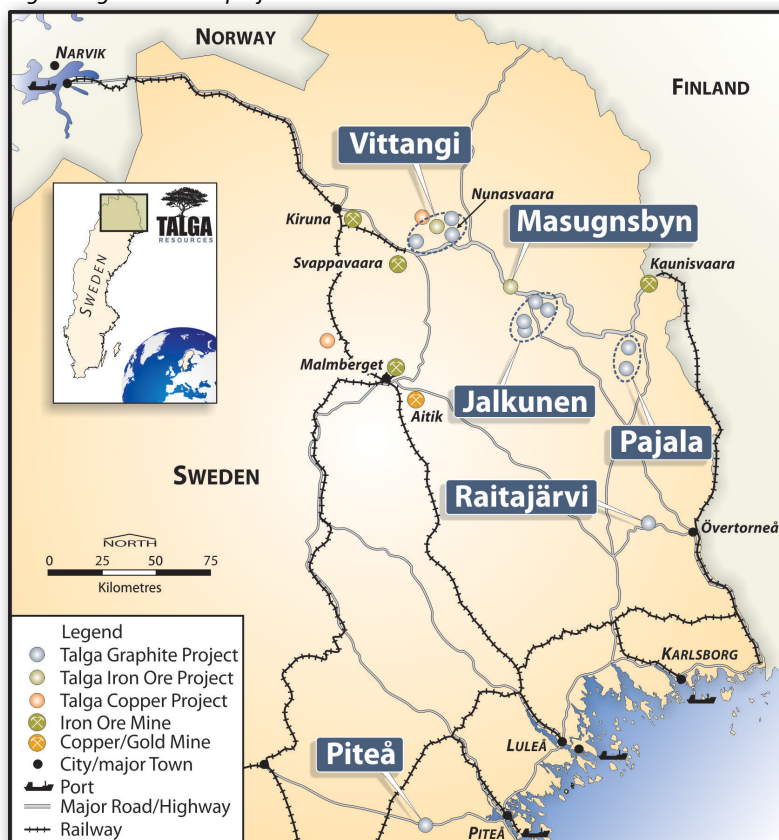
 **ASX Code: TLG**

SUMMARY

Talga Resources Ltd (ASX: TLG) ("Talga" or "the Company") is pleased to summarise activities for the quarter ending 31 March 2014, a period considered to be transformational for the Company, with a host of key milestones achieved, including:

- A well supported capital raising despite market conditions.
- Exceptional graphene test results with profound potential development benefits for the Company's 100%-owned Nunasvaara graphite project in north Sweden.
- Development of a unique pathway to dual graphite/graphene production of a calibre to attract sustained stakeholder and market interest.
- Significant copper-gold project results from Swedish "IOCG" project, enhancing the earlier announced divestment process for this asset.
- Divestment of gold and iron ore projects substantially underway with new focus on value.
- Cash position and Board change focusses Talga to continue to emerge over next period as well placed graphite/graphene developer with unique commercial possibilities in an arena attracting substantial government and private sector backing globally.

Fig 1. Talga Resources project locations in north Sweden.



Talga’s work during the period focussed on testwork of ore from its flagship graphite deposits in Sweden, and the ongoing divestment of non-core assets in both Sweden and Western Australia. The results of the graphite and graphene testwork continue to position and strengthen Talga’s seat among the leading pool of emerging high grade suppliers now being increasingly recognised by the global resources investment market and government-backed research institutions as presenting the earliest and optimal opportunities to deliver the grade, quality and security of supply needed to meet the evolving new graphite and graphene based products emerging from European and Asian industrial giants.

SWEDEN GRAPHITE PROJECTS

Talga wholly owns five graphite projects located in the Fennoscandian Shield of northern Sweden, a historic graphite producing area of Europe. Work by Talga has defined two significant graphite JORC (2004) Resources¹ at the Nunasvaara and Raitajärvi graphite projects (see Fig 1 for location and Appendix 1 for resource details).

Vittangi Graphite Project - Nunasvaara Deposit (Talga 100%)

Nunasvaara is the highest grade graphite resource in the world defined under JORC or NI43-101 codes (Ref: Technology Metals Research Advanced Graphite Projects Index, updated 10 December 2013) and is favourably located 3 km from a sealed highway and 20 km from rail (see Fig 2 and 4) direct to major graphite and graphene markets in Europe. The project’s JORC resource¹ estimate totals 7.6 million tonnes at 24.4% graphite (“Cg”) (see Appendix 1 and ASX:TLG 8 November 2012) and less than 10% of the mapped outcropping graphite unit has been drilled to date (see ASX:TLG 15 November 2012).

Metallurgical work commenced during the period to enable completion of a preliminary economic (scoping) study of the Nunasvaara graphite deposit. This included a program of work with the nanotechnology arm of the University of Adelaide (see ASX:TLG 17 January 2014) to characterise graphite and graphene potential of the deposit using different processes. The work was completed and results reported during the period (see ASX:TLG 19 February 2014).

It was demonstrated that comminution of Nunasvaara ore to liberate it’s graphite can be achieved using an electric current and without any need for crushing, grinding or other physical types of milling.

Additionally it was demonstrated that **extremely high quality graphene was also rapidly produced directly from the raw unprocessed ore in the same single step process that liberates the graphite.** The graphene is produced without leaching, sonication or purification and therefore retains a pristine state of high quality. The Company understands that this is the only example globally where mined, unprocessed ore can be converted directly into graphite and graphene in a true 1-step process.

The testwork reported that Nunasvaara’s graphite and impurities are easily separated from the graphene in the process and concluded, after comparison of the Nunasvaara graphene Raman spectra to those from other methods, that “the quality of the prepared graphene is outstanding and comparable with (that made from) the synthetic graphene routes”. In characterising Nunasvaara graphite, it was noted that the “ore has extraordinary physical properties...not

Fig 2. Talga Resources Nunasvaara graphite project.

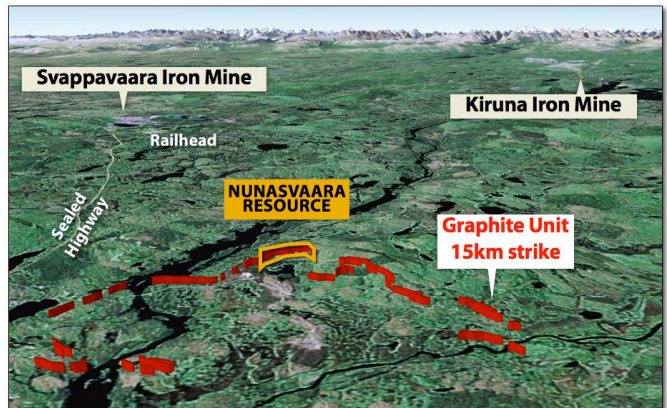
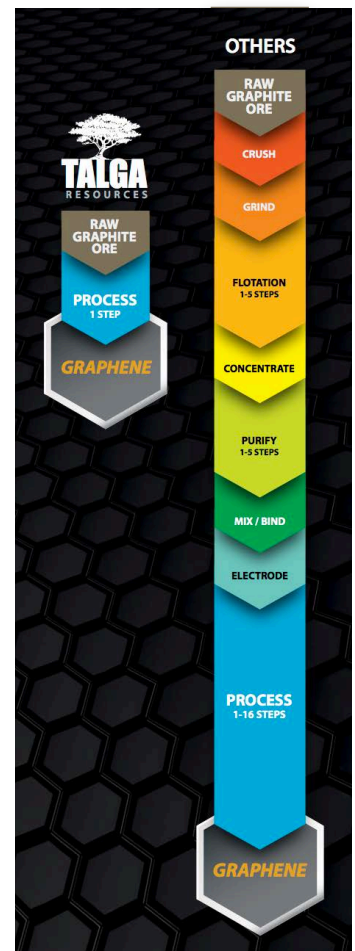


Fig 3 Schematic of TLG ore-to-graphene route versus others.



observed in any previously tested graphite material”.

The process method has been widely published and used in producing graphene for other researchers and groups globally. However, the graphite material they use as a start point is processed and/or purified. **Talga's unique economic advantage is that the Nunasvaara ore performs 'straight from the ground' like a purified product. This likely forms the pathway to Talga enjoying a vastly different production and capital cost structure compared to other producers globally, and represents a paradigm shift in the production outlook for bulk graphene (see Fig 3).**

Further metallurgical work will focus on using Nunasvaara's unique ore characteristics to include a low-cost graphene production option for the deposit. Initially this entails upscaling the work and defining the graphene to graphite yields, graphite recovery options and broad engineering requirements. Results will provide refined economic inputs and allow completion of the economic scoping study which is underway using Entech and other contractors in Perth.

Raitajärvi Graphite Project (Talga 100%)

The historically defined metallurgical profile of the Raitajärvi ore shows a typical pathway for the production of large flake graphite concentrates via crush/grind/flotation recovery. This bodes well for consideration of the project to be a potential large flake graphite producer in the future. However, the deposit also contains some zones of higher grade mineralisation that are candidates for graphene production potential. A new program to test the ability of Raitajärvi ore to produce graphene products along side large flake graphite will be assessed as developments at Nunasvaara continue in the next period.

Other Graphite Projects

Minimal work was undertaken during the period on the Company's other graphite projects in Sweden.

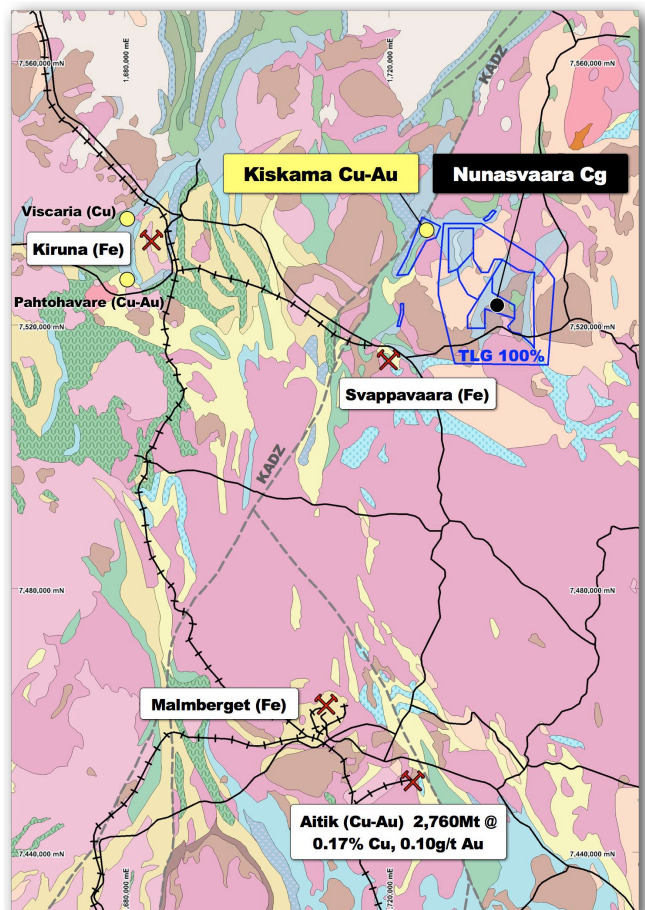
SWEDEN COPPER-GOLD PROJECTS

Talga wholly owns several copper-gold prospects in Sweden that were acquired from Teck Resources in 2012. While Talga has since focussed its efforts on developing the nearby graphite deposits, the Company considers the copper-gold assets to be worth exploring both technically and commercially. During this period, compilation and analysis of historical exploration data from the Kiskama project was completed and details of the key findings, being significant copper-gold grades over substantial widths, were announced (see ASX:TLG 10 Feb 2014).

Introduction and Setting

Talga's Kiskama copper-gold project is situated in the Kiruna mining district which hosts multiple large mining operations for iron ore and copper-gold (see Fig 4). Mineral deposits in this region can be highly profitable at what are considered very low grades elsewhere in the world. For example, the Aitik open cut copper-gold mine located 80km south from Kiskama mines a resource of 2,760 Mt @ 0.17% Cu, 0.1g/t Au⁽²⁾ at 36Mt ore per annum. This is possible due to low power costs (hydro and nuclear) and favourable fiscal regimes combined with high quality established infrastructure.

Fig 4 Kiskama project geology map showing Talga tenements (blue), infrastructure and selected mines, mills and deposits.



Copper-gold mineralisation at Kiskama comprises copper and iron sulphide-magnetite-hematite as breccia infill and has been described as a shear-hosted iron-oxide copper-gold "IOCG" style deposit⁽³⁾. Iron oxide copper-gold deposits are highly prized as mineral deposits due to their often sizeable dimensions and shapes being conducive to large-scale bulk mining.

During the March quarter Talga compiled and analysed results from 101 historic drill holes (13,836m) at Kiskama, drilled by the Swedish Geological Survey ("SGU") episodically in the period 1972-80. The SGU's drilling focussed on a one kilometre long zone in the north of the tenement and defined mineralisation over a 100m wide zone consisting of multiple sulphide lenses, individually up to 40m wide and extending to 180m vertical depth, and that remain open in all directions. Although sampling of the core was selective, only 27% was assayed for copper and less than 2% for gold, with significant shallow and wide intercepts of copper-gold were returned, including:

- Hole 80004: from 20m depth **42m** at **0.49% Cu, 0.07g/t Au** incl **10m** at **1.23% Cu, 0.16g/t Au** from 45m
- Hole 77001: from 16m depth **21m** at **1.02% Cu, 0.25g/t Au** incl **6m** at **1.98% Cu, 0.54g/t Au** from 16m
- Hole 77007: from 34m depth **66m** at **0.41% Cu** incl **7m** at **1.24% Cu** from 92m
- Hole 72004: from 66m depth **40m** at **0.68% Cu** incl **5m** at **1.07% Cu** from 70m & **11m** at **1.51% Cu** from 94m
- Hole 78016: from 8m depth **16m** at **0.36% Cu, 0.45g/t Au** incl **6m** at **0.75% Cu, 1.14g/t Au** from 16m
- Hole 77006: from 31m depth **39m** at **0.62% Cu, 0.22g/t Au**

Talga considers the selective assaying combined with the mineralisation style leaves considerable potential for mineralised zones to be more extensive than currently known. Refer Appendix 2 for a summary of significant copper-gold intercepts. Additionally in the period Talga analysed modern geophysical data and identified a largely untested 10km long magnetic high associated with mineralisation extending through Kiskama.

The intercepts to date are highly encouraging in the context of nearby mills, proximity to established transport solutions and the bulk amenable mineralisation style. There is clear potential for other metals in the system that have been noted such as cobalt, to add economic credits.

Talga has confirmed drillcores from 95 of the historic holes are stored at the SGU's facility in Malå and available for further work including resampling systematically for gold and copper. Joint venture and divestment partners are being sought preferentially to advance the Kiskama project.

SWEDEN IRON PROJECTS

Vittangi and Masugnsbyn Iron Projects (Talga 100%)

Work during the quarter on the Company's iron ore assets in Sweden was restricted in order to minimise expenditure. Discussions with several potential partners or buyers of the iron projects were advanced during the period. These discussions are still at a preliminary stage and any outcome of these negotiations will be announced to market once confirmed.

GOLD PROJECTS - AUSTRALIA

Work during the quarter on the Company's gold exploration assets in Western Australia was restricted to minimal field work in order to maintain statutory expenditure requirements. Further rationalisation of tenements was undertaken towards cost reductions while retaining core gold targets. Discussions with several potential partners or buyers of the gold projects were advanced during the period. These discussions are still at a preliminary stage and any outcome of these negotiations will be announced to market once confirmed.

CORPORATE

During the quarter, Talga initiated a Board restructure which saw the appointment of Mr Grant Mooney as a Non-Executive Director, following the retirement of Mr Piers Lewis. Ms Lisa Wynne replaced Mr Jeremy

McManus as Company Secretary. The Company completed a substantial upgrade to its website during the quarter (www.talgaresources.com) and changed its share registry to Security Transfer Registrars Pty Ltd.

On 21st March 2014, the Company successfully completed a placement to professional and sophisticated investors, raising A\$1.7million (before costs) via the issue of 20 million ordinary shares at 8.5 cents per ordinary share. The Placement funds will enable the Company to complete metallurgical and other testwork required for a dual graphite/grapheme preliminary economic study of the Nunasvaara project in northern Sweden.

Subsequent to the Placement, the Company received a Research and Development Tax Incentive Refund from the ATO for the 2011-12 year, totalling \$258,667. The funds were applied to general working capital. A similar refund claim for the 2012-13 year has been lodged and is expected to be decided in the next period.

Talga Managing Director, Mr Mark Thompson, attended an international investment conference where the Company's presentation (see ASX:TLG 24 March 2014) was well received.

As at 31 March, Talga held cash reserves of \$1.92million.

Tenement Interests

As required by ASX listing rule 5.3.3, please refer Table 1 for details of Talga's interests in mining tenements held by the Company. No joint ventures or farm-in/farm-out activity occurred during the quarter.

For further information, please contact:

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Mark Thompson

Managing Director

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1 Resource Note: This information was prepared and first disclosed under the JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

2 Boliden Annual Report 2012 resource statement as of Dec 31st 2012

3 Martinsson, O., 2011 – Kiskamavaara a shear hosted IOCG-style of Cu-Co-Au deposit in Northern Norrbotten, Sweden, 11th Biennial SGA meeting, Antofagasta, Chile

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled and reviewed by Mr Mark Thompson, who is a member of the Australian Institute of Geoscientists. Mr Thompson is an employee of the Company and has sufficient experience which is relevant to the activity which is being undertaken to qualify as a "Competent Person" as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Mr Thompson 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 2012 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.

TABLE 1

Tenement Holdings

Project/Tenements	Location	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Jalkunen Project Jalkunen nr 1 Jalkunen nr 2 Lautakoski nr 1 Lautakoski nr 2 Lautakoski nr 3 Nybrännan nr 1 Nybrännan nr 2 Suinavaara nr 1 Tiankijoki nr 1	Norrbotten County, Sweden	100% 100% 100% 100% 100% 100% 100% 100% 100%		
Kiskama Project Kiskama nr 1	Norrbotten County, Sweden	100%		
Masugnsbyn Project Masugnsbyn nr 1 Masugnsbyn nr 2	Norrbotten County, Sweden	100% 100%		
Pajala Project Lehtosölkä nr 3 Liviövaara nr 2	Norrbotten County, Sweden	100% 100%		
Piteå Project Grålidén nr 2 Önusträsket nr 2	Norrbotten County, Sweden	100% 100%		
Raitajärvi Project Raitajärvi nr 5 Raitajärvi nr 6	Norrbotten County, Sweden	100% 100%		
Vittangi Project Maltosrova nr 2 Mörttjärn nr 1 Nälkävuoma nr Nunasvaara nr 2 Vathanvaara nr 1 Vittangi nr 2 Vittangi nr 3	Norrbotten County, Sweden	100% 100% 100% 100% 100% 100% 100%		
Bullfinch Project E77/2139 P77/4106	WA, Australia	100% 100%		
Mosquito Creek Project E46/810 E46/823 E46/925 P46/1632 P46/1633 P46/1634 P46/1635 P46/1636 P46/1637 P46/1638 P46/1666 P46/1667 P46/1668 P46/1800	WA, Australia	0% 0% 0% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%		100% 100% 100%

TABLE 1 (continued)

Tenement Holdings

Project/Tenements	Location	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Talga Talga Project M45/618 P45/2689 P45/2690 P45/2691 P45/2746 P45/2747 P45/2774	WA, Australia	100% 100% 100% 100% 100% 100% 100%		
Warrawoona Project E45/3381 P45/2661 P45/2662 P45/2781	WA, Australia	100% 100% 100% 100%		

APPENDIX 1

Graphite Resources

Nunasvaara Mineral Resource (10% Cg lower cut-off) Nov 2012

JORC 2004 Classification	Tonnes (Mt)	Grade (%Cg)	Contained Graphite (tonnes)
Indicated	5.6	24.6	1,377,600
Inferred	2.0	24.0	480,000
Total	7.6	24.4	1,857,600

Raitajärvi Mineral Resource (5% Cg lower cut-off) Aug 2013

JORC 2004 Classification	Tonnes (Mt)	Grade (%Cg)	Contained Graphite (tonnes)
Indicated	3.4	7.3	246,400
Inferred	0.9	6.4	60,900
Total	4.3	7.1	307,300

Note: This information was prepared and first disclosed under the JORC code 2004. It has not been updated since to comply with the JORC code 2012 on the basis that the information has not materially changed since it was last reported. The Company is not aware of any new information or data that materially affects the information included in the previous announcement and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

APPENDIX 2

Kiskama historical drilling significant intercepts calculated where downhole length >10m and copper grade >0.3% Cu.

Hole ID	Easting (RT90)	Northing (RT90)	RL	Azi	Dip	EOH Depth (m)	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Significant Intercept
72001	1725290	7534040	357	292	-60	159.1	18.5	72.0	53.5	0.51	na	54m @ 0.51% Cu
						including	20.6	28.8	8.1	1.24	na	8m @ 1.24% Cu
72004	1725216	7534070	361	112	-60	146.6	66.0	106.2	40.2	0.68	na	40m @ 0.68% Cu
						including	69.8	75.1	5.3	1.07	na	5m @ 1.07% Cu
						including	94.4	105.1	10.7	1.51	na	11m @ 1.51% Cu
72005	1725231	7534107	359	112	-60	146.0	62.5	87.5	25.0	0.56	na	25m @ 0.56% Cu
						including	74.7	83.5	8.8	1.01	na	9m @ 1.01% Cu
72005	1725231	7534107	359	112	-60	146.0	102.3	113.7	11.4	0.90	na	11m @ 0.90% Cu
						including	105.4	109.5	4.1	1.81	na	4m @ 1.81% Cu
72006	1725247	7534144	358	112	-60	157.0	28.7	46.0	17.4	0.33	na	17m @ 0.33% Cu
72006	1725247	7534144	358	112	-60	157.0	87.0	98.9	11.9	0.35	na	12m @ 0.35% Cu
72008	1725201	7534033	363	112	-60	208.0	87.2	113.3	26.1	0.47	na	26m @ 0.47% Cu
72009	1725309	7534335	359	112	-60	146.8	111.0	133.8	22.8	0.35	na	23m @ 0.35% Cu
72010	1725347	7534362	359	112	-60	140.7	86.4	99.1	12.7	0.58	na	13m @ 0.58% Cu
73002	1725292	7534255	358	112	-60	160.0	103.8	119.1	15.4	0.41	na	15m @ 0.41% Cu
73004	1725186	7533996	366	112	-60	156.0	81.6	109.2	27.6	0.31	na	28m @ 0.31% Cu
73005	1725179	7534085	362	112	-60	200.8	29.8	47.9	18.0	0.38	na	18m @ 0.38% Cu
73005	1725179	7534085	362	112	-60	200.8	132.4	150.3	17.9	0.60	na	18m @ 0.60% Cu
73006	1725194	7534122	361	112	-60	181.2	104.9	122.3	17.4	0.31	na	17m @ 0.31% Cu
74003	1725334	7534411	361	112	-60	188.2	113.3	126.4	13.1	0.45	na	13m @ 0.45% Cu
75001	1725377	7534436	361	112	-55	172.4	60.4	83.0	22.6	0.52	na	23m @ 0.52% Cu
						including	60.4	63.2	2.8	1.77	na	3m @ 1.77% Cu
75002	1725408	7534510	366	112	-55	145.8	56.7	77.3	20.6	0.44	na	21m @ 0.44% Cu
75003	1725415	7534594	373	112	-55	223.5	98.6	163.3	64.7	0.33	na	65m @ 0.33% Cu
75005	1725975	7534840	426	112	-60	199.8	57.9	81.3	23.4	0.32	na	23m @ 0.32% Cu
						including	67.6	70.5	2.9	1.14	na	3m @ 1.14% Cu
76007	1725272	7534350	361	112	-60	194.7	164.7	179.4	14.8	0.50	na	15m @ 0.50% Cu
						including	170.5	173.9	3.3	1.00	na	3m @ 1.00% Cu
76008	1725336	7534453	363	112	-60	222.1	119.3	141.6	22.3	0.32	na	22m @ 0.32% Cu
76008	1725336	7534453	363	112	-60	222.1	174.6	198.2	23.5	0.43	na	24m @ 0.43% Cu
77001	1725445	7534495	364	112	-55	124.0	16.2	37.3	21.1	1.02	0.25	21m @ 1.02% Cu, 0.25g/t Au
						including	16.2	22.6	6.5	1.98	0.54	6m @ 1.98% Cu, 0.54g/t Au
77001	1725445	7534495	364	112	-55	124.0	81.5	104.3	22.8	0.33	na	23m @ 0.33% Cu
						including	96.8	99.7	2.9	1.01	na	3m @ 1.01% Cu
77006	1725482	7534480	364	112	-55	105.5	31.3	70.7	39.4	0.62	0.22	39m @ 0.62% Cu, 0.22g/t Au
77007	1725414	7534421	360	112	-55	127.1	34.4	100.0	65.7	0.41	na	66m @ 0.41% Cu
						including	92.0	99.0	7.0	1.24	na	7m @ 1.24% Cu

*Incomplete and non-systematic assaying for gold for this interval. Where no gold assay was made a value of zero was assigned for grade compositing purposes. Inconsistencies in interval length may result from rounding. na = not assayed

APPENDIX 2 (continued)

Hole ID	Easting (RT90)	Northing (RT90)	RL	Azi	Dip	EOH Depth (m)	From (m)	To (m)	Interval (m)	Cu (%)	Au (g/t)	Significant Intercept
77013	1725548	7534799	403	112	-60	208.7	111.3	122.5	11.2	0.48	na	11m @ 0.48% Cu
77013	1725548	7534799	403	112	-60	208.7	142.7	156.8	14.2	0.33	na	14m @ 0.33% Cu
78004	1725548	7534669	386	112	-55	121.6	39.0	52.0	13.0	0.46	na	13m @ 0.46% Cu
78006	1725546	7534584	375	112	-55	121.6	11.5	22.0	10.5	0.37	na	11m @ 0.37% Cu
78016	1722807	7529092	382	112	-55	121.0	8.3	24.2	15.9	0.36	0.45	16m @ 0.36% Cu, 0.45g/t Au
						including	15.8	22.0	6.2	0.75	1.14	6m @ 0.75% Cu, 1.14g/t Au
80004	1725239	7534061	360	112	-55	90.1	20.0	62.3	42.3	0.49	0.07*	42m @ 0.49% Cu, 0.07g/t Au*
						including	45.0	55.3	10.3	1.23	0.16	10m @ 1.23% Cu, 0.16g/t Au
80005	1725258	7534053	359	112	-55	60.8	23.0	40.6	17.6	0.70	0.04*	18m @ 0.70% Cu, 0.04g/t Au*
						including	23.0	27.0	4.0	1.45	0.10	4m @ 1.45% Cu, 0.10g/t Au
						including	34.0	36.6	2.6	1.10	na	3m @ 1.10% Cu
80006	1725246	7534101	358	112	-55	102.5	37.4	51.3	14.0	1.11	na	14m @ 1.11% Cu
80006	1725246	7534101	358	112	-55	102.5	75.5	93.0	17.5	0.75	na	18m @ 0.75% Cu
						including	77.8	84.5	6.7	1.21	na	7m @ 1.21% Cu
80007	1725274	7534133	357	112	-55	93.6	35.1	51.0	16.0	0.35	na	16m @ 0.35% Cu
80008	1725302	7534121	354	112	-55	56.0	9.6	32.0	22.4	0.76	na	22m @ 0.76% Cu
						including	18.8	25.5	6.7	1.43	na	7m @ 1.43% Cu
80012	1725340	7534279	357	112	-55	90.4	54.3	67.0	12.7	0.38	na	13m @ 0.38% Cu
						including	54.3	56.5	2.2	1.33	na	2m @ 1.33% Cu
80015	1725371	7534396	359	112	-55	98.5	60.5	86.5	26.0	0.58	na	26m @ 0.58% Cu
						including	60.5	67.5	7.0	1.22	na	7m @ 1.22% Cu
80016	1725404	7534382	358	112	-55	70.5	29.8	51.5	21.7	0.51	na	22m @ 0.51% Cu
80017	1725451	7534406	358	112	-55	76.5	37.2	62.6	25.5	0.67	na	25m @ 0.67% Cu
						including	55.0	61.0	6.0	1.80	na	6m @ 1.8% Cu
80018	1725466	7534443	361	112	-55	74.1	37.0	50.8	13.8	0.60	na	14m @ 0.60% Cu
80021	1725500	7534472	362	112	-55	50.1	14.2	46.7	32.5	0.47	na	33m @ 0.47% Cu
						including	36.0	41.3	5.3	1.26	na	5m @ 1.26% Cu
80022	1725474	7534527	367	112	-55	120.7	74.0	88.5	14.5	0.33	na	15m @ 0.33% Cu

*Incomplete and non-systematic assaying for gold for this interval. Where no gold assay was made a value of zero was assigned for grade compositing purposes. Inconsistencies in interval length may result from rounding. na = not assayed

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Talga Resources Limited

ABN

32 138 405 419

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 Mths) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(138)	(1,075)
(b) development	-	-
(c) production	-	-
(d) administration	(249)	(665)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other:	-	-
R&D Rebate	239	239
Net Operating Cash Flows	(148)	(1,500)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	3
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(56)
Net investing cash flows	-	(53)
1.13 Total operating and investing cash flows (carried forward)	(148)	(1,553)

+ See chapter 19 for defined terms.

Appendix 5B
Talga Resources Limited – December 2013 quarterly report

1.13	Total operating and investing cash flows (brought forward)	(148)	(1,553)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares/options	1,700	3,175
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Share issue costs	(98)	(272)
	Net financing cash flows	1,602	2,903
	Net increase (decrease) in cash held	1,454	1,350
1.20	Cash at beginning of quarter/year to date	468	572
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,922	1,922

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	114
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Amount included under 1.23 includes director's remuneration. Includes capital raising costs of \$30,202 for the quarter paid to Patersons Corporate Finance, an entity associated with Mr Coughlan.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/a

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/a

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation (includes R&D)	320
4.2	Development	-
4.3	Production	-
4.4	Administration	180
Total		500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	1,901	447
5.2	Deposits at call	21	21
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,922	468

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	<i>Mosquito Creek Project WA, Australia E46/810 E46/823 E46/925</i>	Direct, relinquished Direct, relinquished Direct, relinquished	100% 100% 100%	0% 0% 0%
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference⁺securities <i>(description)</i>	-	-		
7.2 Changes during quarter	-	-		
7.3 +Ordinary securities	105,060,089	105,060,089		
7.4 Changes during quarter (a) Increases through issues <i>Placement</i>	20,000,000	20,000,000	8.5 cents	8.5 cents
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter				
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	2,750,000	-	40 cents	30 November 2014
	500,000	-	40 cents	21 July 2015
	500,000	-	40 cents	3 October 2016
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired/Lapsed during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Lisa Wynne
 Company Secretary

Date: 30 April 2014

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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