



Talga Gold Ltd

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ASX Code: TLG

Capital Structure:

40.35m Ordinary Shares

1.1m Unlisted Options

Last **TLG** share price: \$0.30

Market Capitalisation **\$12.4 m**

Directors:

Chairman – Sean Neary

MD – Mark Thompson

Non-Exec – Piers Lewis

Projects:

Pilbara, Western Australia

Talga Talga (100%)

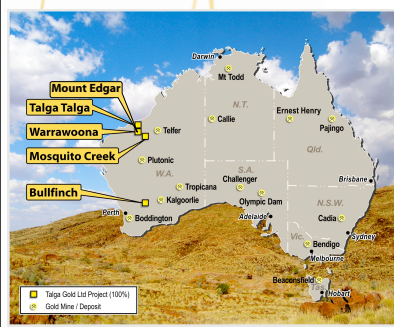
Warrawoona (100%)

Mosquito Creek (100%)

Mount Edgar (100%)

Yilgarn, Western Australia

Bullfinch (100%)



SECOND QUARTER ACTIVITIES REVIEW

For the period ending 31 December 2010

HIGHLIGHTS

- High grade gold intercepted in first pass drilling at Talga Gold's Pilbara projects in Western Australia.
- Significant results include:
 - ▷ 7 metres @ 14.4 grams/tonne gold (g/t Au) from 54m, including 1m @ 73.5 g/t Au
 - ▷ 3m @ 24.8 g/t Au from 32m, including 1m @ 66.9 g/t Au
- Geochemical results reveal new targets at Warrawoona, further results pending from Talga Talga and Bullfinch.
- Further drilling to commence at Talga Talga in Q1 2011.

Summary

During the quarter the Company was pleased to receive highly encouraging gold results from its maiden 41 hole 2,123 metre Reverse Circulation (RC) drilling campaign at its 100% owned Talga Talga and Warrawoona projects (both in WA). All drilling assay results are now received and were announced during the quarter (see ASX:TLG 9th and 25th November).

Further drilling for the Talga Talga and Warrawoona projects is planned to take place as soon as practical, with a diamond core program to commence at Talga Talga in the first quarter of 2011. Geochemical surveys and fieldwork were completed on the Talga Talga, Warrawoona and Bullfinch projects and results from most of these programs are pending.

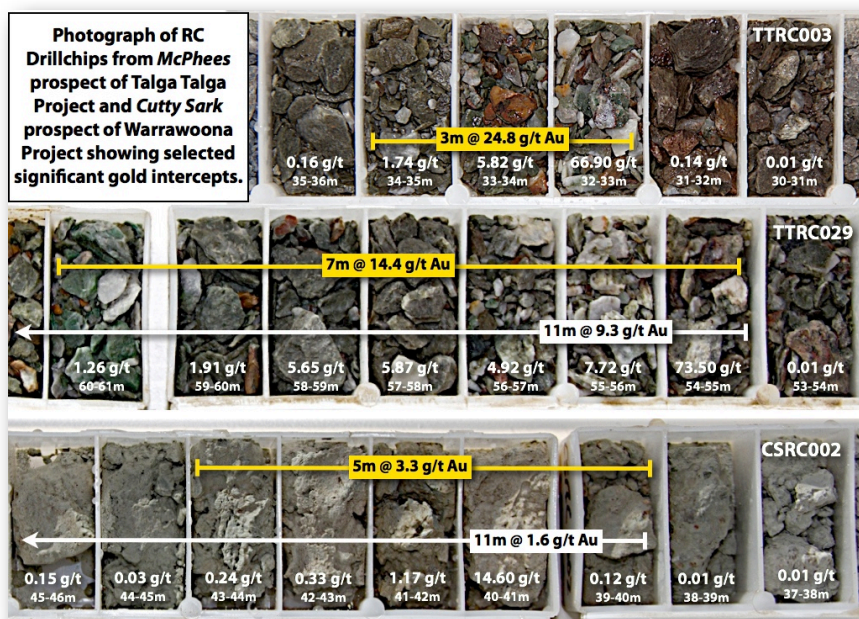


Fig 1. Selected RC Drill chips from the McPhees and Cutty Sark prospects with significant gold grades.

Talga Talga Project (TLG 100%)

The Talga Talga Project is located 150km southeast of Port Hedland in Western Australia's Pilbara region. The project covers over 10km² of historic gold workings with exceptional high grades of historical production. Due to a history of private ownership there has never been any drilling for gold conducted on the Mining Lease prior to Talga Gold's maiden program this quarter.

As reported previously, near surface high grade gold mineralisation was intercepted in shallow (-35°) dipping quartz-carbonate-sulphide veins, ultramafic shear zones and interflow cherts. Fine-sized visible gold and considerable grades of silver (Ag) were intercepted in structures from one to 11 metres thick with best results including :

7 metres @ 14.4 g/t Au from 54m depth in TTRC029, including **1m @ 73.5 g/t Au** and **14.1 g/t Ag**.

3 metres @ 24.8 g/t Au from 32m depth in TTRC003, including **1m @ 66.9 g/t Au** and **30.1 g/t Ag**.

The 160m strike **between** the highest grade holes TTRC003 and TTRC029 is currently untested by drilling and will become a significant target of the next drill program, and additional target zones are open down dip and along strike for over 1400 metres to the Quartzite prospect.

The grades and widths returned to date are highly encouraging as only a minor section of the project's total 5,000m strike has been drill tested. Furthermore parallel zones of highly prospective carbonate-altered ultramafic and BIF/Chert rocks with historic gold workings have been identified in the project tenements. These will be tested upon grant of Prospecting Licences, expected in the next quarter.

A detailed grid of soil geochemistry (552 samples) was completed within the granted Mining Lease area over 2,000m strike length. This will aid in further defining the gold mineralisation between the McPhees and Quartzite prospects and look to discover new zones in untested parts of the stratigraphy that includes the largely untested but extensive BIF/Chert horizon. Results are pending.

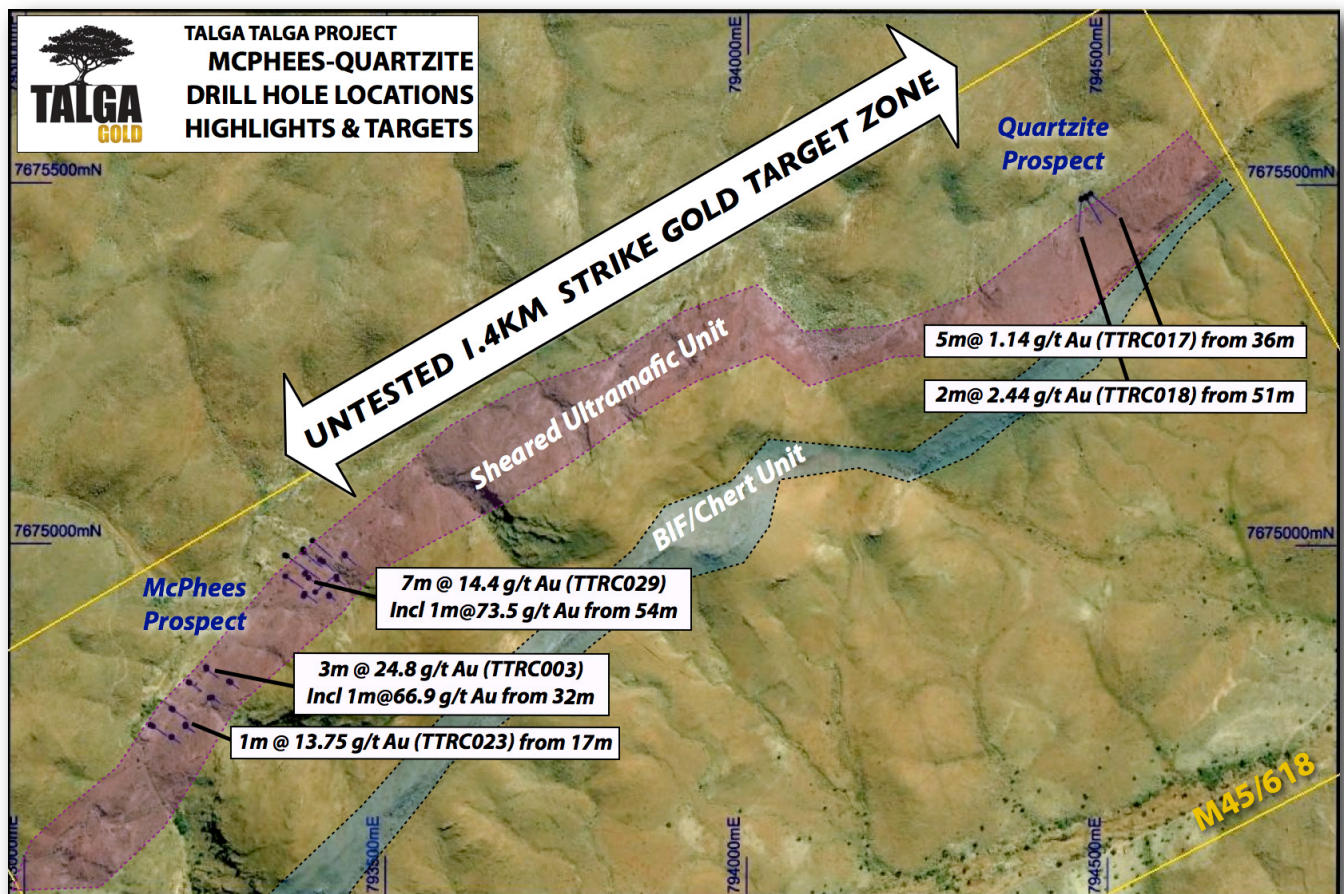


Fig 2. Plan of McPhees to Quartzite prospects within the Talga Talga Project with drilling highlights and targets.

Further Drilling Planned

Following the success of the initial drill campaign the Company will continue drill testing the Talga Talga project. A program of diamond drilling for the McPhees prospect is planned to start in the first quarter of 2011. The core recovery at this early stage will provide structural geological information to enable more effective RC drilling in the second quarter of 2011. Core will also be used to conduct preliminary metallurgical and mining/milling tests.

Warrawoona Project (TLG 100%)

As previously reported two 'scout' RC drill holes were completed during the quarter at the Cutty Sark prospect on the Company's Warrawoona project where historic open hole drilling had intercepted **8m at 8.5 g/t Au** from 16-24m EOH. Results from this first RC drilling of the prospect included:

5 metres @ 3.3 g/t Au from 38m depth in CSRC002, including **1m @ 14.6 g/t Au**.

5 metres @ 2.0 g/t Au from 18m depth in CSRC001, including **2m @ 4.5 g/t Au**.

The gold is hosted within quartz veining and altered, extremely sheared sericite-chlorite schists where the mineralised zone is marked by historic workings over 300m strike and remains open in all directions.

During the quarter 882 soil geochemical samples were collected at the Cutty Sark and Kiwi Ridge prospects. Results received for Kiwi Ridge confirmed and defined a 500m strike gold in soil anomaly (Fig 3.) A program of RC drilling is approved to test this significant gold target in the quarter following the Talga Talga diamond drilling program.

At the Cutty Sark prospect several new high grade gold anomalies were revealed to be hosted in a package of ultramafic, felsic and basalt schists across the southern half of the area. These will be followed up with fieldwork to determine the nature of the gold mineralised zones, which are not associated with historic workings.

Bullfinch Project (TLG 100%)

The Bullfinch Project lies 40km north of Southern Cross and covers over 160km² of this prolific gold producing district of the Yilgarn craton. The Company is exploring the area for high metamorphic grade gold deposits similar to that of the nearby Edna May (Westonia) mine and related gneissic hosted gold deposits.

The main focus of exploration is along newly discovered structural trends revealed by recent public-release geophysical data. Talga interprets some of the trends to be major splays from regional scale, deep-seated shear zones on either side of the Ghooli and Lake Deborah domes, forming large conduits for significant gold mineralised fluids into Talga Gold's project area (Fig 4.) The Company is discovering gold occurring along these trends evidenced by surface sampling results and groups of historic but unmapped gold workings.

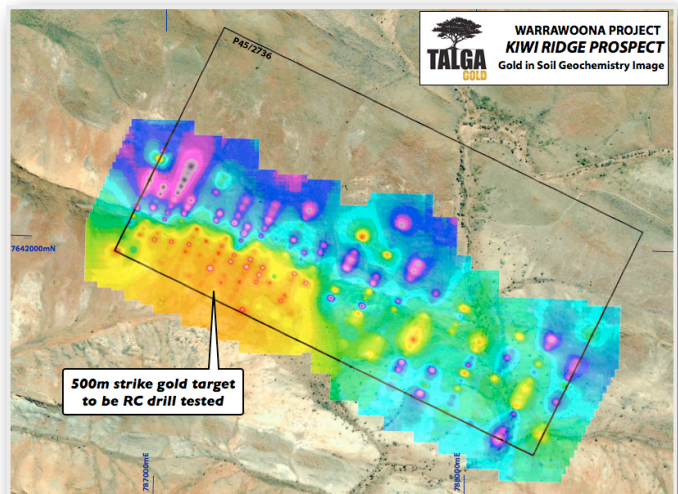


Fig 3. Kiwi Ridge prospect gold in soil image, Warrawoona Project.

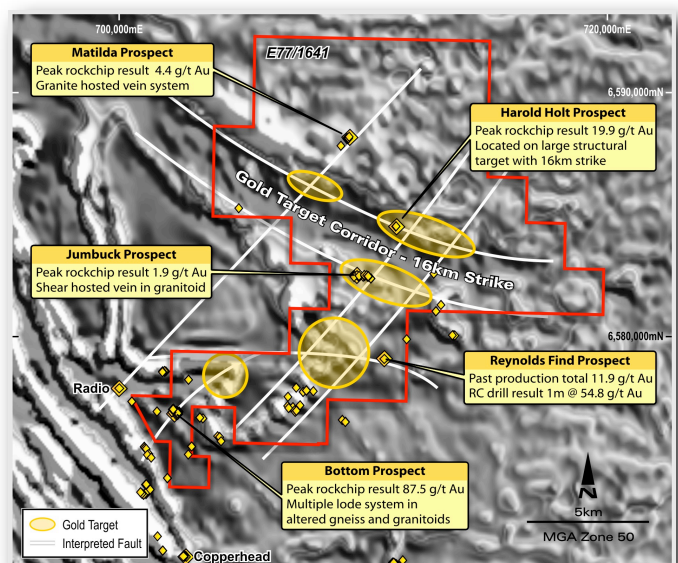


Fig 4. Bullfinch Project with main prospects tested in quarter.

Work during the quarter included geological fieldwork, the conclusion of detailed orientation geochemical surveys and reconnaissance rock chip sampling. 254 soil geochemical samples were collected from grids over the Harold Holt, Jumbuck and Reynolds Find prospects. Assay results will indicate the most efficient methods and pathfinder minerals for making new discoveries in the remaining large project area, and assist plans for near term drilling. Full results of both rock and soil sampling is awaited but preliminary permitting/land access work has started to enable drill testing of priority targets.

Mosquito Creek Project **(TLG 100%)**

The Mosquito Creek Project is located 40km east of Nullagine and 150km south by road from Talga's Warrawoona Project. The 104km² project tenements target gold mineralisation hosted by the Mosquito Creek Formation, where a series of high grade gold in soil and rock anomalies occur within veined and faulted siltstone and sandstone units.

During the quarter the project was expanded in potential and scale by acquiring adjacent tenements containing gold in soil geochemical anomalies and historic workings (the "Black Knoll" prospect). The gold mineralisation is interpreted to be related to late stage porphyry intrusives forming potentially large gold deposits hosted by metasediments. Fieldwork will commence in the coming quarter to define targets for potential drilling.

The potential of the Mosquito Creek Formation to host large scale economic gold deposits has been enhanced by Millennium Minerals recent announcement (11th January 2011) of JORC compliant resources over 1,240,000oz Au in their project adjacent and west along strike from Talga Gold's Mosquito Creek Project.

New - Mount Edgar Project **(TLG 100%)**

During the quarter Talga Gold acquired the Mount Edgar project located 20km east of Marble Bar and 190km by sealed road from Port Hedland in the Pilbara region of Western Australia. The 1,270km² project area is underlain by granitoid and gneissic rocks intruded by at least 30 diverse plutonic suites developed during an active multiphase history of plutonism and volcanism to form the Mount Edgar Igneous Complex. Parts of this Complex host historic mines and occurrences of tin, tantalum, lithium (as spodumene) and gold yet there has been little to no exploration recorded in modern times. Talga Gold is targeting phases of the Complex prospective for intrusive gold and pegmatite rare earth deposits where there are synergies with Talga's adjacent Warrawoona and Talga Talga projects. The project is large but advantageously located with sealed roads bisecting the area for easy access and potential pathway to ports. Exploration will commence upon grant of the tenements, expected to be in the latter half of 2011.

For shareholders wanting further information, please contact:

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Table 1. Drillhole details and significant intercepts received during the quarter.

Hole Id	Easting	Northing	Depth EOH	Azi	Dip	From (m)	To (m)	Interval	Grade g/t Au
TTRC001	793285	7674808	30	130	-60	16	18	2	0.74
		<i>including</i>				16	17	1	1.34
TTRC002	793283	7674809	29	0	-90	19	23	4	0.90
		<i>including</i>				19	20	1	3.06
TTRC003	793251	7674826	42	125	-60	32	35	3	24.82
		<i>including</i>				32	33	1	66.90
TTRC004	793251	7674829	48	0	-90	39	41	2	1.41
						39	40	1	2.47
TTRC005	793259	7674787	29	125	-60	19	20	1	0.12
TTRC006	793256	7674786	32	0	-90	23	26	3	2.62
TTRC007	793228	7674807	41	125	-60	34	36	2	0.63
		<i>including</i>				35	36	1	1.05
TTRC008	793227	7674808	47	0	-90	38	39	1	0.14
TTRC009	793421	7674928	23	125	-60	11	15	4	0.14
TTRC010	793421	7674929	26	0	-90	20	23	3	2.04
TTRC011	793387	7674931	44	125	-60	4	7	3	0.12
TTRC012	793386	7674928	47	0	-90	28	29	1	0.47
TTRC013	793432	7674951	29	125	-60	17	20	3	0.48
TTRC014	793431	7674955	35	0	-90				no sig
TTRC015	794469	7675482	83	150	-60	51	52	1	0.31
TTRC016	794468	7675483	104	0	-90	39	42	3	0.25
TTRC017	794462	7675480	92	185	-60	36	41	5	1.14
		<i>including</i>				38	40	2	2.44
TTRC018	794475	7675487	94	130	-60	48	55	7	0.35
		<i>including</i>				51	53	2	1.02
TTRC019	793203	7674732	30	125	-60	17	19	2	0.36
TTRC020	793204	7674732	30	0	-90	22	24	2	0.21
TTRC021	793177	7674747	48	125	-60				no sig
TTRC022	793174	7674748	60	0	-90				no sig
TTRC023	793223	7674747	30	125	-60	17	18	1	13.75
TTRC024	793223	7674749	36	0	-90	21	24	3	1.41
		<i>including</i>				21	22	1	3.57
TTRC025	793205	7674770	48	125	-60	34	39	1	0.39
TTRC026	793203	7674771	48	0	-90				no sig
TTRC027	793393	7674953	42	125	-60				no sig
TTRC028	793388	7674959	60	0	-90	45		1	0.29
						56		1	0.29
TTRC029	793362	7674983	114	125	-60	54	61	7	14.40
		<i>including</i>				54	55	1	73.50
		<i>including</i>				101	107	6	0.19

Table 1. Continued following page...

Table 1. Continued...

Hole Id	Easting	Northing	Depth EOH	Azi	Dip	From (m)	To (m)	Interval	Grade g/t Au
TTRC030	793360	7674984	96	0	-90	67	69	2	0.55
						87	90	3	0.18
TTRC031	793361	7674955	60	125	-60				no sig
TTRC032	793413	7674975	42	130	-60	34	37	3	0.46
TTRC033	793409	7674978	48	0	-90				no sig
TTRC034	793443	7674984	42	130	-60	20	24	4	0.23
TTRC035	793443	7674985	36	0	-90	28	29	1	0.39
TTRC036	793398	7675004	72	130	-60	64	65	1	0.20
TTRC037	793386	7674989	66	130	-60				no sig
TTRC038	793385	7674992	78	0	-90	52	54	2	0.66
						67	71	4	0.19
TTRC039	793402	7674933	48	50	-45	5	11	6	0.14
CSRC001	794095	7641142	42	205	-60	5	10	5	0.26
						13	18	5	1.96
		<i>including</i>				13	15	2	4.35
CSRC002	794108	7641163	72	205	-60	39	50	11	1.56
		<i>including</i>				39	44	5	3.29
		<i>includes</i>				40	41	1	14.60

Notes.

- All holes sampled at riffle-split 1m intervals and assayed as 1m intervals by ALS-Chemex in Perth, Western Australia.
- All samples assayed by Aqua Regia method with >1.0 g/t Au grade samples re-assayed by 50 gram ore grade Fire Assay method.
- Mineralised intercepts are calculated with no cutoffs and significant intercepts are reported where total intersection >1.0g/t Au.

Competent Person Statement

The information in this announcement that relates to Exploration Results has been compiled by Mr Mark Thompson who is a Director of the Company. Mr Thompson is a member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to 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". Mr Thompson consents to the inclusion of information in this announcement in the form and context in which it appears.