



## ASX Code: TLG

### Talga Gold Ltd

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### Issued Capital

as of Mar 31, 2012

46.35m Shares

4.35m Options (unlisted)

**Cash Position:** \$2.71m



## QUARTERLY ACTIVITIES REVIEW

For the period ending 31 March 2012

### Summary

During the reporting period, Talga Gold Limited (ASX: TLG) ("Talga" or "the Company") conducted exploration on the Company's 100% owned projects in Sweden (graphite, iron ore, copper-gold) and the Pilbara and Yilgarn regions (gold and iron ore) of Western Australia.

Fieldwork completed on Western Australian projects included Reverse Circulation (RC) drill testing of gold and iron targets and geochemical surveying over first pass targets.

In Sweden, the Company acquired seven advanced graphite projects in its own right before entering an option agreement to acquire a further eleven graphite, iron and copper/gold prospective projects from TCL Sweden Limited, ("TCL") a subsidiary of Teck Resources Limited ("Teck"). Work completed in Sweden included ground geophysical surveys, project reconnaissance, data compilation, logging and sampling of historic drill cores and the estimation of maiden JORC Code compliant Inferred mineral resources at three projects one of which **includes the highest grade graphite deposit published by any public company in the world** (Ref. *Technology Metals Research - Advanced Graphite Projects Index*).

Talga has 46.35m ordinary shares on issue, \$2.71 million cash at bank as at 31 March 2012 and enjoyed a strong increase in market capitalisation during the period.

### Sweden - Graphite, Iron and IOCG Projects.

During the quarter, Talga continued to identify and acquire quality mineral assets located in Sweden with the following highlights achieved:

- Approval of a further seven 100% Talga-owned exploration permits covering a range of advanced principally graphite but also Iron Oxide-Copper-Gold ("IOCG") projects located in northern Sweden,
- Option to acquire 100% of Teck Resources Ltd subsidiary containing assets including advanced graphite, iron ore and IOCG projects located in Sweden.



Fig 1. RC Drilling in February at the Company's 100% owned Bullfinch gold-iron project.

## Talga 100% Graphite Projects

In addition to the previously granted Raitajärvi nr.5 exploration permit, Talga received confirmation for the approval of a further six 100% owned exploration permits during the quarter (Table 1). All granted permits were designed to cover areas of historically identified and variably tested graphite but also locally "IOCG" style mineralisation as defined by the Swedish Geological Survey and exploration companies including Anglo American PLC. A compilation of available historical exploration data is being undertaken over all granted and applied projects. Additionally, inferred resource estimates and exploration target calculations are being completed at projects where sufficient historic exploration data is present.

Table 1: Summary of Talga's 100% owned projects in Sweden granted during period

Project Name	Exploration Permit	Grant Date	Status	Area (Ha)
Jalkunen	Jalkunen nr.1	2/02/2012	Approved	2094
Lehtosölkä	Lehtosölkä nr.3	16/02/2012	Approved	1305
Liviövaara	Liviövaara nr.2	1/02/2012	Approved	846
Nybrännan	Nybrännan nr.1	1/02/2012	Approved	386
Suinavaara	Suinavaara nr.1	27/03/2012	Approved	380
Tiankijoki	Tiankijoki nr.1	24/02/2012	Approved	218

A program of geological logging and sampling was completed on selected intervals of ten archived historic diamond drill cores across six projects; Jalkunen, Tiankijoki, Siunavaar, Nunasvaara, Lehtosölkä and Liviövaara. The diamond core was drilled previously by the Swedish Geological Survey ("SGU") and associated state mining organisations in the period 1958 to 1991 and are stored at the SGU core archive facility in Malå, Sweden. The samples were transported to a Canadian laboratory for assaying and preliminary metallurgical testing.

### Teck Resources option

The Teck option provides Talga with access to a total of 11 exploration permits covering 230km<sup>2</sup> which contain both current JORC Code compliant Mineral Resources and Exploration Targets<sup>1</sup> located in an active mining province of northern Sweden (figure 2). The mineralisation, which includes graphite, iron ore and "IOCG" styles, was originally identified by either the SGU or the state owned mining company, Luossavaara-Kiirunavaara AB ("LKAB") during the period 1965-1982.

Under the terms of the agreement, Talga has an option to purchase all of the issued shares of Teck Resources Limited wholly owned Canadian subsidiary, TCL Sweden Ltd, as per the following terms:

**Option Fee;** A non-refundable option fee payment of US\$45,000 has been paid. Talga has the right to conduct exploration during the option period, including drilling and any such diligence Talga requires.

**Purchase;** Talga can exercise the option anytime up to and including 30 June 2012 for a consideration of US \$433,500 in cash leaving a 1% Net Smelter Royalty ("NSR") on mineral production due to Teck on all permits and 2% NSR to previous owner, Phelps Dodge.

### Teck option Graphite Projects

The Nunasvaara and adjacent Vittangi project cover a 15km long graphite bearing schist sequence developed within the Vittangi mineral field. The SGU currently recognises multiple graphite localities with status levels ranging from anomaly, prospect or closed mine/quarry within the Nunasvaara-Vittangi project area. The Nunasvaara graphite deposit represents the most advanced deposit within this group, where SGU and LKAB Prospecting AB defined a 700m long graphite deposit up to 50m wide following completion of 21 diamond drill holes, 12 costeans and bulk sampling during 1970-1982.

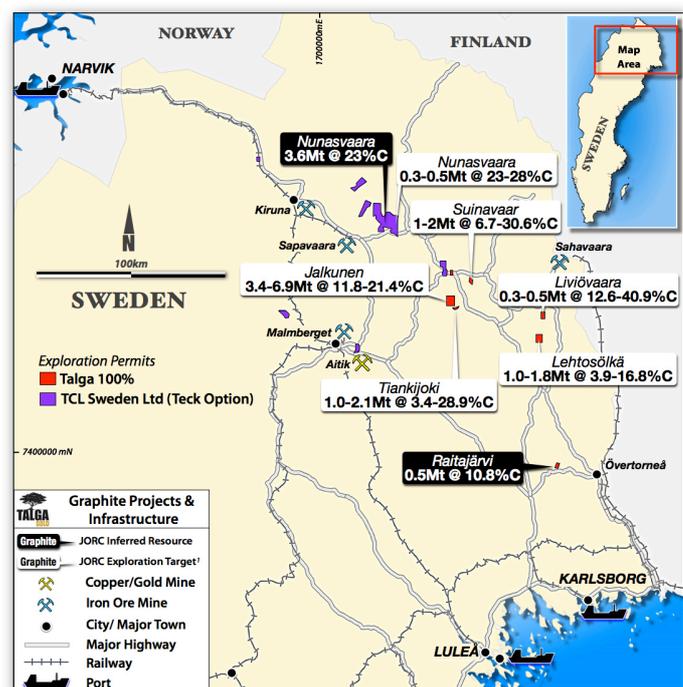


Fig 2. Sweden project location and transport infrastructure map showing graphite deposits and Talga/TCL Sweden Ltd tenure.

Based on the results of 17 drill holes for 1,677.2m a JORC Code Inferred Mineral Resource of 3.60Mt @ 23% C was estimated which is open at depth and along strike (see Appendix 1). An additional Exploration Target<sup>1</sup> of 0.3-0.5Mt @ 23-28% C has been defined adjacent along strike.

Due to the exceptionally high grade of the Nunasvaara deposit most historical work focussed on assessing the graphite as fuel for iron ore smelters and domestic heating rather than a marketable graphite product. Accordingly, although renowned as an amorphous style deposit there are reports of graphite flake sizes being from 60 micron up to 1mm resulting in the petrographic and metallurgical characteristics of the graphite remaining largely unknown. Talga has logged and sampled selected intervals of graphite from two archived historic diamond drill cores at Nunasvaara, with assay and metallurgical investigations pending. Additionally, a program of ground geophysics comprising ~7.0 line kilometres of Slingram surveying was completed over the core of the Nunasvaara deposit area with results anticipated to assist in the planning of drill hole locations within forthcoming drill programs.

Subject to the approval of necessary work permits from the Swedish Mines Department an initial program of confirmatory and infill diamond drilling designed to upgrade the Nunasvaara graphite deposit to JORC Code Indicated Mineral Resource status will be undertaken during the forthcoming Swedish summer field season. Additionally a parallel program of bulk sampling and metallurgical test work is planned to enable a preliminary scoping study to be undertaken.

### Sweden Iron Projects

Six Swedish exploration permits are recognised as containing significant iron mineralised projects as reported by the SGU and Fennoscandian Ore Deposit Database ("FODD"). Estimates of the total iron mineralisation expressed as JORC Code compliant Exploration Target<sup>1</sup> category for these projects total 90-140 million tonnes at an iron grade of between 25% and 50% total Fe (see Table 2 and Appendix 1).

The most advanced iron project, Masugnybsyn, contains the Junosuando deposit, a 2800m long by up to 100m wide zone of skarn magnetite alteration/mineralisation. The deposit lies within a larger 10km magnetic trend that was tested with 47 diamond drill holes by the SGU over the period 1967-1970. At Junosuando 18 diamond drill holes for 3,284.25 metres were used to define a JORC Code Inferred Mineral Resource of 44.1Mt @ 30.9% Fe (see Appendix 1). Skarn type iron mineralisation intersected in drilling consisted of medium to coarse grained crystalline magnetite developed within two parallel zones, of which the footwall zone consistently returned higher iron grades, up to 61.3% Fe mag.

Independent modelling of historic drill data undertaken by Talga has demonstrated the strong potential for the higher grade zone of the Junosuando deposit to be potentially amenable to selective mining techniques.

An initial program of confirmation and infill drilling is planned to upgrade the JORC Code status of the iron deposit at Junosuando plus enable the collection of samples for metallurgical testwork.

Table 2: Summary of Talga right to own 100% Sweden iron ore deposits based on historic drilling. The Exploration Targets<sup>1</sup> grouped as "others" consists of mineralisation across five deposits in the range 0.5-10Mt size.

Deposit/Mineralisation	Project/Permit	JORC Code Status	Size (Mt)	Grade % Fe
Junosuando	Masugnsbyn	Inferred	44.1	30.9
Junosuando	Masugnsbyn	Exploration Target <sup>1</sup>	10-20	25-35
Vathanvaara	Vathanvaara	Exploration Target <sup>1</sup>	28-35	35-50
Kuusi Nunasvaara	Vittangi	Exploration Target <sup>1</sup>	24-35	20-40
Mänty Vathanvaara	Vathanvaara	Exploration Target <sup>1</sup>	11-20	25-40
Others	-	Exploration Target <sup>1</sup>	17-30	25-40

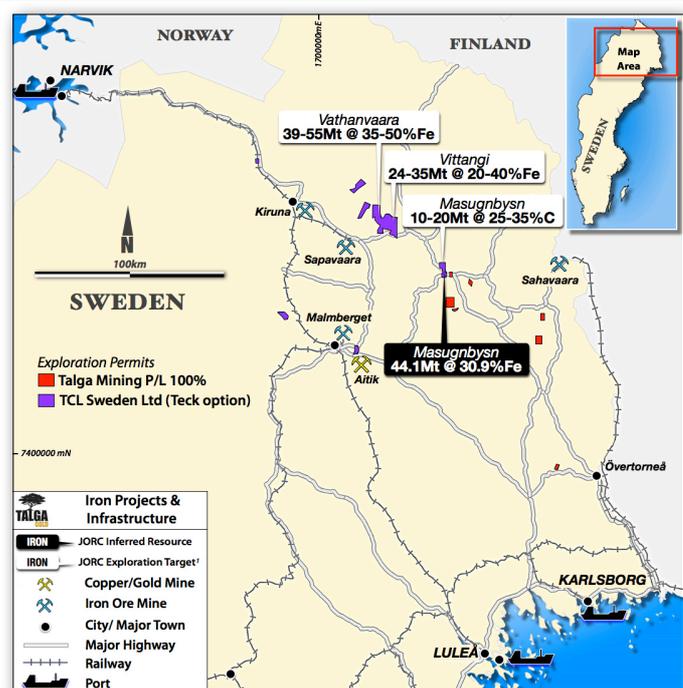


Fig 3 Sweden project location and transport infrastructure map showing iron deposits and Talga/TCL Sweden Ltd tenure.

## "IOCG" Projects

Within the majority of the TCL exploration permits under option to Talga, favourable IOCG style targeting features including geophysical signatures, surface Cu/Au mineralisation and anomalous historic drilling results have been recognised. Compilation of all outstanding data commenced during the report period. Evaluation targeting of the IOCG potential of all exploration permits will be undertaken in parallel with graphite and iron focused exploration programs during the forthcoming year.

## WA Gold and Iron Projects (TLG 100%)

### Bullfinch

The Bullfinch Project is located near Southern Cross, approximately 400km east from Perth and 200km west from Kalgoorlie. The Company is exploring for gold and iron deposits within its wholly owned 1,423km<sup>2</sup> tenure covering major structural features associated with the Ghooli and Lake Deborah Domes.

During the quarter, results from modelling of aeromagnetic data were received identifying significant iron ore (magnetite) targets over a 12km strike length in the northern part of the project. These targets were subsequently tested by a 17 hole (1,684m) RC drilling program while additional gold-tellurium targets at the Harold Holt and Jumbuck prospects were also drill tested. Assay results from this drilling are currently pending. A soil geochemical sampling program was undertaken on a zone 14km long by 12km wide in the northern part of the project for which assay results have been received and are currently being reviewed.

### Mosquito Creek

Assay results for 1,079 soil geochemical samples were received during the quarter. At the Black Knoll prospect, an anomalous zone containing >30ppb gold in soil, 1km long by 75-150m wide, has been discovered. This soil geochemical anomaly has increased the size potential of this prospect, where sampling of historical drilling included highlights of 4m @ 5.91g/t Au and 8m @ 1.34g/t Au (see ASX: TLG release 31 January 2012). Several other coherent +30ppb gold in soil anomalies were also identified across the project area, with further field work planned to assess their potential.

No fieldwork was completed on the remaining gold projects during the quarter.

### Corporate

At the end of the quarter, Talga Gold has cash deposits of approximately \$2.7m. The Company's low cost acquisition of advanced exploration projects for graphite, iron and copper/gold in Sweden has been well received by investors during marketing exercises in Canada, Hong Kong and Australia.

During the quarter, Talga's Managing Director Mr Mark Thompson signed an extension to his employment contract with the Company. Following a peer review, Mr Thompson's annual salary was increased to \$275,000 (plus superannuation).

Preparations for conducting large scale drill programs and project development in Sweden have commenced, including; the appointment of an experienced geologist to undertake the role of Sweden country manager, the creation of a branch office and studies regarding the Teck/TCL Sweden Ltd option.

### For further information, please contact:

Mark Thompson - Talga Gold Ltd Tel +61 (08) 9481 6667



Figure 4. Talga Gold's Managing Director, Mark Thompson, leading a site visit to iron targets of the Bullfinch project during the reporting period.

<sup>1</sup> 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 drill testing, airborne and ground geophysics, trench and bulk sampling conducted by the Geological Survey of Sweden and associated state companies that pre-date the creation of the JORC Code and so the potential quantity and grade of the Exploration Targets must be conceptual in nature. There has been insufficient exploration to define a JORC Code Mineral Resource and it is uncertain if further exploration, metallurgy and interpretation will result in the determination of a JORC Code 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 Dylan Jeffriess who is a member of the Australian Institute of Geoscientists. Mr Jeffriess is a consultant to the Company and has sufficient experience which is relevant 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" ("JORC Code"). Mr Jeffriess 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 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

### Resource Estimation Methodology

#### *Raitajarvi Graphite Deposit: Inferred JORC compliant Resource*

Drillhole data used in the Raitajarvi Graphite Resource estimate comprised a total of 13 diamond holes for 840 metres drilled along the entire strike length of the deposit (320 metres). Drill hole section spacing was at 20 - 80 metre centres with holes spaced approximately 15 - 50 metres apart on each section.

Analysis was completed on all mineralised drill core intervals as composite 0.6m to 3.2m half core by the Minpro AB laboratory in Storå (Carbon and sulphur - Leco/IR detector) or SGAB Analys laboratory in Luleå (ICP Fire Assay Au, Ag, Pt, Pd). A local grid was established for drilling using government surveyors assisted by theodolite surveying equipment giving an estimated location error of approximately 1m. A bulk density of 2.40g/cm<sup>3</sup> and lower cut off 5% C was applied to all historical measurements while maximum vertical depth of 70 metres from surface was used.

Interpretation on section 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), 20m (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.

#### *Nunasvaara Graphite Deposit: Inferred JORC compliant Resource.*

Drill hole data used in the Nunasvaara Graphite Resource estimate comprised a total of 17 diamond holes for 1,677.2 metres drilled along the entire strike length of the deposit (700 metres). Drill hole sections were at 50-100m spacing with single hole or variably inclined fans completed on each section. A number of costeans were excavated along surface expression of the graphite outcrop and systematically sampled at 1m intervals.

Analysis was completed on all mineralised drill intervals at standard two metre or in some cases <2 metre sections of core by the LKAB laboratory in Malmberget (sulphur and multi-elements) or SSAB laboratory in Luleå (Carbon Leco/IR detector). A local grid was established for drilling using government surveyors assisted by theodolite surveying equipment giving an estimated location error of approximately 1m. A bulk density of 2.40g/cm<sup>3</sup> and lower cut off 5% C was applied to all historical measurements while maximum vertical depth of 110 metres from surface was used.

**APPENDIX 1 continued.**

Interpretation on section 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), 20m (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.

*Junosuando Iron Deposit: Inferred JORC Code compliant Resource*

Drill hole data used in the Junosuando Iron Resource estimate comprised a total of 18 diamond holes for 3,284.25 metres drilled along the entire strike length of the deposit (2,800 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 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. A local grid was established for drilling using Geological Survey of Sweden surveyors assisted by theodolite surveying equipment giving an estimated location error of approximately 1m. A bulk density of 3.60g/cm<sup>3</sup> and lower cut off 15% Fe was applied to all historical measurements while maximum vertical depth of 210 metres from surface was 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), 20m (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.