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Talga Gold Ltd

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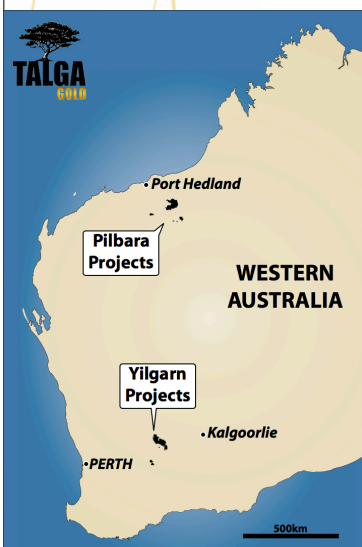
Issued Capital

as of Dec 31, 2011

46.35m Shares

4.35m Options (unlisted)

Cash Position: \$3.23m



QUARTERLY ACTIVITIES REVIEW

For the period ending 31 December 2011

Summary

During the period, Talga Gold Limited (ASX: TLG) conducted exploration on the Company's 100% owned projects in the Pilbara and Yilgarn regions of Western Australia. Fieldwork included geological, geochemical and cultural surveys. Results have been encouraging and the Company has prepared for drill testing of new gold and iron targets early in 2012. The company has aggressively but cost-effectively advanced its projects and acquired new opportunities. The company has 46.35m shares on issue and \$3.23 million cash at bank, as at 31 December 2011.

Yilgarn 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 associated with major structural features in the Ghooli and Lake Deborah Domes.

During the quarter the company reviewed the results of reconnaissance rock grab sampling and a soil/auger geochemical orientation program. Details of the results were reported subsequent to the Quarter (see ASX:TLG release 24 January 2012). A new zone of anomalous tellurium and gold in soil was discovered at Jumbuck, located 2.3km to the southwest of the Harold Holt prospect (See Fig 1) and the highest tenor of gold, tellurium and bismuth from the area to date was returned from rock grab samples. The Company expanded the project to 1,398km² by pegging tenements over structures interpreted to control or host gold mineralisation.

During the period aeromagnetic data was purchased and processed. Review of the aeromagnetic and rock sample data revealed a significant iron ore (magnetite) target and an independent report to investigate its potential size was commissioned. Landowner access agreements and statutory permitting were completed during the period with Reverse Circulation (RC) drilling scheduled to commence in February.



Photo 1. Fieldwork at Bullfinch project examining sparse outcrop amid extensive cover sequences.

Pilbara 'Hub' Gold Projects (TLG 100%)

Talga Talga

The Talga Talga Project is located 150km southeast of Port Hedland in Western Australia's Pilbara region. During the period the Company reviewed the results of a 1,408 sample soil geochemical survey over the project area along strike of and parallel to the previously drilled gold prospects. Several zones of anomalous gold mineralisation were located and further fieldwork will take place towards defining drill targets. Studies were initiated towards preliminary metallurgical studies and examining options for potential bulk sampling of the McPhees prospect.

Warrawoona

During the period fieldwork on the Warrawoona project consisted of assaying additional 1 metre split samples from the previous quarter's 1,118 metre RC drilling program at the Kiwi Ridge gold prospect (see ASX release 30 September 2011). The additional assaying was to close off anomalous intersections. Other work included a compilation of historical data from the Klondyke Extended prospect to assist drill site planning. Talga plans to focus on a 2km long zone where historic drilling by Rio Tinto in 1996 intercepted 13m @ 1.45g/t Au from 56m depth, open in all directions. Review of the assay data from that program suggests the presence of coarse gold and the potential for higher grades than previously recognised.

Mt Edgar

The Mt Edgar project comprises applications over the Mt Edgar Igneous Complex and contains historic gold and tin occurrences. The tenements are additionally prospective for tantalum, lithium and rare-earth group mineralisation. During the period statutory permitting towards granting of the tenements was advanced.

Mosquito Creek

Fieldwork on the Mosquito Creek project 40km east of Nullagine in Western Australia commenced on new gold targets generated by studies during the previous quarter. Several soil geochemical surveys were completed consisting of 1,079 samples in total. The results are pending.

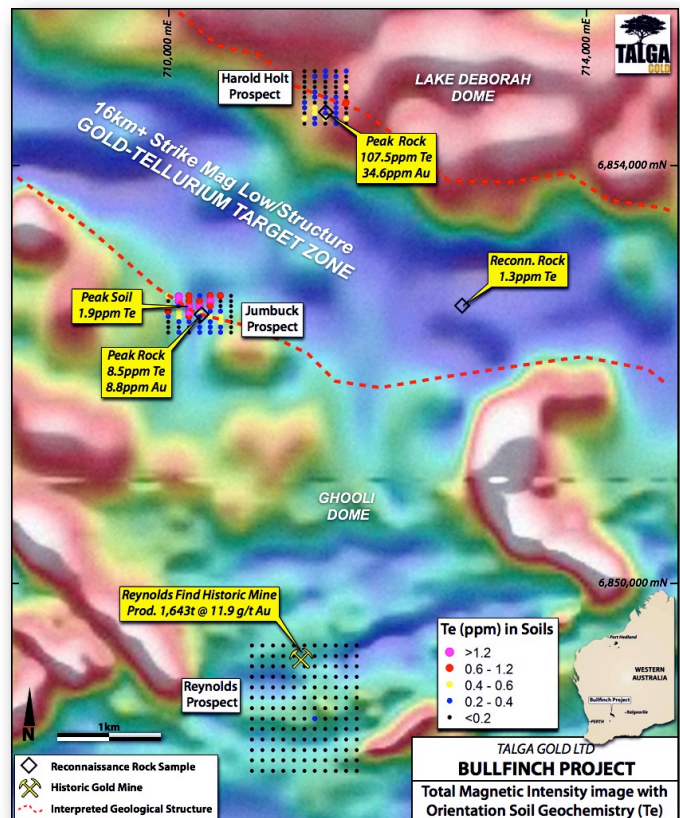


Figure 1. Magnetic image with tellurium in soil anomalies and selected rock grab samples with peak gold - tellurium values. Note the lack of tellurium in soil over historic Reynolds gold mine and the location of soil and rock tellurium anomalies adjacent to large magnetic low.

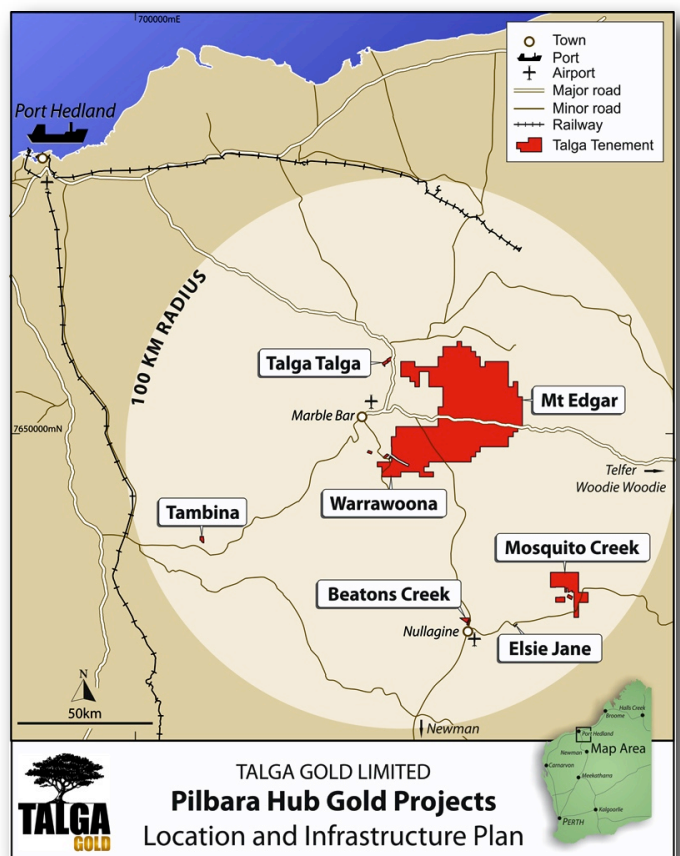


Figure 2. Location map of Talga Gold Ltd projects in the Pilbara region of Western Australia. Note the network of developed roads, spatial relationship of projects and nearby coast and port.

Several zones of unreported historical drilling were discovered at the Black Knoll prospect of the Mosquito Creek project where extensive quartz-veining occurs adjacent to porphyry intrusives. 20 historic percussion drill holes were surveyed and a total of 217 four metre composite samples of the historic drill cuttings collected (see Table 1).

TLG Hole ID	Easting MGA94_51	Northing MGA94_51	From (m)	To(m)	Interval(m)	Au (ppm)	Ag (ppm)
MCHRC01	236851	7596362	8	12	4	0.36	0.50
MCHRC04	236869	7596347	32	40	8	1.34	0.55
incl.			36	40	4	2.36	0.90
MCHRC06	236899	7596354	30	34	4	0.73	0.30
MCHRC07	236900	7596342	36	44	8	0.58	0.60
MCHRC10	237113	7596414	29	33	4	5.91	1.60
MCHRC13	237160	7596428	12	16	4	1.67	0.40

Table 1. Assay results of sampling historic percussion drilling at the Mosquito Creek project. 217 four metre composite samples were collected at the Black Knoll prospect. All samples containing greater than 0.3g/t Au are shown.

Composite assay results include highlights of 4m @ 5.91g/t Au and 8m @ 1.34g/t Au including 4m @ 2.36g/t Au. The historic percussion drill cutting results are considered encouraging and further work is planned for the Black Knoll prospect.

Elsie Jane

The Elsie Jane prospect is a small but well mineralised area that is situated adjacent to the Bartons gold deposit in the Middle Creek gold belt, approximately 15km east from Nullagine. The results of reconnaissance-style rock grab sampling of outcropping gossanous metasedimentary schist within a 70 x 15m area were received during the quarter. Peak assay results of 23.7g/t Au and 12.6% Cu were returned from three samples that contained greater than 1g/t Au. Although of limited areal size extent the metallurgical signature (up to 209g/t Ag, 5.1%Pb, 1.8%Zn, 2.1%Sb) suggests potentially structurally controlled VMS-style mineralisation may be present at depth and ground geophysical targeting is warranted.

Sample ID	Easting MGA94_51	Northing MGA94_51	Description	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Sb (%)	Zn (%)
MCR024	219517	7578328	Sandstone/siltstone	23.7	113	12.65	0.79	0.48	1.76
MCR025	219523	7578323	Gossanous schist	11.35	99	0.86	5.10	2.12	2.07
MCR026	219548	7578341	Black-brown gossan	10.35	209	4.45	1.43	0.42	0.20

Table 2. Reconnaissance rock grab samples that returned greater than 1g/t Au from outcropping metasedimentary schist within a 70 x 15m area at the Elsie Jane prospect, Mosquito Creek project. A total of 6 samples were collected at this location.

Beatons Creek

The Beatons Creek prospect adjacent to the township of Nullagine hosts Archaean age conglomerate prospective for Witwatersrand style gold mineralisation. During the period cultural heritage surveys were completed. The historic data reporting both gold and diamonds present in the Company's Beatons Creek ground will be reviewed to develop new drill targets. Further fieldwork will commence after the first quarter of 2012.

New Projects

Tambina

The Company has acquired an option to purchase the Tambina gold project, favourably situated within a 100km radius from the Company's projects near Marble Bar and approximately 150km south south-east from Port Hedland in the Pilbara region of Western Australia (See Fig 2).

The project tenements consist of three granted mining leases and one prospecting licence over part of an Archaean age synformal clastic basin. The basin contains a series of stacked, shallow dipping, near surface quartz-pyrite conglomerate horizons that contain gold over at least 2km strike evidenced by historic mining and exploration.

Archaean age clastic-hosted gold deposits are one of the most productive styles of gold deposit in the world (e.g. Witwatersrand) yet have not been the subject of much modern exploration in Western Australia. The Company considers Tambina to be an attractive proposition for cost-effective exploration due to its high gold potential, excellent location and advanced stage of tenure in an area of synergy with Talga's other gold projects. The Company has made payment of \$30,000 to the private vendor for the option to purchase the project up to 31 December 2012. Within that time the Company can acquire 100% of the project, free from vendor royalties, upon the payment of \$120,000 cash and 500,000 ordinary TLG shares.

During the period the Company completed project diligence, geological reconnaissance and a detailed 100m x 25m spaced soil geochemical survey consisting of 1096 samples. The soil geochemical survey defined a number of robust gold anomalies (>100ppb gold in soil contours, See Fig 3) individually up to 500m strike length situated on or adjacent to multiple conglomerate horizons from 0.5 to 8.0m true thickness. The results were encouraging and drilling is warranted to test the laterally extensive conglomerate horizons for bulk mining potential.

The Company applied for Government co-funded RC drilling under round 4 of the Royalties for Regions Exploration Incentive Scheme (EIS). The Company was pleased to receive notice from the Department of Minerals and Petroleum (DMP) that the Tambina project had been selected and the DMP will fund 50% of the total direct drilling costs up to \$94,500. Statutory permits have been approved and drilling is scheduled to commence in the second quarter of 2012.

Sweden

During the quarter tenements were pegged over a suite of graphite prospects and historic deposits in northern Sweden. The Company will examine funding and commercialisation opportunities for the graphite projects at upcoming industry events in Canada and Hong Kong.

Corporate

At the end of the quarter, Talga Gold has cash deposits of approximately \$3.23m and Company's planned exploration for 2012 is fully funded. Management believes the low cost acquisition of advanced exploration projects in minerals such as iron and graphite in addition to gold will create opportunities to more rapidly advance Talga's goal of becoming a profitable mining company.

For further information, please contact:

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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Mark Thompson and Mr Darren Griggs who are full-time employees of the Company and are members of the Australian Institute of Geoscientists. Mr Thompson and Mr Griggs have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which they are 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 and Mr Griggs consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

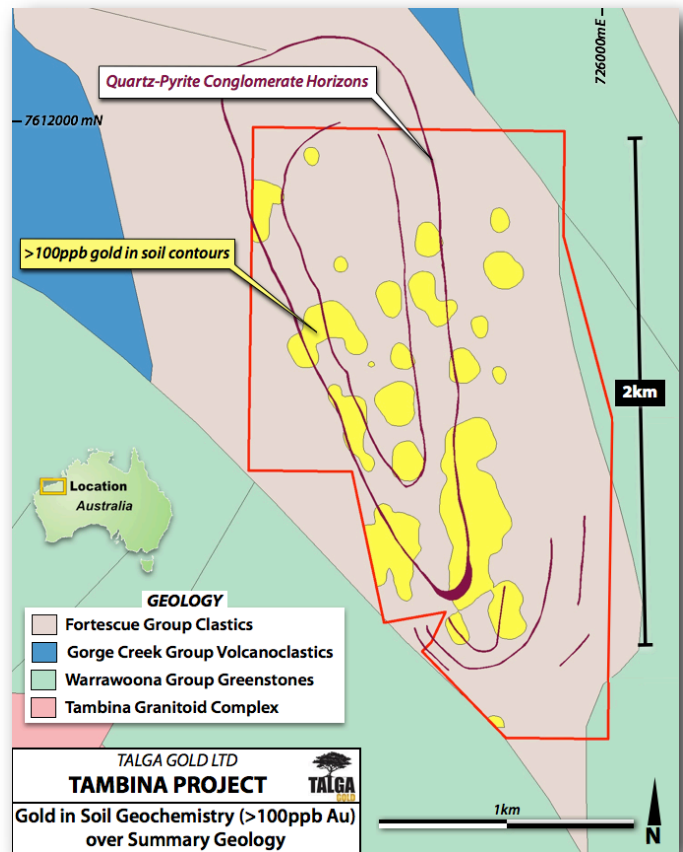


Figure 3. Tambina project, Summary geology map with >100ppb gold in soil contour anomalies. Note the stacked tightly folded gold bearing quartz-pyrite conglomerate horizons.