

Not for release to US wire services or distribution in the United States

Talga launches fully underwritten A\$25M placement to accelerate Vittangi Anode Project development

- Talga is undertaking a fully underwritten placement within its existing Listing Rule 7.1 placement capacity to raise A\$25 million
- Proceeds will be used to fund the Electric Vehicle Anode (EVA) pilot plant as part of the development of the Vittangi Anode Project located in northern Sweden
- Placement issue price of A\$1.450 per share, representing a discount of 17.8% to the last closing price of A\$1.765 per share as at 14 December 2020 and a 17.3% to the 1-month volume weighted average price (VWAP) of A\$1.754
- Talga is also undertaking a non-underwritten Share Purchase Plan for all eligible shareholders to raise up to A\$10 million at the same issue price as the Placement¹

Battery anode Company Talga Group Ltd ("**Talga**" or "**the Company**") (**ASX:TLG**) is pleased to announce the launch of a fully underwritten institutional placement of new fully paid ordinary shares ("**New Shares**") to raise A\$25 million (before costs) ("**Placement**") and a non-underwritten Share Purchase Plan to eligible shareholders to raise up to A\$10 million¹ ("**SPP**").

Use of Proceeds

The A\$25 million gross proceeds from the Placement will be applied towards:

- building the Electric Vehicle Anode (EVA) pilot plant (A\$22 million); and
- general working capital including transaction costs and supporting the ongoing project development (A\$3 million).

Any SPP proceeds will be used for additional working capital and to support the future development of Vittangi.

Talga Managing Director, Mark Thompson commented: *"The proceeds from the raising will be used towards constructing and operating our EVA pilot plant in 2021 as a key step to finalise the EV customer validation processes currently underway."*

The EV revolution is here today and Talga is ideally positioned to build a new low-cost, large-scale graphite anode supply chain outside of Asia to serve the European and North American markets. Our recently announced Niska scoping study confirms the scalability of our project and supports a 450% increase to our current European anode production plans, taking our planned total anode production to meet approximately 100GWh of annual Li-ion battery capacity in 2025-26.

The unique properties of our Vittangi graphite deposit result in materially higher anode yields. This, in combination with access to low-cost 100% renewable power and proximity to our end customers, means that Talga will be able to deliver a graphite anode with a fraction of the emissions footprint compared to incumbent synthetic products."

¹ The Company may, in its absolute discretion, scale back SPP applications above this cap or apply a higher cap to the SPP and scale back applications over the higher cap.



Details of the Placement

Talga is undertaking a Placement of New Shares to eligible institutional and professional investors to raise A\$25 million.

New Shares under the Placement will be issued at A\$1.450 per New Share ("**Placement Price**"), representing a 17.8% discount to Talga's last traded price of A\$1.765 and a 17.3% to the 30-day volume weighted average price (VWAP) of A\$1.754. The Placement will result in the issue of 17,241,380 New Shares, representing approximately 6.5% of Talga's existing fully paid ordinary shares on issue.

The Placement is being conducted today, Tuesday, 15 December 2020, and Talga's shares will remain in trading halt pending completion of the Placement.

The Placement is within Talga's existing placement capacity under ASX Listing Rule 7.1 and accordingly no shareholder approval is required in connection with the Placement.

The Placement is being managed and underwritten by Morgan Stanley Australia Securities Limited.

Details of the Share Purchase Plan

Following the completion of the Placement, Talga will offer all eligible shareholders in Australia and New Zealand the opportunity to participate in the non-underwritten SPP to raise up to A\$10 million². Eligible shareholders may apply for up to A\$30,000 of New Shares under the SPP.

The record date for the SPP is 5:00pm (Perth time) on Monday, 14 December 2020. The SPP offer period is anticipated to be open from Monday, 21 December 2020 to Friday, January 15, 2021, subject to Talga's discretion to amend these dates by making an ASX announcement.

Under the SPP, Talga shares will be offered at the same issue price as the Placement of A\$1.450.

The Talga Board has determined to cap the SPP at A\$10 million. As the SPP is not underwritten, the SPP may raise more or less than this amount. If the SPP raises more than A\$10 million, Talga may decide in its absolute discretion to accept applications (in whole or in part) that result in the SPP raising more than A\$10 million. If Talga decides to conduct any scale back of applications, for example because the aggregate amount applied for under the SPP exceeds Talga's requirements, the scale back will be applied to the extent and in the manner Talga sees fit, which may include taking into account a number of factors such as the size of an applicant's shareholding at the record date, the extent to which the applicant has sold or purchased shares since the record date, whether the applicant has multiple registered holdings, the date on which the application was made and the total applications received from eligible shareholders.

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer booklet, which will be provided following the completion of the Placement. Eligible shareholders wishing to acquire New Shares under the SPP will need to apply in accordance with the instructions in the SPP booklet. Participation in the SPP is optional.

General

New Shares issued under the Placement and SPP will rank equally with existing fully paid Talga shares on issue.

Under the ASX listing rules, Talga Directors are not entitled to participate in the Placement, but can participate in the SPP if they are eligible shareholders.

Further details on the Placement and SPP are set out in the investor presentation released by Talga to ASX on Tuesday, 15 December 2020. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the Placement.

² The Company may, in its absolute discretion, scale back SPP applications above this cap or apply a higher cap to the SPP and scale back applications over the higher cap.



Event	Date
Record date for eligibility to participate in SPP	5.00pm (Perth time), Monday, 14 December 2020
Trading halt	Tuesday, 15 December 2020
Launch of Placement offer and Investor Presentation	Tuesday, 15 December 2020
Announcement of outcome of Placement	Wednesday, 16 December 2020
Trading halt lifted – trading resumes on ASX	Wednesday, 16 December 2020
Settlement of Placement Shares	Friday, 18 December 2020
Allotment and normal trading of Placement Shares	Monday, 21 December 2020
SPP Offer Documents made available and SPP offer open date	Monday, 21 December 2020
SPP closing date	5.00pm (Perth time), Friday, 15 January 2021
Announcement of results of SPP offer and settlement of SPP	Wednesday, 20 January 2021
Allotment and issue of new shares under the SPP	Wednesday, 27 January 2021
Normal trading of SPP shares and dispatch of holding statements	Thursday, 28 January 2021

The timetable is indicative only and remains subject to change at Talga's discretion, subject to compliance with applicable laws and the ASX Listing Rules. Talga reserves the right to change the timetable or cancel or withdraw the Placement or the SPP at any time before relevant new Shares are issued, subject to regulatory requirements.

Talga encourages eligible shareholders who wish to participate to act promptly in submitting their application forms. The Company reserves the right to close the SPP early or to accept late applications, in its sole and absolute discretion, should it be considered necessary to do so, by making an announcement to ASX. The commencement and quotation of New Shares is subject to confirmation from ASX.

Authorised for release by the Board of Directors of Talga Group Ltd.

For further information please contact:

Mark Thompson
Managing Director
Talga Group Ltd
T: +61 (0) 8 9481 6667

Dean Scarparolo
Company Secretary
Talga Group Ltd
T: +61 (0) 8 9481 6667

About Talga

Talga Group Ltd (ASX:TLG) is building a European battery anode and graphene additives supply chain, to offer advanced materials critical to its customers' innovation and the shift towards a more sustainable world. Vertical integration, including ownership of several high-grade Swedish graphite projects, provides security of supply and creates long-lasting value for stakeholders.

Company website: www.talgagroup.com



Important Notice and Disclaimer

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This announcement has been prepared by Talga Group Ltd (the Company) based on information from its own and third-party sources and is not a disclosure document. No party other than the Company has authorised or caused the issue, lodgement, submission, despatch or provision of this announcement, or takes any responsibility for, or makes or purports to make any statements, representations or undertakings in this announcement. Except for any liability that cannot be excluded by law, the Company and its related bodies corporate, directors, employees, servants, advisers and agents (Affiliates) disclaim and accept no responsibility or liability for any expenses, losses, damages or costs incurred by you relating in any way to this announcement including, without limitation, the information contained in or provided in connection with it, any errors or omissions from it however caused, or for any lack of accuracy, completeness, currency or reliability or you or any other person placing any reliance on this announcement, its accuracy, completeness, currency or reliability. This announcement is not a prospectus, disclosure document or other offering document under Australian law or under any other law. It is provided for information purposes and is not an invitation nor offer of shares or recommendation for subscription, purchase or sale in any jurisdiction. This announcement does not purport to contain all the information that a prospective investor may require in connection with any potential investment in the Company. Each recipient must make its own independent assessment of the Company before acquiring any shares in the Company (Shares).

This announcement has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. This announcement does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire Shares and does not form part of any contract or commitment for the acquisition of Shares.

Additional disclaimer

Morgan Stanley Australia Securities Limited (ABN 55 078 652 276) is acting as lead manager and underwriter of the Placement. The SPP is not underwritten.

To the maximum extent permitted by law, the Lead Manager and its related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, contractors, consultants, agents and advisers (together, the Lead Manager Group) expressly disclaim: (i) all responsibility, duty and liability (including, without limitation, any liability arising from fault, negligence or negligent misstatement) for any expenses, costs, damages or losses (including, without limitation, any consequential or contingent loss or damage) arising from this announcement or reliance on anything contained in or omitted from it or otherwise arising in connection with this announcement or incurred by you as a result of your participation in, or failure to participate in, the Placement or the SPP or the information in this announcement being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise; (ii) any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions; and (iii) all liabilities (including, without limitation, any liability arising from fault, negligence or negligent misstatement) in respect of, and do not make any representation or warranty, express or implied, regarding, and take no responsibility for, any part of this announcement and make no representation or warranty, express or implied, as to the fairness, accuracy, reliability, currency or completeness of the information in this announcement or that this announcement contains all material information about the Company or that a prospective investor or purchaser may require in evaluating a possible investment in the Company or an acquisition of securities in the Company, or the likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement.



No member of the Lead Manager Group: (i) makes any recommendation as to whether you or your related parties should participate in the Placement or the SPP nor do they make any representations or warranties (express or implied) to you concerning the Placement or the SPP; (ii) accepts any fiduciary obligations to, or relationship with, you or your related parties (or any investor or potential investor) in connection with the offer of shares in the Company or otherwise and expressly disclaims any such fiduciary relationship; or (iii) has independently verified any of the information in this announcement.

The Lead Manager (and/or its affiliates) may receive and retain fees, profits and financial benefits in various capacities and in connection with various activities, including in its capacity as a lead manager to the Placement. As disclosed to ASX on 18 November 2020, Morgan Stanley has been appointed as the Company's Financial and Transaction Advisor. As part of this, Morgan Stanley has been assisting the Company in identifying and evaluating potential outcomes which may emerge from ongoing project development partnership, customer and financing discussions with European and international parties. Morgan Stanley has received or may receive success and incentive fees in that capacity.

Financial data and rounding

All dollar values are in Australian dollars (A\$ or AUD) unless otherwise stated. The financial information contained in this announcement may not necessarily be in statutory format. Investors should be aware that financial data in this announcement includes "non-IFRS financial information" under the Australian Securities and Investments Commission's Regulatory Guide 230.

Past performance

Past performance and pro forma historical financial information is given for illustrative purposes only. It should not be relied on and is not indicative of future performance including future security prices.

Forward-looking statements

This announcement contains certain forward-looking statements. The words 'anticipate', 'believe', 'aim', 'estimate', 'expect', 'intend', 'may', 'plan', 'project', 'will', 'should', 'seek' and similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

These forward-looking statements are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company and its Affiliates. Refer to the 'Key risks' on slides 47 to 52 of the investor presentation released by the Company to ASX on 15 December 2020 ("**Investor Presentation**") for a summary of certain risk factors that may affect the Company.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based. These statements may assume the success of the Company's business strategies, the success of which may not be realised within the period for which the forward-looking statements may have been prepared, or at all.

No guarantee, representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns, statements or tax treatment in relation to future matters contained in this announcement. The forward-looking statements are based on information available to the Company as at the date of this announcement. Except as required by applicable laws or regulations, none of the Company, its Affiliates or the Lead Manager Group undertakes to provide any additional information or revise the statements in this announcement, whether as a result of a change in expectations or assumptions, new information, future events, results or circumstances.



Niska Scoping Study

The Niska Scoping Study is a preliminary technical and economic study of the potential viability of developing the Niska South, Niska North and Nunasvaara North graphite deposits by constructing an integrated mining and refining operation to produce Talga's anode products for Li-ion batteries. It is based on low level technical and economic assessments that are not sufficient to support the estimation of ore reserves or to provide assurance of an economic development case. Further evaluation work and appropriate studies are required before the Company will be in a position to estimate any ore reserves or to provide any assurance of an economic development case or certainty that the conclusions of the Scoping Study will be realised.

The Scoping Study is based on the material assumptions outlined in the announcement of 7 December 2020. These include assumptions about the availability of funding. While Talga considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved. To achieve the range of outcomes indicated in the Scoping Study, funding in the order of US\$1,000 million plus contingencies may be required. Investors should note that there is no certainty that the Company will be able to raise that amount of funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of the Company's existing shares. It is also possible that the Company could pursue other 'value realisation' strategies such as a sale, partial sale or joint venture of the project. If it does, this could materially reduce the Company's proportionate ownership of the deposits covered by the Niska Scoping Study. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

The Company first reported the Niska Scoping Study production targets and forecast financial information referred to in this presentation in accordance with Listing Rules 5.16 and 5.17 in its announcement titled "Niska Scoping Study Outlines Pathway to Globally Significant Battery Anode Production" dated 7 December 2020. The Company confirms that all material assumptions underpinning those production targets and forecast financial information derived from those production targets continue to apply and have not materially changed.

Pre-Feasibility Study

The Company first reported the Vittangi Anode Project production targets and forecast financial information referred to in this presentation in accordance with Listing Rules 5.16 and 5.17 in its announcement titled 'Outstanding PFS results support Vittangi graphite development' dated 23 May 2019. The Company confirms that all material assumptions underpinning those production targets and forecast financial information derived from those production targets continue to apply and have not materially changed.

General

Statements made in this announcement are made only as at the date of this announcement. The information in this announcement remains subject to change without notice. The Company may in its absolute discretion, but without being under any obligation to do so, update or supplement this announcement. Any further information will be provided subject to the terms and conditions in this Important Notice and Disclaimer. The Company reserves the right to withdraw the Placement or the SPP or vary the timetable for the Placement or the SPP without notice and in its absolute discretion.

In consideration for being given access to this announcement, you confirm, acknowledge and agree to the matters set out in this Important Notice and Disclaimer and any modifications notified to you and/or otherwise released to ASX.

This announcement is also subject to the same important notices and disclaimers as set out on pages 2 to 3 of the Investor Presentation with any necessary contextual changes.

