

Quarterly Activities Review

For period ending 31 March 2022

Battery anode and advanced materials company Talga Group Ltd ("Talga" or "the Company") (ASX:TLG) is pleased to report its activities for the quarter ending 31 March 2022.

Commercial and project development

- Successfully commissioned and operating the Electric Vehicle Anode (EVA) plant in northern Sweden to supply coated active anode material for global battery customer qualification
- 23 customers including Tier 1 battery and automotive manufacturers progressed to advanced qualification trials and engaged to receive Talnode®-C samples from the EVA
- Major permitting milestone achieved for Talga's Vittangi Graphite Project subsequent to period

Exploration update

- Finalised 2021 drill program delivered world-class grades, confirming a new deposit at Nunasvaara East and extending the Niska South deposit
- Revision of Vittangi JORC graphite resources underway to meet customer demand
- New 30-hole drilling program commenced subsequent to the quarter to test between Niska South and Niska North deposits

Corporate and finance

- Change of Registered Office and Principal Place of Business
- Launch of new Talga Group global website
- Talga presenting and exhibiting at globally significant industry events
- Cash balance of A\$22 million as at 31 March 2022

Talga Managing Director, Mark Thompson, commented: *"In this quarter, we took significant steps towards commercial production of the world's greenest anode. Talga's successful commissioning of Europe's first and only lithium-ion battery anode plant places us ahead of the competition with a unique competitive market position. In addition, our permitting progress brings us closer to unlocking the potential of Sweden's outstanding natural graphite resources. We look forward to upcoming developments throughout the year."*

Commercial and project development

Major achievement in permitting process for Talga's Vittangi Graphite Project

In a major milestone for the Vittangi Graphite Project, the Swedish Land and Environment Court in Umeå ("Court") announced the progression of Talga's environmental permit application for a graphite mine and concentrator at the Nunasvaara South deposit (ASX:TLG 21 April 2022). Talga's application will now advance to a formal hearing, following the submission of public statements.

This announcement, made subsequent to the quarter, is a significant step in both the Nunasvaara South mine development and the Swedish mine permitting process.

Based on the Court's announcement and preliminary timetable, public statements regarding the application need to be submitted no later than 23 June 2022 and the formal hearing is planned for a date during European autumn 2022. The hearing represents the final step before the Court hands down its decision.

Launch of Europe's first Li-ion battery anode plant

Talga successfully commissioned its Electric Vehicle Anode ("EVA") qualification plant during the quarter in Luleå, Sweden (ASX:TLG 31 March 2022). The EVA, understood to be Europe's first Li-ion battery anode plant, produces large-scale commercial samples of Talga's coated active anode material for battery customer qualification. The now-operational plant was commissioned on time and within budget.

Plant production stages include shaping and coating to produce Talga's flagship Li-ion battery anode, Talnode®-C. The anode production process uses purified graphite concentrate from Talga's wholly-owned Vittangi Graphite Project, in line with the Company's vertically integrated business model.

Figure 1 Talga's now-operational EVA plant in Luleå, northern Sweden.



Large-scale Talnode®-C samples will be shipped to battery cell makers to undergo next stage commercial testing. Talga has received engagements from 23 battery manufacturers and major automotive OEMs for qualification stage Talnode®-C samples produced at the EVA plant.

The plant was officially launched subsequent to the quarter on Friday, 1 April 2022. This launch was attended by numerous stakeholders, customers and senior representatives from the Ministry for Foreign Affairs. In addition, there was a community open day held on Saturday 2 April 2022, which was well attended.

Figure 2 Technical presentation at Talga's EVA launch event (L) and QC laboratory at EVA (R).



Exploration update

Spectacular graphite drill results

Final suite of results from Talga's 2021 Vittangi drilling in Sweden returned world-class grades and widths during the quarter, confirming a new deposit at Nunasvaara East and extending the Niska South deposit (ASX:TLG 3 March 2022). This paves the way to upgrade Europe's largest natural graphite resource.

The 2021 drill program at Vittangi (ASX:TLG 24 November 2021) consisted of 56 diamond drillholes for 6,790 meters and targeted optimisation of existing mine developments, upgrading of resources and conversion of exploration targets to support Talga's customer driven expansion plans. Highlights of significant downhole intercepts included:

Nunasvaara South

- 51m @ 28.7% Cg incl. 24m @ 35.8% Cg (NUS21015)
- 70m @ 23.7% Cg incl. 23m @ 33.2% Cg (NUS21011)

Nunasvaara North

- 52m @ 29.0% Cg incl. 19m @ 40.0% Cg (NUN21005)
- 38m @ 29.0% Cg incl. 15m @ 40.1% Cg (NUN21004)
- 39m @ 29.8% Cg incl. 17m @ 36.1% Cg (NUN21002)

Nunasvaara East

- 51m @ 28.4% Cg incl. 12m @ 35.7% Cg (NUN21028)
- 22m @ 28.4% Cg incl. 8m @ 39.4% Cg (NUN21012)
- 34m @ 26.1% Cg incl. 14m @ 28.2% Cg (NUN21024)

Niska South

- 24m @ 32.5% Cg incl. 9m @ 36.6% Cg (NIS21011)
- 26m @ 25.3% Cg incl. 9m @ 31.2% Cg (NIS21005)
- 22m @ 27.5% Cg incl. 7m @ 37.4% Cg (NIS21010)

The mineralisation at all of the Vittangi graphite deposits; Niska South, Niska North, Nunasvaara East, Nunasvaara South and Nunasvaara North remain open along strike and at depth.

Figure 3 2021 final Vittangi drilling locations and significant intercepts.

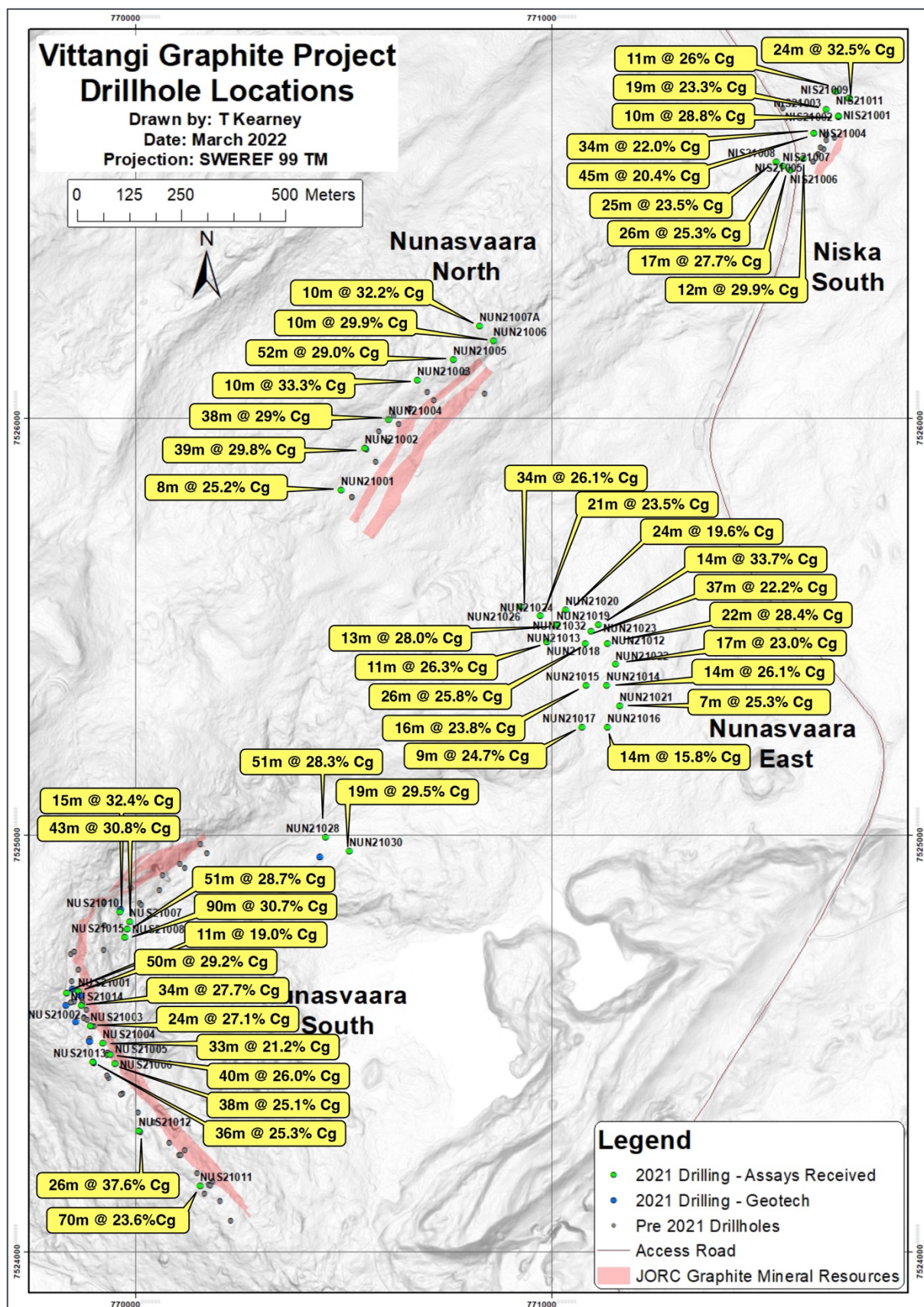


Figure 4 View looking south over Vittangi Graphite Project during 2021 drilling and trial mining.



Upgrade of Europe's largest graphite resource underway

A revision of Talga's Vittangi graphite JORC Mineral Resource using the 2021 drill results is now underway to support and optimise future expansion plans. This Mineral Resource upgrade is planned for completion in late Q2 2022.

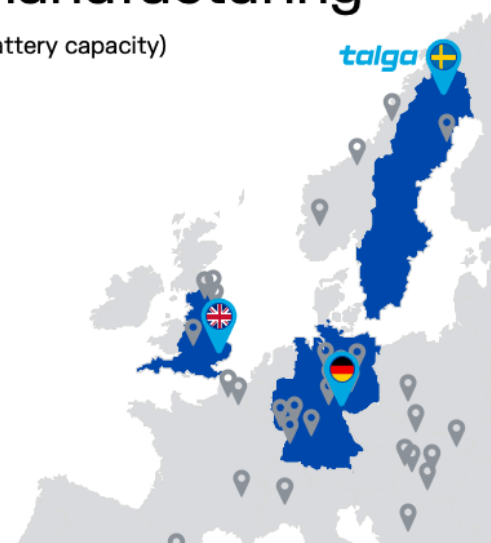
In parallel, a new 30-hole drill program, which began subsequent to the quarter, is testing EM conductors and JORC exploration targets between the Niska South and Niska North deposits (ASX:TLG 14 April 2022). Drill results are expected in Q3 and will be used to further revise the Vittangi resource in Q4.

The Company aims to continue developing sufficient resources to explore larger scale development scenarios and match customer production roadmaps. In Europe alone, anode demand is forecast to reach over 1.1 million tonnes per annum by 2031¹.

Figure 5 Fast-growing European lithium-ion battery market¹.

European Li-ion battery manufacturing

Anode demand to reach **>1.1 million tpa** by 2031 (>960GWh battery capacity)



Corporate and finance

Change of Registered Office and Principal Place of Business

Talga changed its registered office and principal place of business to Suite 3.03, Level 3, 46 Colin Street, West Perth, 6005, Australia.

Launch of new Talga Group global website

During the period the Company completed a major website upgrade with updated content which can be viewed at www.talgagroup.com.

Events

During the quarter, Talga presented at the following industry events:

- Benchmark Megafactories Europe 2022, 22 to 23 March 2022, Berlin, Germany
- International Battery Seminar, 28 to 31 March 2022, Orlando, United States
- Rho Motion Seminar Series, 29 March 2022, London, United Kingdom

Over the coming months, Talga will present and/or exhibit at:

- Euro Mines Expo, 14 to 16 June 2022, Skellefteå, Sweden
- Advanced Automotive Battery Conference, 13 to 15 June 2022, Mainz, Germany
- International Meeting on Lithium-Ion Batteries, 26 June to 1 July 2022, Sydney, Australia
- The Battery Show Europe, 28 to 30 June 2022, Stuttgart, Germany
- IZB Wolfsburg, 11 to 13 October 2022, Wolfsburg, Germany

Tenement Interests

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

Financial

Talga ended the March 2022 quarter with A\$22 million cash-in-bank and was capitalised at ~A\$526 million based on closing price on 31 March 2022. The Company has 304.9 million quoted ordinary shares, 11.3 million unlisted options and 2.1 million performance rights on issue.

Appendix 5B, Section 6

Payments to related parties of the entity and their associates: during the quarter \$209,000 was paid to Directors and associates for salaries, superannuation and consulting fees.

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

For further information please contact:

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¹ Source: CIC Energigune, February 2022, Benchmark Mineral Intelligence, Lithium Ion Battery Megafactory Assessment, April 2022

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

No New Information

To the extent that announcement contains references to prior technical information, exploration results and mineral resources; these have been cross referenced to previous market announcements made by the Company. These had been disclosed to JORC 2012 standard. Unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements that assumptions and technical parameters underpinning the relevant market announcement continue to apply and have not materially changed.

Forward-Looking Statements & Disclaimer

Statements in this document regarding the Company's business or proposed business, which are not historical facts, are forward-looking statements that involve risks and uncertainties, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements.

This announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular persons.

Tenement Holdings

Project/location	Tenements	Interest at end of quarter	Acquired during quarter	Disposed during quarter
Aitik East Project Norrbotten County, Sweden	Suorravaara nr 3	100%		
Jalkunen Project Norrbotten County, Sweden	Jalkunen nr 1	100%		
Kiskama Project Norrbotten County, Sweden	Kiskama nr 1	100%		
Masugnsbyn Project Norrbotten County, Sweden	Masugnsbyn nr 102	100%		
Raitajärvi Project Norrbotten County, Sweden	Raitajärvi nr 5	100%		
Vittangi Project Norrbotten County, Sweden	Nunasvaara nr 2	100%		
	Vathanvaara nr 102	100%		
	Vittangi nr 2	100%		
	Vittangi nr 6	100%	100%	
Pajala Project Norrbotten County, Sweden	Lautakoski nr 5	100%		

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Talga Group Ltd

ABN

32 138 405 419

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	16	79
1.2	Payments for		
	(a) exploration & evaluation ⁽ⁱ⁾	(3,842)	(12,990)
	(b) development ⁽ⁱⁱ⁾	(1,472)	(2,900)
	(c) production	-	-
	(d) staff costs - corporate	(754)	(2,564)
	(e) administration and corporate costs ⁽ⁱⁱⁱ⁾	(718)	(4,360)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	44
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	98	1,908
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(6,672)	(20,783)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(2,527)	(9,612)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	566
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other Environmental & Security Bond	(126)	(524)
2.6	Net cash from / (used in) investing activities	(2,653)	(9,570)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) ^(iv)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	31,448	52,476
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(6,672)	(20,783)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,653)	(9,570)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	22,123	22,123

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,983	4,068
5.2	Call deposits	18,140	27,380
5.3	Bank overdrafts	-	
5.4	Other (provide details)	-	
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	22,123	31,448

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	209
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

<p>7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i></p>	<p>Total facility amount at quarter end \$A'000</p>	<p>Amount drawn at quarter end \$A'000</p>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
<p>7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Notes</p> <p>(i) Exploration and evaluation include Sweden tenement renewal and exploitation permitting costs.</p> <p>(ii) Development includes feasibility studies, UK product development and German test facility operations.</p> <p>(iii) Year to date Corporate Administration costs includes a significant portion of financial adviser fees.</p> </div>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(6,672)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(6,672)
8.4 Cash and cash equivalents at quarter end (item 4.6)	22,123
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	22,123
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.32
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>	
<p>8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Answer:</p> </div> <p>8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <div style="border: 1px solid black; padding: 5px; margin-top: 5px;"> <p>Answer:</p> </div>	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2022

Authorised by: the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.