



ASX Code: TLG

Talga Gold Ltd

ABN 32 138 405 419

First Floor, 2 Richardson St,
West Perth, WA 6005

T: +61 8 9481 6667

F: +61 8 9322 1935

www.talgagold.com

QUARTERLY ACTIVITIES REVIEW

For the period ending 30 June 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 and copper/gold) and Western Australia (gold and iron ore).

The Company successfully acquired TCL Sweden Limited, ("TCL") a subsidiary of Teck Resources Limited ("Teck") to take 100% ownership of nine Swedish graphite, iron and copper/gold projects including the high-grade Nunasvaara graphite deposit. Work completed in Sweden included the commencement of drilling, geophysical processing, project reconnaissance and data compilation.

In Western Australia drill results were received from Reverse Circulation (RC) drill testing of gold and iron targets at Bullfinch.

During the quarter the Company conducted exercises towards informing the market of the Company's Swedish assets. These were well received and subsequent to the end of period a successful capital raising was completed.

Sweden Projects (TLG 100%)

Principal milestones achieved by Talga during the reporting period included:

- Completion of TCL Sweden Ltd acquisition
- Commencement of drilling at the Nunasvaara Graphite Deposit
- Submittal of additional permits for further planned drilling
- Completion of geophysical processing and fieldwork programmes

TCL Sweden acquisition

During the period Talga exercised an option to purchase all of the issued shares of Teck Resources Limited wholly owned Canadian subsidiary, **TCL Sweden Ltd**, for US \$433,500 in cash leaving a 1% Net Smelter Royalty ("NSR") on mineral production due to Teck and 2% NSR to previous owner, Phelps Dodge on selected permits.

The acquisition delivers Talga nine exploration permits covering 230km², containing both JORC-code compliant Mineral Resources and Exploration Targets¹ located in the Kiruna mining district of north Sweden. This includes the **3.60Mt @ 23% Cgr** (graphitic carbon) Nunasvaara JORC-code inferred mineral resource.



Fig 1. Drilling underway at the Company's high-grade Nunasvaara graphite deposit in north Sweden.

Details of the TCL projects were released to the ASX in a presentation dated on 16 May 2012 and the acquisition on 5 June 2012.

Nunasvaara Graphite Deposit

At the 100% owned Nunasvaara Graphite Deposit drilling commenced during the quarter with the completion of the first hole in a planned 1,600m 20-hole stage 1 diamond drilling programme (Fig 1). The drilling programme has been designed to both confirm historic drill hole intersections and increase/upgrade the current JORC-code compliant inferred resource estimate of 3.60Mt @ 23% Cgr (Fig 2).

The first drill hole, NUS12001, was drilled until 63.45m and passed through an upper 17m of hanging-wall mafic volcanics before intersecting 25m of graphite bearing sediments (Fig 3). Subsequent to the end of the period the drill programme was completed in July.

Environmental and Social Study

As a prelude to the commencement of drilling, a high level environmental and social study was completed over the Nunasvaara Graphite Project by SRK Consulting (Sweden) AB. The aim of this study was to establish an overview of the bio-physical and social environments, including the quality of the water and soils in the vicinity of planned drilling sites and record local stakeholder values.

The study will assist stakeholder consultations and baseline comprehensive environmental and social surveys to be completed well ahead of government requirements, potentially streamlining future permitting towards development of the deposit.

Geophysics

Results of electromagnetic surveying completed over the Nunasvaara Graphite Deposit have been received with several strong stratigraphic conductors successfully being defined (Fig 4). The highest ranked conductor (N-1) correlates well with high grade graphite mineralisation trends identified at the deposit and has been used to assist in the planning of drill hole locations currently being tested by the stage 1 drilling programme.

Sweden Other

Approvals for five additional graphite exploration permits were received while a further three graphite mineral permit applications were submitted during the quarter.

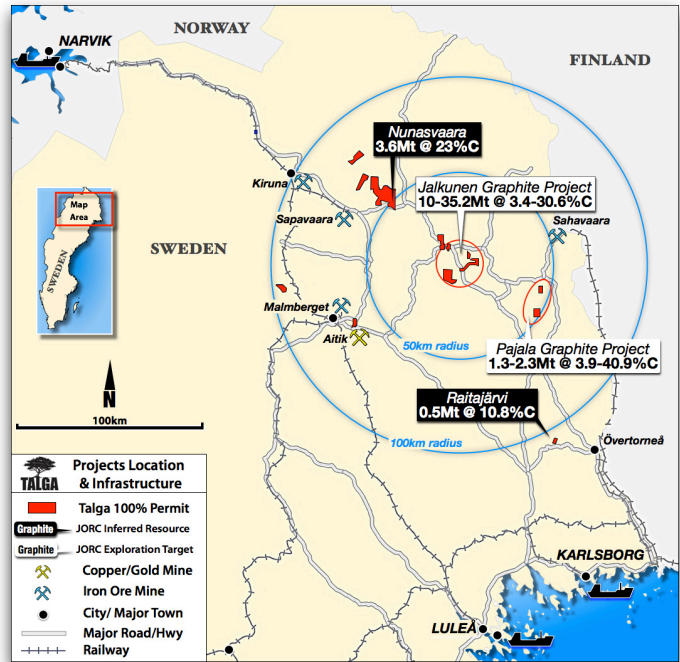


Fig 2. Location map of Talga's graphite projects in north Sweden.



Fig 3. Example of graphite intersected in NUS12001

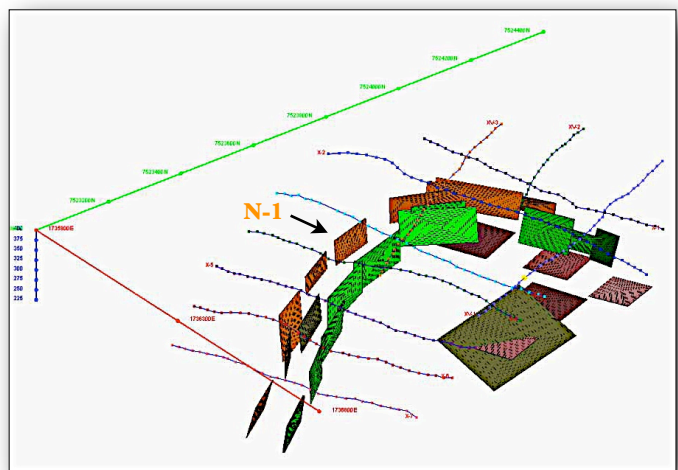


Fig 4. Schematic oblique view of EM conductors defined by ground geophysical survey, Nunasvaara graphite deposit

Work permits for drilling at the Masugnsbyn, Lautakoski, Lehtosölkä and Raitajärvi projects were submitted to the Swedish Mines Department.

Site visits reviewing access, historic exploration sites and outcropping geology were completed at the Kiskama (Cu, Co, Fe), Lautakoski (Graphite), Lehtosölkä (Graphite, Cu, Au), Masugnsbyn (Fe), Mänty Vathanvaara (Fe), Raitajärvi (Graphite), Suinivaara (Graphite), Vathnavaara (Fe) prospects while appraisals of new graphite opportunities were also completed.

Samples from archived historic diamond drill cores across the Jalkunen, Nunasvaara and Pajala projects were submitted to a Canadian laboratory for check assaying and preliminary mineralogical identification. Results are pending.

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 1,423km² tenure covering major structural features associated with the Ghooli and Lake Deborah Domes.

During the quarter, results were received from a 17-hole (1,684m) RC drilling programme as a first-pass test of iron and gold exploration targets located in the northern part of the project area. These results were released to the ASX on 22 June 2012. The results of a soil geochemical programme undertaken on a zone 14km long by 12km wide in the northern part of the project were reviewed and several low order anomalies will be field checked in the next quarter.

Other WA Projects

Fieldwork on the remaining gold projects during the quarter consisted of rehabilitating drill sites and conducting statutory commitments.

Corporate

At the end of the quarter and following acquisition of TCL Sweden Limited from Teck Resources, Talga Gold had cash deposits of approximately \$1.5m. Subsequent to quarter end, the Company successfully completed a capital raising by agreeing to issue 6.95m new ordinary shares at A\$0.325 per share to raise A\$2.3m. The placement was made to a number of domestic and international institutional clients of Lead Manager Ord Minnett Limited.

As a result, at the end of July, Talga has cash deposits of approximately A\$2.4m with \$1.2m due to settle in the coming weeks. The funds will enable the company to complete resource upgrade drilling and metallurgical programmes on the Nunasvaara and Raitajärvi graphite projects and the Masugnsbyn iron ore project, leading towards preliminary (scoping) economic studies later this year.

For further information, please contact:

Talga Gold Ltd.
Mark Thompson
Managing Director
+61 (08) 9481 6667
team@talgagold.com

Media:
Warrick Hazeldine/Greg Galton
Purple Communications
+61 (08) 6314 6300
whazeldine@purplecom.com.au
ggalton@purplecom.com.au

ABOUT TALGA GOLD

Talga Gold (**Talga**) (ASX: "TLG") is a diversified mineral explorer with a portfolio of graphite, iron, copper and gold projects in Sweden and Western Australia.

Since listing in July 2010, Talga has been actively exploring its portfolio of gold projects in the Yilgarn and Pilbara regions of Western Australia. In 2011, Talga identified and subsequently acquired a number of graphite, iron and IOCG projects in Sweden.

GRAPHITE

Talga wholly owns a portfolio of advanced and high grade graphite projects in the Kiruna Mineral District of northern Sweden, all within a 110km radius of the central Jalkunen project.

The immediate focus is to advance multiple graphite projects towards development, with fast-tracking available due to the advantage of established quality infrastructure including power, road, rail and ports. Initially this will entail the expansion in size and upgrading of the categorisation of the existing high grade graphite resources published for Nunasvaara and Raitajärvi.

Additionally, it is also the Company's objective to complete drilling on a number of other projects, including the multiple JORC-code compliant exploration targets associated with the Jalkunen project.

IRON

Talga owns 100% of six exploration permits in the Kiruna mineral district recognised as containing significant iron ore deposits with considerable growth upside based on historic drilling and JORC compliant resources and exploration targets.

Talga's strategy is to advance the iron ore projects within the area and at an appropriate stage consider options to commercialise these assets either in their own right or in conjunction with other parties.

GOLD

Talga is actively exploring high grade gold projects in the Yilgarn and Pilbara regions of Western Australia. Additionally the Company owns several copper/gold projects within it's Sweden portfolio.

**¹ Exploration Targets**

The term *Exploration Target* where used herein refers to mineralisation defined by historic diamond drill testing, geophysics and sampling conducted by the Geological Survey of Sweden and associated state companies that pre-date the creation of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code(2004) and so the potential quantity and grade of the *Exploration Target* is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource. The *Exploration Target* is not being reported as part of any Mineral Resource or Ore Reserve.

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.