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Talga successfully extends high-grade Swedish graphite deposit with initial drill programme

- All 19 drill holes successfully intersected targeted graphite
- Extensions point to a significant upgrade in new resource estimate

Talga Gold Limited (ASX: TLG; "Talga" or "the Company") is pleased to announce the completion of the stage 1 diamond drilling programme at its 100%-owned Nunasvaara graphite project in northern Sweden.

The programme is Talga's first drill test of five separate high priority graphite and iron targets in Sweden over the northern summer period. Drilling at Nunasvaara was designed to upgrade the size and status of the current **3.60Mt @ 23%** graphitic carbon (Cgr) JORC-code Inferred Mineral Resource, and all 19 drill holes in this programme successfully intersected the targeted graphite unit (Fig 2 and Table 1).

Graphite mineralisation (Fig 3) has been successfully **intersected outside the current resource model** over the eastern extension and previously untested up-dip and down-dip locations (Fig 4-6), increasing the deposit model strike length from approximately 700m to 1200m and maximum known vertical extent to 150m depth (Fig 1). The deposit remains open at depth and along strike. These new intersections point to a significant potential upgrade in the new resource estimate.

At present, core samples are being processed and will be submitted for comprehensive analytical and metallurgical test work. Results will be used to update the current deposit resource estimate and commence a preliminary economic (scoping) study.

Drilling will now shift to the nearby Masugnsbyn iron ore deposit and Raitajärvi graphite deposit where a similar programme of confirmation and resource expansion drilling is planned, followed by drilling on the Jalkunen graphite project.

Managing Director, Mark Thompson said "The successful completion of our initial drilling programme little more than a month after acquiring the Swedish portfolio from resources major Teck Resources Limited is testimony to our highly committed staff and contractors in Australia and Sweden. This achievement highlights north Sweden as a quality jurisdiction for the operation of mineral projects. At this early stage we have every reason to be confident that our targets for upgrading the size and status of this high-grade graphite resource will be realised."

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Table 1. Details of diamond drill holes completed at Nunasvaara graphite deposit June-July 2012. Note all depths and intervals are downhole.

Hole_ID	East (RT90)	North (RT90)	Depth (m)	Azimuth	Dip	Graphite		
						From (m)	To (m)	Interval (m)
NUS12001	1736045	7523801	63.45	90	-45	17.6	42.2	24.7
NUS12002	1736035	7523728	110.05	55	-60	59.0	84.5	25.5
NUS12003	1736063	7523681	58	58	-45	9.5	38.0	28.5
NUS12004	1736076	7523640	66.2	57	-45	7.3	47.2	39.9
NUS12005	1736078	7523592	86.95	58	-60	50.0	78.9	28.9
NUS12006	1736118	7523552	62.3	54	-45	20.7	52.2	31.5
NUS12007	1736087	7523541	157.85	52	-80	109.6	146.5	36.9
NUS12008	1736120	7523504	91.1	52	-45	51.0	73.0	22.0
NUS12009	1736192	7523412	72.25	50	-45	48.0	59.0	11.0
NUS12010	1736227	7523389	59.85	55	-45	25.0	47.0	22.0
NUS12011	1736265	7523342	69.15	55	-60	20.7	59.5	38.8
NUS12012	1736299	7523309	109.6	55	-80	35.7	98.0	62.3
NUS12013	1736328	7523263	70.65	51	-45	27.0	56.7	29.7
NUS12014	1736365	7523243	76.6	51	-70	22.7	59.9	37.2
NUS12015	1736347	7523214	118.95	51	-75	64.0	109.8	45.8
NUS12016	1736389	7523202	79.25	54	-55	35.4	52.8	17.4
NUS12017	1736311	7523999	115	324	-42	59.8	96.5	36.7
NUS12018	1736248	7523951	150.85	324	-45	46.3	130.6	84.3
NUS12019	1736153	7523910	78.85	324	-45	52.2	66.2	14.0

Fig 1. Schematic wireframe model of graphite deposit based on historic and 2012 drilling, Nunasvaara.

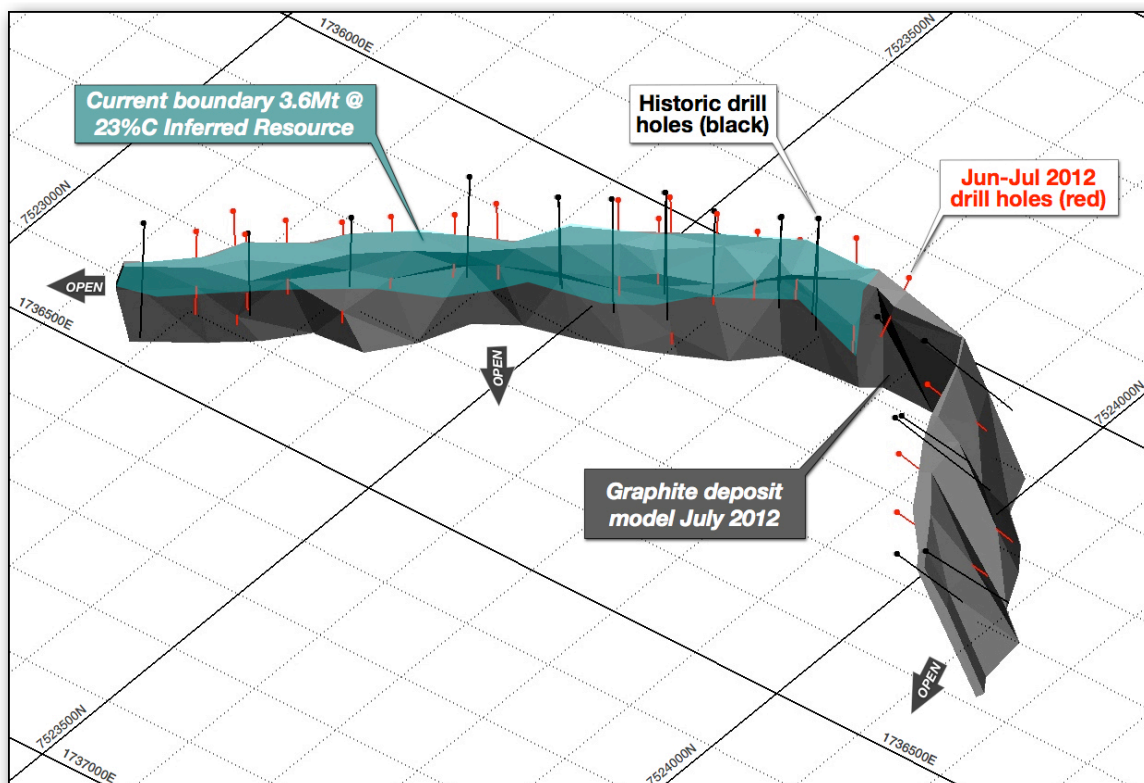


Figure 2. Drillhole location plan, Nunasvaara.

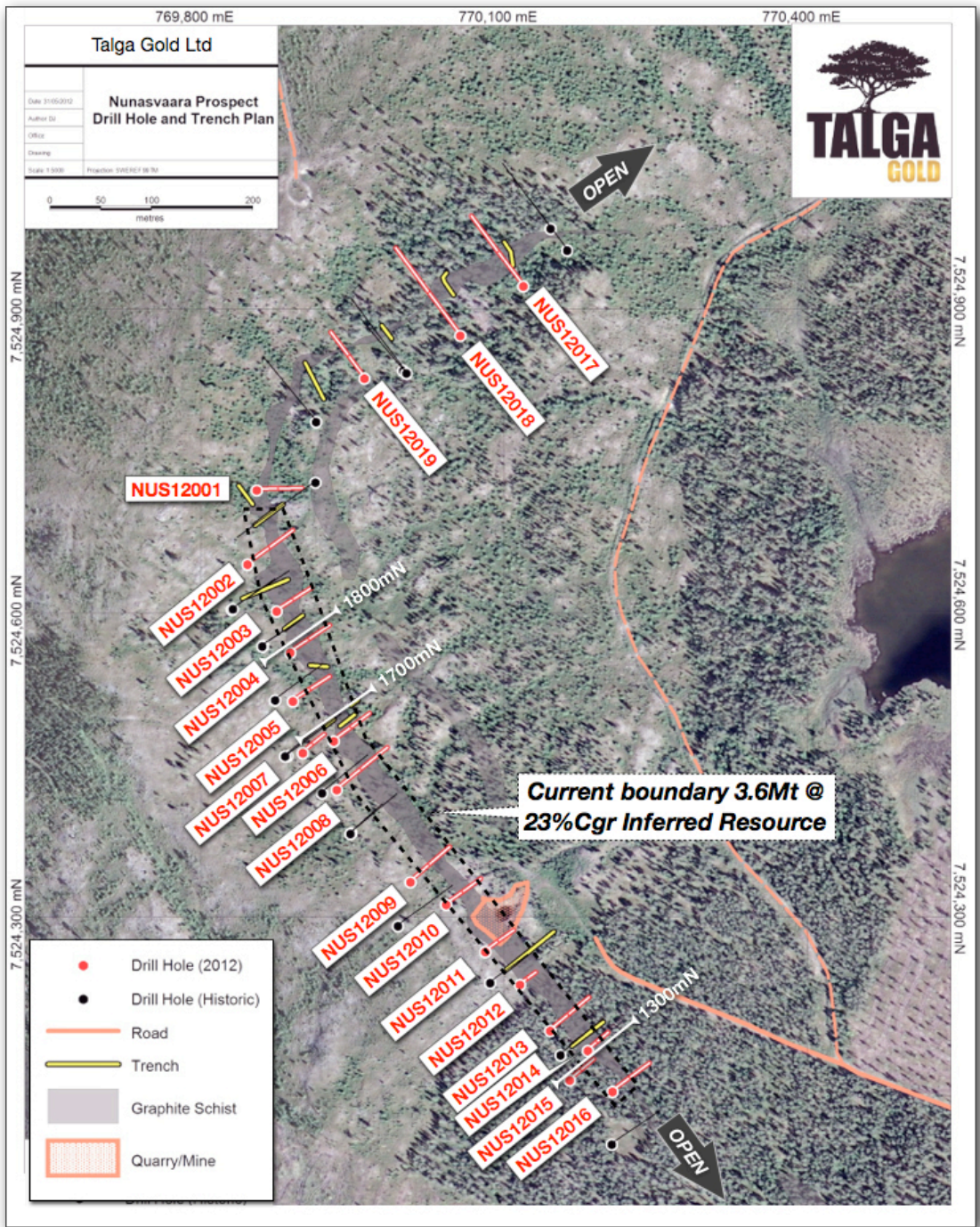


Figure 3. Selected examples of graphite mineralisation intersected during drilling, Nunasvaara.



Figure 4. Schematic drill Section 1300mN.

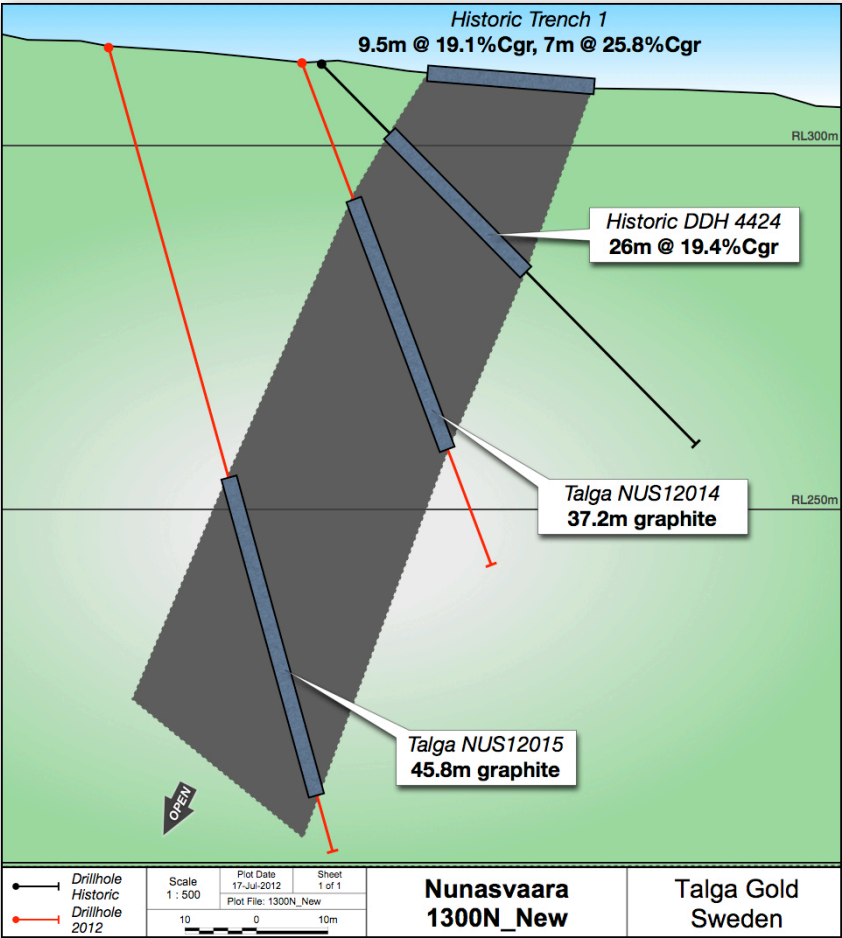


Figure 5. Schematic drill Section 1800mN.

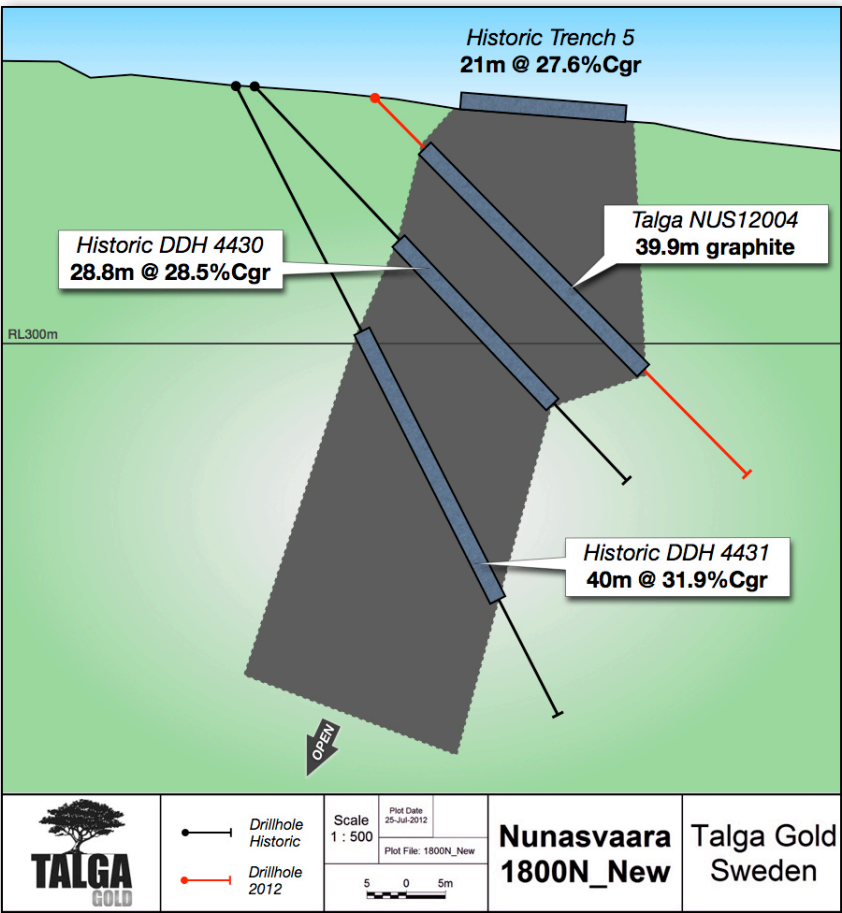


Figure 6. Schematic drill Section 1700mN.

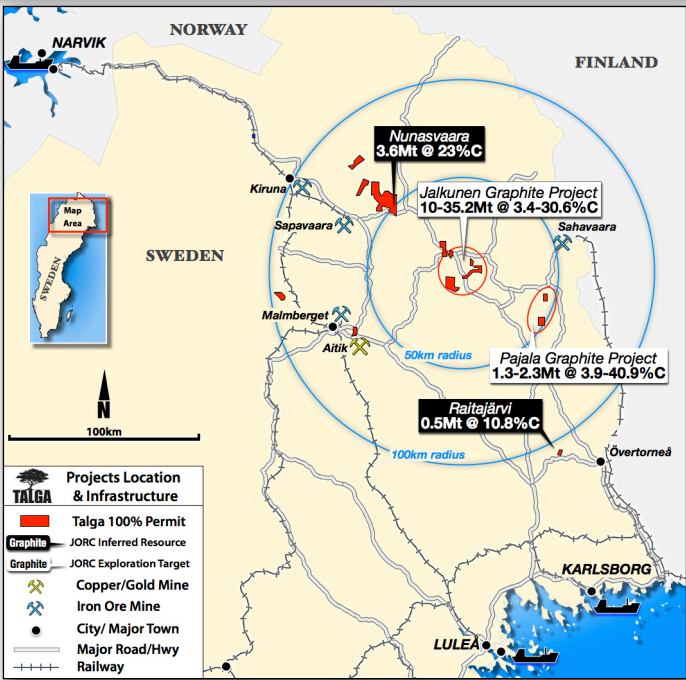
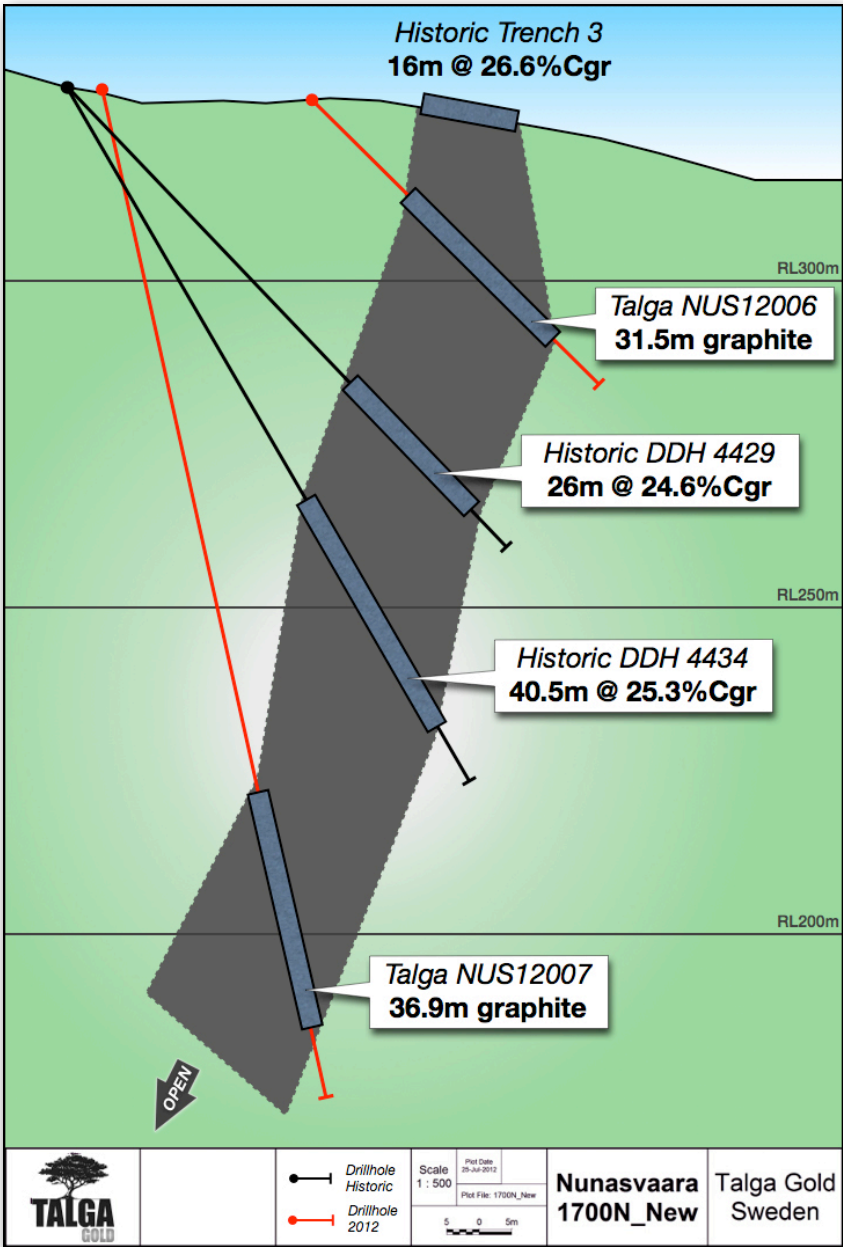


Figure 7. Talga's graphite projects located amid transport infrastructure, north Sweden.

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.