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**TALGA RESOURCES LTD
AND CONTROLLED ENTITIES
ABN 32 138 405 419**

**INTERIM REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

TALGA RESOURCES LTD
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FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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**TALGA RESOURCES LTD
CORPORATE DIRECTORY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

DIRECTORS

Terry Stinson (Chairman)
Mark Thompson (Managing Director)
Grant Mooney (Non-Executive Director)
Stephen Lowe (Non-Executive Director)
Ola Morkved Rinnan (Non-Executive Director)
Andrew Willis (Non-Executive Director)
(appointed 01/07/2019)

COMPANY SECRETARY

Dean Scarparolo

**REGISTERED OFFICE &
PRINCIPAL PLACE OF BUSINESS**

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2 Richardson Street
WEST PERTH Western Australia 6005
Phone: +618 9481 6667
Facsimile: +618 9322 1935

EMAIL & WEBSITE

Email: admin@talgaresources.com
Website: www.talgaresources.com

ABN

32 138 405 419

SECURITIES EXCHANGE LISTING

The Company is listed on Australian Securities Exchange Limited

Home Exchange: Perth
ASX Codes: TLG (Shares)

SHARE REGISTRY

Automic Group
GPO Box 5193
Sydney NSW 2001
Telephone: 1300 288 664

AUDITORS

Stantons International
Level 2
1 Walker Avenue
WEST PERTH WA 6005

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**TALGA RESOURCES LTD
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

The Directors present their report on the consolidated entity comprising Talga Resources Ltd ("Company") and its controlled entities ("Group" or "Consolidated Entities") for the half-year ended 31 December 2019.

BOARD OF DIRECTORS

The names of the Talga Resources Ltd directors in office during or since the end of the half-year period are as follows. Directors were in office for this entire period unless otherwise noted.

Directors	Position
Terry Stinson	Non-Executive Chairman
Mark Thompson	Managing Director
Grant Mooney	Non-Executive Director
Stephen Lowe	Non-Executive Director
Ola Morkved Rinnan	Non-Executive Director
Andrew Willis	Non-Executive Director (Appointed 01/07/2019)

REVIEW OF OPERATIONS

During the period the Group continued to focus on delivering the milestones to bring the Vittangi Anode Project into production and progress towards establishing a European source of battery anode and graphene additives to meet the demand for a more sustainable world. Highlights included:

Commercial Development

Deepened engagement with customers and market operatives to progress commercialisation of Talga's battery anode and graphene additive products, including;

- Memorandum of Understanding signed with Switzerland-based Leclanché SA, a leading provider of high-quality energy storage solutions, for evaluation and use of Talga's Talnode® products; and
- Graphene agreement signed with Swedish multinational paper and paperboard company BillerudKorsnäs to continue developing a Talphene® product for packaging applications.

Product and Processing Development

Positive developments across the Group's battery anode and graphene additive products, technology and processing capacity;

- World's largest known single application of graphene completed during commercial scale trials of Talga's graphene maritime primer coating, Talcoat®, on two 33,000 tonne cargo vessels;
- Receipt of European Union REACH approval for the manufacturing and sale of graphene;
- Co-funded development of a graphite-based anode for solid state batteries, Talnode®-E, started under a new Innovate UK Faraday Challenge consortium project; and
- Scale-up of Talga's Rudolstadt test processing facility, to meet increased Talnode®-C sample demand for progressing market development, began.

Mineral Project Development and Exploration

Continued development of the Vittangi Anode Project and on-going mineral exploration activities at the Company's graphite and battery metal assets;

- Balance of assay results received from drilling the Niska prospect within the Company's Vittangi Project confirmed discovery of a major high-grade extension of the Nunasvaara graphite deposit;
- Maiden JORC Mineral Resource Estimate for the Niska graphite deposit completed to expand Vittangi Project scale and development options in north Sweden;
- Maiden JORC Mineral Resource Estimate for the Kiskama copper-cobalt project completed with development partners sought as Talga continues to focus on the Vittangi Anode Project; and
- Stage 1 project permitting submitted and continued DFS activities for the Vittangi Anode Project.

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**TALGA RESOURCES LTD
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

Corporate

Strategic corporate activities completed to advance the establishment of a vertically integrated battery anode and graphene additives business;

- Appointment of second European-based Board member, Mr Andrew Willis;
- Macquarie Capital Europe appointed as financial adviser for project financing and strategic investment processes relating to Talga's Swedish Anode Project;
- Completion of oversubscribed \$9.45 million Share Purchase Plan and institutional placement; and
- Cash on hand of \$11.0 million at the end of the period.

POST THE PERIOD

Planned 2020 key activities as follows:

- Increase of Talnode®-C processing capacity at Talga's German test process facility to produce larger samples for customer testing;
- Delivery of remaining permitting milestones, definitive feasibility study and financing for Stage 1 of the Vittangi Anode Project;
- Completion and submission of permitting applications for the Vittangi Anode Project Stage 2 mining and refinery operations; and
- Delivery of Niska Scoping study to consider growth options in response to increased indicated demand for graphite anode to feed the emerging European battery and Automotive EV markets.

Key achievements thus far in 2020 include:

- Completion of successful 60 tonne pilot flotation program supporting Talga's process scale-up and anode market development; and

Swedish authorities approved environmental permit for Stage 1 mining operation at Talga's Vittangi Graphite Project.

There has not been any other matter or circumstance occurring subsequent to the end of the period that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

The financial results of the Group for the half-year ended 31 December 2019 are:

	31 December 2019	30 June 2019
Cash and cash equivalents (\$)	11,032,960	7,666,863
Net assets (\$)	12,335,946	9,490,458

	31 December 2019	31 December 2018
Income(\$)	342,838	846,076
Loss per share (cents per share)	(3.5)	(2.4)
Dividend (\$)	-	-

DIVIDENDS

No dividend has been paid during or is recommended for the half-year ended 31 December 2019.

**TALGA RESOURCES LTD
DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half-year ended 31 December 2019 has been received and immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



Mark Thompson
Managing Director
Perth, Western Australia
13 March 2020

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13 March 2020

Board of Directors
Talga Resources Ltd
Suite 3, First Floor
2 Richardson Street
WEST PERTH WA 6005

Dear Sirs

RE: TALGA RESOURCES LTD

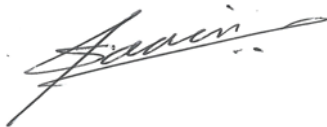
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Talga Resources Ltd.

As Audit Director for the review of the financial statements of Talga Resources Ltd for the period ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

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TALGA RESOURCES LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 \$	31 December 2018 \$
Revenues from ordinary activities	3	9,059	2,217
Gain on sale of Investments		-	250,000
Sale of assets		-	-
Other Income	3	333,779	593,859
Expenses			
Exploration and evaluation expenditure		(1,968,827)	(1,163,122)
Operations - test facility & product development		(2,169,652)	(2,451,227)
Employee benefits expenses and directors fees		(1,101,353)	(1,007,008)
Exploitation costs Sweden		(1,096,094)	(451,844)
Marketing		(264,114)	-
Administration expenses		(849,147)	(682,037)
Depreciation expense		(408,779)	(205,108)
Share based payments	4	(239,095)	(90,067)
FX gain / (loss) realised		(5,468)	(3,129)
Acquisition costs write off		-	3,028
(Loss) before income tax expense		(7,759,691)	(5,204,438)
Income tax expense		-	-
Net (loss) attributable to members of the parent entity		(7,759,691)	(5,204,438)
Other comprehensive income / (loss):			
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Exchange differences on translating foreign operations	4	(61,294)	44,049
Total other comprehensive (loss)/income		(61,294)	44,049
Total comprehensive (loss) for the period		(7,820,985)	(5,160,389)
Total comprehensive (loss) attributable to members of the parent entity		(7,820,985)	(5,160,389)
Basic loss per share (cents per share)	5	(3.5)	(2.4)
Diluted loss per share (cents per share)	5	(3.5)	(2.4)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

TALGA RESOURCES LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		31 December 2019	30 June 2019
	Note	\$	\$
Current Assets			
Cash and cash equivalents		11,032,960	7,666,863
Trade and other receivables		348,124	987,082
Prepayments		236,866	51,149
Total Current Assets		11,617,950	8,705,094
Non-Current Assets			
Other receivables		61,088	51,734
Property, plant and equipment	6	3,374,774	2,595,077
Inventory		23,007	15,476
Exploration and evaluation expenditure		281,884	284,013
Total Non-Current Assets		3,740,753	2,946,300
TOTAL ASSETS		15,358,703	11,651,394
Current Liabilities			
Lease liabilities	6	427,969	-
Trade and other payables		2,218,440	1,889,368
Provisions		285,685	271,568
Total Current Liabilities		2,932,094	2,160,936
Non-Current Liabilities			
Lease liabilities	6	90,663	-
Total Non-Current Liabilities		90,663	-
TOTAL LIABILITIES		3,022,757	2,160,936
NET ASSETS		12,335,946	9,490,458
Equity			
Issued capital	7	64,543,674	54,119,311
Reserves	4	8,415,554	8,237,753
Accumulated losses		(60,623,282)	(52,866,606)
TOTAL EQUITY		12,335,946	9,490,458

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

TALGA RESOURCES LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
At 1 July 2018	46,582,423	(39,931,527)	7,151,309	13,802,205
Comprehensive income:				
Loss after income tax for the period	-	(5,204,438)	4	(5,204,434)
Other comprehensive income for the period	-	-	44,049	44,049
Total comprehensive (loss) for the period	-	(5,204,438)	44,053	(5,160,385)
Transactions with owners in their capacity as owners:				
Issue of listed share and options	7,739,270	-	-	7,739,270
Capital raising costs	(413,532)	-	-	(413,532)
Share based compensation	-	-	90,067	90,067
At 31 December 2018	53,908,161	(45,135,965)	7,285,429	16,057,625
	Issued Capital \$	Accumulated Losses \$	Reserves \$	Total \$
Balance as at 1 July 2019, as previously reported	54,119,311	(52,866,606)	8,237,753	9,490,458
Impact of change in accounting policy		3,015		3,015
Adjusted balances at 1 July 2019	54,119,311	(52,863,591)	8,237,753	9,493,473
Comprehensive income:				
Loss after income tax for the period	-	(7,759,691)	-	(7,759,691)
Other comprehensive loss for the period	-	-	(61,294)	(61,294)
Total comprehensive (loss) for the period	-	(7,759,691)	(61,294)	(7,820,985)
Transactions with owners in their capacity as owners:				
Issue of shares	10,706,781	-	-	10,706,781
Capital raising costs	(282,418)	-	-	(282,418)
Share based compensation	-	-	239,095	239,095
At 31 December 2019	64,543,674	(60,623,282)	8,415,554	12,335,946

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

TALGA RESOURCES LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019 \$	31 December 2018 \$
Cash Flows from Operating Activities		
Receipts from customers	5,225	5,868
Payments for exploration evaluation and exploitation	(1,812,543)	(3,053,942)
Payment for mining	(120,389)	-
Payments to suppliers, contractors and employees	(3,407,857)	(1,016,421)
German operations & UK operations including R&D	(1,726,201)	(1,521,514)
Interest received	14,277	145,352
R&D refunds	336,588	-
Proceeds other - grants	285,160	110,851
Other - tenements	(12,400)	-
Net cash outflows from operating activities	(6,438,140)	(5,329,806)
Cash Flows from Investing Activities		
Purchase of plant and equipment	(424,420)	(389,545)
Proceeds other - sale of investments	-	250,000
Net cash outflows from investing activities	(424,420)	(139,545)
Cash Flows from Financing Activities		
Proceeds from issue of securities	7 9,457,001	7,739,269
Proceeds from exercise of share options	1,250,000	-
Payment for costs of issue of securities	7 (253,120)	(413,532)
Lease Payments	6 (225,224)	-
Net cash outflows from financing activities	10,228,657	7,325,737
Net increase in cash and cash equivalents	3,366,097	1,856,386
Cash and cash equivalents at the beginning of the financial period	7,666,863	11,936,701
Cash and cash equivalents at the end of the financial period	11,032,960	13,793,087

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

The financial report for the parent Talga Resources Ltd and its Controlled Entities, (The "Group") for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 13 March 2020. Talga Resources Ltd is a limited company incorporated in Australia and its shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described on page 4 to 5 of the Directors Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance and basis of accounting

The half-year financial report is a general purpose financial statement, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except where applicable for financial assets that have been measured at fair value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period. All amounts are presented in Australian dollars.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Talga Resources Ltd as at 30 June 2019.

It is also recommended that the half-year financial report be considered together with any public announcements made by Talga Resources Ltd during the half-year ended 31 December 2019 in accordance with the continuous disclosure obligations arising under the Australian Securities Exchange.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2019 annual financial report for the financial year ended 30 June 2019, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

The Group has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. The application of the new and revised Accounting Standards and Interpretation, the right of use assets and corresponding lease liabilities are material and has resulted in the recognition of the right of use assets and corresponding lease liabilities as disclosed in note 6.

(b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except for those as described in Note 2(c) below.

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TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(c) New and Amended Standards Adopted by the Company

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard:

- AASB 16: *Leases*

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 2 (d) below.

(d) Changes in Accounting Policies

This note describes the nature and effect of the adoption of AASB 16: *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in Group's accounting policies, prior year financial statements were required to be restated. However, the Group has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019.

i. Leases

The Group as lessee

At inception of a contract the Group assesses if the contract is a lease or contains a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses a relevant incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

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TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

ii. **Initial Application of AASB 16: Leases**

The Group has adopted AASB 16: **Leases** retrospectively with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019. In accordance with AASB 16, the comparatives for the 2018 reporting period have not been restated.

The Group has recognised a lease liability and right-of-use asset for all leases (with exception of short-term and low value leases) recognised as operating leases under AASB 117: Leases where the Group is a lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured at their carrying values as if AASB 16 Leases had been applied since the commencement date but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019. The right-of-use assets have been recognised in the statement of financial position as at 1 July 2019.

The following practical expedients have been used by the Group in applying AASB 16 Leases for the first time:

- For a portfolio of leases that have been reasonably similar characteristics, a single discount rate has been applied.
- Leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term lease.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4%.

3. REVENUE AND OTHER INCOME

	31 December 2019	31 December 2018
	\$	\$
Revenue from ordinary activities	9,059	2,217
Interest revenue	16,393	185,847
Rental income - sub lease	19,676	5,897
Government Grants	297,710	356,955
Gain on sale of investment	-	250,000
Refund	-	45,160
Total revenue and other income	342,838	846,076

TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

4. RESERVES

	6 months ended 31 December 2019 \$	12 months ended 30 June 2019 \$
(a) LISTED OPTION RESERVE		
Balance 30 June 2019	861,105	861,105
Movement during the period	-	-
Balance 31 December 2019	861,105	861,105
	6 months ended 31 December 2019 \$	12 months ended 30 June 2019 \$
(b) UNLISTED OPTION RESERVE		
Balance at the start of the financial year	7,510,335	6,335,467
Share based payment for options	239,095	1,174,868
Balance at the end of the period	7,749,430	7,510,335

The option reserve records funds received for options issued and items recognised as expenses on valuation of share options issued. The option reserve is also used to recognise the fair value of Management Incentive Plan Shares issued with an attaching limited recourse employee loan which for accounting purposes are treated as options.

	6 months ended 31 December 2019 \$	12 months ended 30 June 2019 \$
(c) FOREIGN CURRENCY RESERVE		
Balance at the beginning of the period	(133,687)	(45,263)
Movement during the period	(61,294)	(88,424)
Balance at the end of the period	(194,981)	(133,687)
Total Reserves	8,415,554	8,237,753

5. LOSS PER SHARE

	31 December 2019 \$	31 December 2018 \$
Net loss after income tax attributable to members of the Group	(7,759,691)	(5,204,438)
	Number	Number
Weighted average number of shares on issue during the financial period used in the calculation of basic loss per share	224,805,253	217,235,206

This calculation does not include shares under option that could potentially dilute basic earnings per share in the future as the Group has incurred a loss for the period.

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TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT

	31 December 2019 \$	30 June 2019 \$
(a) Plant and equipment		
Plant and equipment at cost	4,585,620	3,389,347
Less: accumulated depreciation	(1,210,846)	(794,270)
Total plant and equipment	3,374,774	2,595,077
Balance at the beginning of the financial year	2,595,077	1,815,734
Additions	399,412	1,194,778
Disposals/write offs	-	-
Depreciation expense	(196,382)	(436,457)
Effect of foreign currency exchange differences	56,228	21,022
Balance at the end of the period	2,854,335	2,595,077
(b) Construction in progress	-	-
Balance at the beginning of the financial year	-	606,486
Additions	-	(606,486)
Balance at the end of the period	-	-
(c) Goods in transit	-	-
Balance at the beginning of the financial year	-	198,249
Additions	-	(198,249)
Balance at the end of the period	-	-
(d) Right of use assets		
Balance at the beginning of the financial year		-
Right of Use Assets at Cost	936,661	-
Less accumulated depreciation	(416,222)	-
Balance at the end of the period	520,439	-
Right of Use Assets at Cost		
On initial recognition at 1st July 2019		
Initial recognition	936,661	-
Balance at the end of the period	936,661	-
Right of Use Assets Accumulated Depreciation		
On initial recognition at 1st July 2019	(203,825)	-
Depreciation expense	(212,397)	-
Balance at the end of the period	(416,222)	-
Balance of Right Of Use Assets at the end of the period	520,439	-
Total property, plant and equipment	3,374,774	2,595,077
Liabilities at the end of period in the relation to right of use assets are:		
Current Lease Liability	427,969	-
Non-Current Lease Liability	90,663	-
Amounts recognised in statement of profit or loss for the period in the relation to right of use assets and lease liabilities are:		
Depreciation Right of Use Assets	212,397	-
Interest Expenses	12,827	-

The lease payments totalling \$225,224 during the period are recorded in the statement of cashflow.

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TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

7. ISSUED CAPITAL

Issued and Fully Paid

	31 December 2019 Number	31 December 2019 \$	30 June 2019 Number	30 June 2019 \$
Fully Paid Ordinary Shares	243,649,133	64,543,674	218,756,450	54,119,311

The balance at 30 June included \$10,000 for which shares had not been issued at the balance date.

Movement Reconciliation

ORDINARY SHARES	Date	Quantity	Issue Price \$	\$
Balance 30 June 2019		218,756,450		54,119,311
Option exercise and share issue	04/07/2019	952,380	0.42	400,000
Option exercise and share issue	04/07/2019	250,000	0.35	87,500
Option exercise and share issue	05/07/2019	23,810	**	**
Option exercise and share issue	08/07/2019	23,810	0.42	10,000
Option exercise and share issue	24/07/2019	400,000	0.35	140,000
Option exercise and share issue	25/07/2019	710,000	0.35	248,500
Option exercise and share issue	26/07/2019	150,000	0.35	52,500
Option exercise and share issue	29/07/2019	890,000	0.35	311,500
Placement of shares	21/11/2019	7,386,365	0.44	3,250,000
Share purchase plan – share issue	13/12/2019	14,106,318	0.44	6,206,780
Less transaction costs				(282,417)
Balance 31 December 2019		243,649,133		64,543,674

**Funds received in prior year

8. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The term 'chief operating decision maker' identifies a function, not necessarily a manager with a specific title. That function is to allocate resources to and assess the performance of the operating segments of an entity. The Company's Board is the chief operating decision maker as it relates to segment reporting.

The Group has four operating and geographical segments, being exploration and development (graphite focus with interests in copper, cobalt and vanadium) in Sweden and graphite/graphene research and development in Germany and the United Kingdom as well as Group corporate activities in Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

(i) SEGMENT PERFORMANCE

	Sweden	Germany	UK	Australia	Total
	\$	\$	\$	\$	\$
Half-year ended 31 December 2019					
Revenues from ordinary activities	-	-	9,059	-	9,059
Other income	-	99,284	218,117	16,378	333,779
Total segment revenue	-	99,284	227,176	16,378	342,838
Segment expense (including write offs)	(3,188,997)	(1,524,924)	(1,154,040)	(2,234,568)	(8,102,529)
Reconciliation of segment result to net loss before tax					
Segment Result					(7,759,691)
Unallocated items:					-
Net loss before tax from continuing operations					(7,759,691)

	Sweden	Germany	UK	Australia	Total
	\$	\$	\$	\$	\$
Half-year ended 31 December 2018					
Revenues from ordinary activities	-	-	-	2,217	2,217
Other income	-	51,057	356,969	435,833	843,859
Total segment revenue	-	51,057	356,969	438,050	846,076
Segment expense (including write offs)	(1,310,672)	(1,428,017)	(1,344,644)	(1,967,181)	(6,050,514)
Reconciliation of segment result to net loss before tax					
Unallocated items:					-
Net loss before tax from continuing operations					(5,204,438)

(ii) SEGMENT ASSETS

	Sweden	Germany	UK	Australia	Total
	\$	\$	\$	\$	\$
As At 31 Dec 2019					
Segment assets as at 1 July 2019	659,495	2,561,186	925,230	7,505,483	11,651,394
Segment asset period increases/(decreases):					
- Cash and cash equivalents	(18,621)	71,446	123,643	3,189,629	3,366,097
- Inventory	-	7,531	-	-	7,531
- Property, plant and equipment	37,385	369,060	355,043	18,210	779,698
- Exploration and evaluation expenditure	(2,129)	-	-	-	(2,129)
- Other	53,357	(103,887)	(421,288)	27,930	(443,888)
	729,487	2,905,336	982,628	10,741,252	15,358,703

Reconciliation of segment assets to total assets	-
Total assets from continuing operations	15,358,703

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TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Sweden	Germany	UK	Australia	Total
	\$	\$	\$	\$	\$
As at 30 June 2019					
Segment assets as at 1 July 2018	461,370	2,676,160	438,090	11,655,251	15,230,871
Segment asset increases/(decreases) for the year:					
- Cash and cash equivalents	82,969	(151,649)	(30,342)	(4,170,816)	(4,269,838)
- Inventory	-	15,476	-	-	15,476
- Plant and equipment	24,045	(49,129)	(164)	(144)	(25,392)
- Exploration and evaluation expenditure	5,942	-	-	-	5,942
- Other	85,169	70,328	517,646	21,192	694,335
	659,495	2,561,186	925,230	7,505,483	11,651,394
Reconciliation of segment assets to total assets					-
Total assets from continuing operations					11,651,394

(iii) SEGMENT LIABILITIES

	Sweden	Germany	UK	Australia	Total
	\$	\$	\$	\$	\$
As At 31 December 2019					
Segment liabilities as at 31 December 2019	1,747,534	219,957	447,095	608,171	3,022,757
Reconciliation of segment liabilities to total liabilities					-
Total liabilities from continuing operations					3,022,757

	Sweden	Germany	UK	Australia	Total
	\$	\$	\$	\$	\$
As At 30 June 2019					
Segment liabilities as at 30 June 2018	729,402	334,667	282,339	814,528	2,160,936
Reconciliation of segment liabilities to total liabilities					-
Total liabilities from continuing operations					2,160,936

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**TALGA RESOURCES LTD
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

9. SUBSEQUENT EVENTS

There has not been any other matter or circumstance occurring subsequent to the end of the period that has significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

10. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 31 December 2019.

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**TALGA RESOURCES LTD
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

In accordance with a resolution of the directors of Talga Resources Ltd, I state that:

In the opinion of the directors:

- (a) the financial statements and notes as set out on pages 8 to 20 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2019 and of the performance for the half-year ended on that date of the Consolidated entity; and
 - (ii) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board



Mark Thompson
Managing Director
Perth, Western Australia
13 March 2020

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
TALGA RESOURCES LTD**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Talga Resources Ltd, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Talga Resources Ltd (the consolidated entity). The consolidated entity comprises both Talga Resources Ltd (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Talga Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Talga Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Talga Resources Ltd on 13 March 2020.

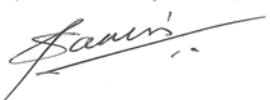
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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Talga Resources Ltd is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


Samir Tirodkar
Director

West Perth, Western Australia
13 March 2020

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