

SQM to join Talga in Swedish lithium project

- Earn-in Agreement signed with SQM, world-leading lithium miner and producer, over Talga's 100% owned Aero Lithium Project located ~30km east of Gällivare in northern Sweden
- SQM can earn up to 70% interest in Aero JV in stages for total US\$19.0m expenditure
- Talga to manage project during earn-in period and retain 100% graphite rights

Battery materials and technology company Talga Group Ltd ("**Talga**" or "**the Company**") (ASX:TLG) is pleased to announce that it has entered into an Earn-in Agreement ("**Agreement**") with world-leading lithium miner and producer Sociedad Química y Minera de Chile S.A. (via its subsidiary SQM Australia Pty Ltd) ("**SQM**") (NYSE:SQM; SSE:SQM-B, SQM-A), over Talga's Aero Lithium Project ("**Aero**") in Sweden.

Under the binding Agreement, Talga has granted SQM the right to sole fund exploration expenditure of up to US\$19.0m over the next 7 years on Aero for up to a 70% ownership interest in the project. Talga also will be paid a management fee for each stage of the potential earn-in arrangement, and a success fee if a decision to mine on Aero is made. Talga retains all rights and obligations in relation to graphite minerals within Aero.

SQM has completed extensive due diligence on Aero including site visits, and under the Agreement the parties may agree to collaborate on potential new lithium areas and projects in Sweden. The Agreement is subject to Swedish foreign direct investment clearance. Key terms of the Agreement are set out in Schedule 1 to this announcement.

Project background

Aero forms part of Talga's suite of battery metal assets separate to its advanced stage Li-ion battery graphite anode business ("**Vittangi Anode Project**"). Aero covers 270km² area south and east from Gällivare where Talga has found lithium-prospective pegmatites over ~50km total strike with surface sample results up to 1.9% Li₂O (ASX:TLG 29 August 2023). Lithium is classified as a strategic raw material and subject to domestic extraction targets under the EU Critical Raw Materials Act.

Talga Managing Director, Mark Thompson, commented: *"We are delighted to partner with SQM on our Aero lithium project in Sweden, which provides an important chance to build a European lithium supply for the green transition and EU localisation objectives. As one of the few potentially large-scale lithium hard rock opportunities in Europe, Aero might be significant to the region's battery and electric vehicle industry."*

SQM International Lithium division CEO, Mark Fones, commented: *"We are pleased to enter into this agreement, which represents our dedicated efforts to build a global and competitive lithium asset portfolio. Expanding into new and promising jurisdictions, such as Sweden, has been a strategic goal for us, and partnering with Talga, who has demonstrated expertise in the region, further enhances this achievement."*

Schedule 1 – Key terms of the Earn-In Agreement between Talga and SQM are:

- Subject to receipt of Swedish foreign direct investment clearance, Talga has granted SQM the right to sole fund exploration expenditure of up to US\$19.0m over the next 7 years on Aero for up to a 70% ownership interest.
- SQM's interest can be earned as follows:
 - First Earn-In (Talga 70% and SQM 30%) US\$4.0m over initial 3-year period;
 - Second Earn-in (Talga 49% and SQM 51%) US\$5.0m over subsequent 2-year period;
 - Third Earn-in (Talga 30% and SQM 70%) US\$10.0m over subsequent 2-year period; and
 - a contingent success fee if SQM completes the Third Earn-in and the Joint Venture makes a decision to mine, calculated in accordance with the lithium content of the JORC compliant ore reserve.
- Talga and SQM to establish a Technical Committee to determine operations and exploration activities.
- SQM must expend at least US\$1.0m before it is entitled to withdraw from the earn-in.
- Talga will be the initial Manager and receive customary management fees.
- After completion of the earn-in period, the parties must contribute expenditure in proportion to their participating interest or dilute in accordance with customary joint venture terms. Where a party's interest dilutes to under 10%, its interest will be converted into a 1.5% net smelter return royalty.
- Talga and the Joint Venture company have entered into a deed whereby all rights and obligations in relation to graphite are granted to Talga, as well as other customary terms including co-operation and co-ordination of the parties' activities.
- There are certain rights of first offer in respect of the sale of a party's interest in the Joint Venture, as well as change of control restrictions and the option for a non-defaulting party to buy out a defaulting party on customary joint venture terms.
- The Agreement contains other customary terms for agreements of this nature, including in relation to assignment, dispute resolution and obligations to comply with laws.

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

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About Talga

Talga Group Ltd (ASX:TLG) is a leader in the development of sustainable battery materials. Via innovative technology and vertical integration of our 100% owned Swedish graphite resources, Talga offers a secure supply of products critical to the green transition.

Talga's flagship product, Talnode[®]-C, is a natural graphite anode material made using renewable energy for a low emissions footprint. Battery materials under development include an advanced silicon anode product and conductive additives for cathodes. Website: www.talgagroup.com

Competent person statement

The Information in this announcement that relates to prior exploration results for the Aero Lithium Project is extracted from ASX announcements available to view on the Company's website at www.talgagroup.com. The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in the relevant original market announcements. The Company confirms that the form and context in which the Competent Person and Qualified Person's findings are presented have not been materially modified from the relevant original market announcements.

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.

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