



20th December 2013

COMPANY SNAPSHOT

Board of Directors

Alan Senior
Non-Executive Chairman

Gary Lethridge
Managing Director

Graeme Cameron
Technical Director

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Capital Structure

Shares on Issue:
131,538,627 (TLM)

Options on Issue:
9,050,000 (Unlisted)

ASX: TLM

Talisman Secures \$15M Joint Venture Farm-in Agreement with Sandfire

Bryah Basin neighbours join forces to unlock new copper-gold discoveries across Talisman's Doolgunna Projects

Key Points

- Talisman signs a Letter Agreement to permit Sandfire to farm-in to its interests in the Springfield, Halloween and Halloween West Projects
- Sandfire can earn up to 70% of Talisman's interest in its Doolgunna Copper-Gold Projects, by spending a minimum of \$15M on exploration over 5½ years
- Sandfire has a minimum expenditure commitment of \$5M within 2 years
- Springfield is located immediately along strike from Sandfire's world-class DeGrussa Copper-Gold mine
- Potential to unlock a new generation of discoveries by combining Sandfire's extensive geological knowledge (gained from the discovery and development of DeGrussa) and exploration funding and Talisman's extensive Doolgunna datasets

Talisman Mining Ltd (ASX: TLM) is pleased to announce that it has secured the involvement of leading Australian copper producer Sandfire Resources NL (ASX: SFR) in the next phase of exploration of its Doolgunna copper-gold projects through a landmark **\$15 million** farm-in exploration joint venture.

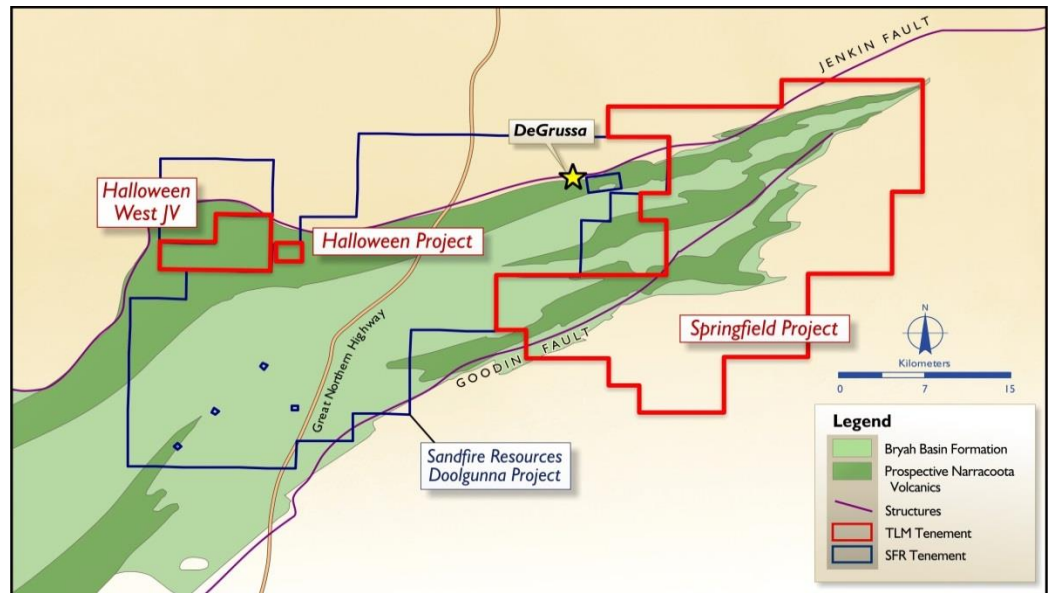


Figure 1 – Talisman's Doolgunna Copper-Gold Projects subject to the \$15M Joint Venture with Sandfire



The Letter Agreement, which covers Talisman's interests in the Springfield, Halloween and Halloween West Projects (see **Figure 1**), marks the beginning of an important new period of exploration activity across the Company's Doolgunna portfolio.

The exploration farm-in will enable the two companies to work together to accelerate exploration activities targeting copper-gold discoveries at these projects.

Doolgunna Projects – Background

Talisman has invested more than \$20 million exploring its Doolgunna Projects over the past four years. During this time, it has assembled a comprehensive geo-scientific database which has facilitated the identification of a series of high-quality copper-gold exploration targets, especially across the Springfield Project and within the interpreted extension of the DeGrussa mine corridor (sees **Figure 2**).

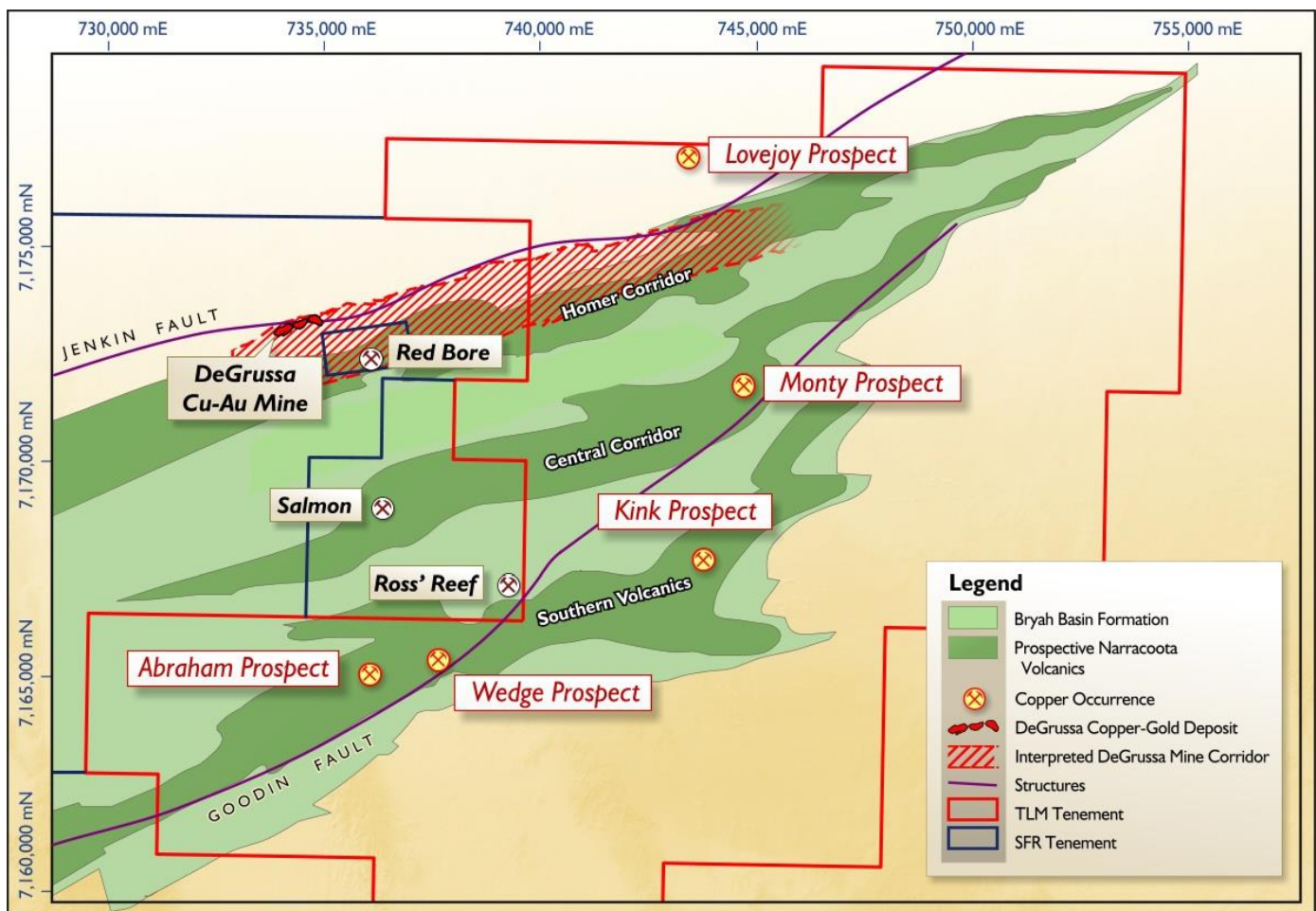


Figure 2 – Springfield Project simplified geology showing the interpreted DeGrussa Mine Corridor

The two companies believe that the application of Sandfire's extensive regional geological knowledge base and funding capacity combined with Talisman's local geological knowledge and strategic ground position has the potential to unlock a new generation of copper-gold discoveries within the Doolgunna region.



Key Agreement Terms

Talisman and Sandfire Resources Limited have entered into a Letter Agreement which grants Sandfire the right to farm into Talisman's wholly-owned Springfield and Halloween Projects, as well as its joint venture rights over the Halloween West Project (Talisman's Doolgunna Copper-Gold Projects).

The key commercial terms of the Letter Agreement are as follows:

- Sandfire has the right to earn a 70% ownership interest in Talisman's interests in the Doolgunna Copper-Gold Projects by spending \$15 million on exploration across the Doolgunna Projects within 5½ years of the date of the Letter Agreement, subject to any statutory approvals that may be required.
- Sandfire has a minimum expenditure commitment of \$5 million within the first two years before it can elect to either:
 - i. withdraw from the agreement with no further commitment and no project equity interest; or
 - ii. spend an additional \$5 million (for a total of \$10 million) within a further 2-year period (total 4 years) in order to earn a 51% interest in the Doolgunna Copper-Gold Projects (First Interest).
- After Sandfire acquires the First Interest, a Joint Venture will be formed between Sandfire and Talisman, with Sandfire holding a 51% interest and Talisman a 49% interest, in Talisman's current rights and interests in Talisman's Doolgunna Copper-Gold Projects
- At that time Sandfire then has the option to sole fund a further \$5 million (for a total of \$15 million) on exploration expenditure within a further 18 month period in order to acquire a further 19% (Second Interest) in Talisman's current rights and interests in Talisman's Doolgunna Copper-Gold Projects, thereby taking its total interest to 70%.
- If Sandfire gives a notice ceasing sole funding prior to acquiring the Second Interest it shall be deemed to have earned a 51% interest (with Talisman retaining a 49% interest) and the exploration joint venture will then be operated on a pro rata contributing basis or under standard industry dilution terms.
- Should Sandfire elect to earn the Second Interest by spending a minimum of \$15 million in total and thereby hold a 70% joint venture interest, Talisman will have the right to maintain its 30% interest by contributing to exploration expenditure on a pro rata basis or dilute under industry standard terms.
- Sandfire will manage all exploration activities during the farm-in period.
- Sandfire's right to farm into Talisman's joint venture rights over the Halloween West Project is subject to the terms of the existing joint venture arrangements (with Chrysalis Resources Limited - ASX: CYS) in respect of that Project.

Talisman's Managing Director, Mr Gary Lethridge, said the agreement with Sandfire provided a unique opportunity to forge a strong partnership in the Bryah Basin building on two of the most extensive exploration initiatives ever undertaken in the region.



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ASX Code: TLM \$15M Doolgunna Farm-in with Sandfire



“This is a very exciting opportunity to unlock the synergies that exist between our two exploration teams and to create genuine win-win outcomes for our shareholders by combining two sets of data, two sets of ideas and two complementary ground packages,” Mr Lethridge said.

“With its annual \$20 million commitment to exploration at Doolgunna, Sandfire is the dominant player in exploration within the Bryah Basin, with a vast knowledge base and skill-set developed from hands-on experience at the coalface of the DeGrussa Copper Mine.

“At Talisman, we have invested over \$20 million in recent years to build one of the most comprehensive exploration databases in the region. This farm-in creates an opportunity to bring Sandfire’s knowledge and experience to bear along with its funding capacity as a copper producer to underpin the next phase of exploration of our Doolgunna tenements.

“From Talisman’s perspective, it is envisaged that exploration success will deliver a significant return to our shareholders from what could be a high-value, high-grade discovery similar to DeGrussa, while at the same time providing us with an immediate pathway to production through our partnership with Sandfire, which has an operating 1.5Mtpa mill at DeGrussa.

“We retain our interests in our other Bryah Basin projects (including the Livingstone, Shelby, Milgun, and Muddawerrie Projects) and with our strong financial position will look to pursuing new business development opportunities; both in the region and further afield.

“We are very much looking forward to working with the Sandfire team as we enter this new exciting chapter in our growth.”

ENDS

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Competent Persons’ Statement

Information in this ASX release that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Graeme Cameron, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Graeme Cameron is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australian Code for Reporting of Mineral Resources and Ore Reserves”. Mr Graeme Cameron consents to the inclusion in this report of the matters based on information in the form and context in which it appear.



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Appendix 1 – Talisman Mining Ltd Project locations

