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**TALISMAN
MINING LIMITED**

ASX Code: TLM

Monty: A High-Grade Development with Outstanding Returns

Monty Project (Springfield Joint Venture) Feasibility Study Results, April 2017

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Advanced projects in Western Australia

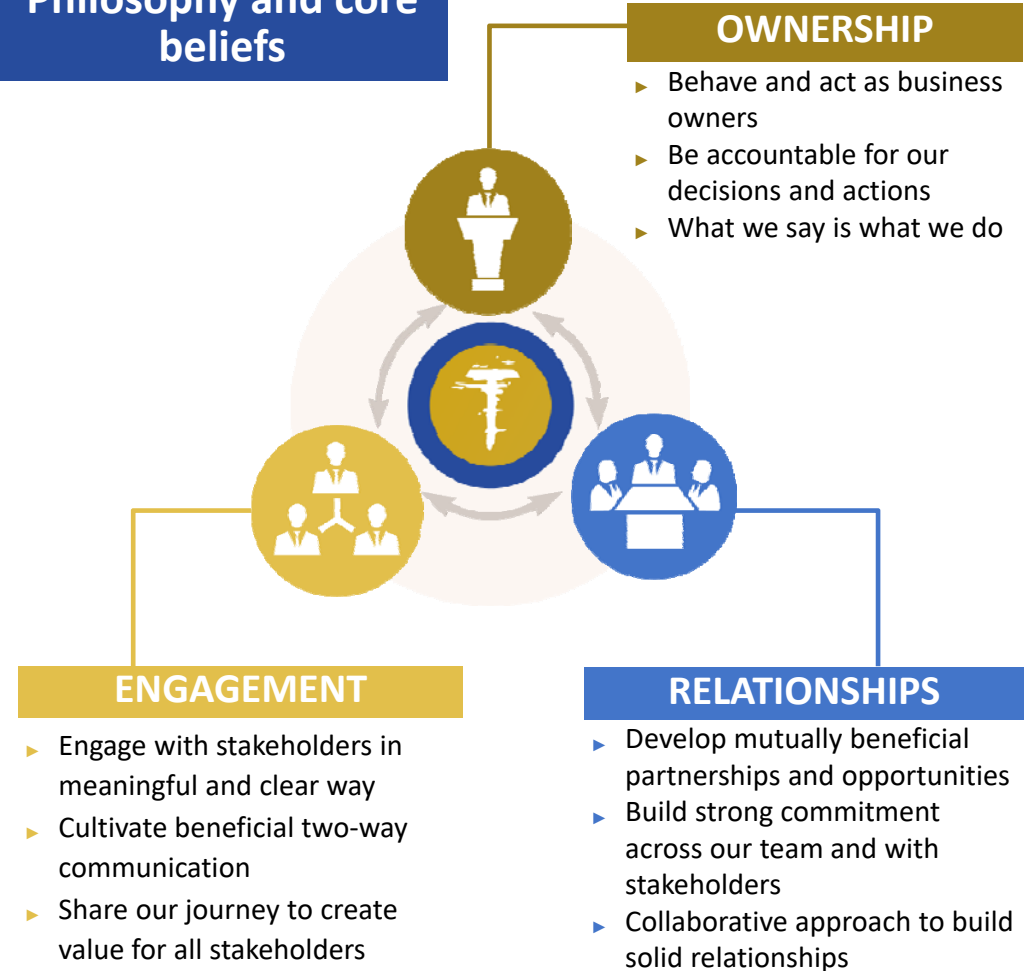
30% interest in Springfield Cu-Au Joint Venture

- ▶ High grade Monty deposit located 10km from DeGrussa
- ▶ Monty FS complete with outstanding forecast returns
- ▶ TLM Board approval to proceed to development
- ▶ First production targeted December quarter 2018
- ▶ Located in proven world-class VMS province with multiple prospective corridors and ongoing exploration

100% owned Sinclair Nickel Project

- ▶ Extensive tenement holding in fertile nickel belt with potential to host significant deposits
- ▶ Multiple near-mine and regional exploration opportunities
 - *Sinclair extension, Skye/Stirling, Delphi Nth (incl. 9m @ 4.2% Ni)*
- ▶ Extensive infrastructure including processing plant with potential fast-track route to production

Philosophy and core beliefs





“Maximise value to shareholders through exploration, discovery and development of complementary opportunities in base and precious metals”.

Experienced and diverse Executive Team and Board

Dan Madden – Managing Director

- ▶ +15 years experience across base and precious metals from exploration to operations

Tony Greenaway – General Manager Geology

- ▶ +25 years base and precious metal exploration experience from grass roots evaluation to advanced feasibility studies

Shaun Vokes – Chief Financial Officer and Company Secretary

- ▶ +25 years experience in senior commercial and financial roles from project evaluation to financing and metals marketing

Ben Wilson – General Manager, Project Development

- ▶ +20 years experience across multiple commodities from project evaluation to management of mining operations

Capital Structure

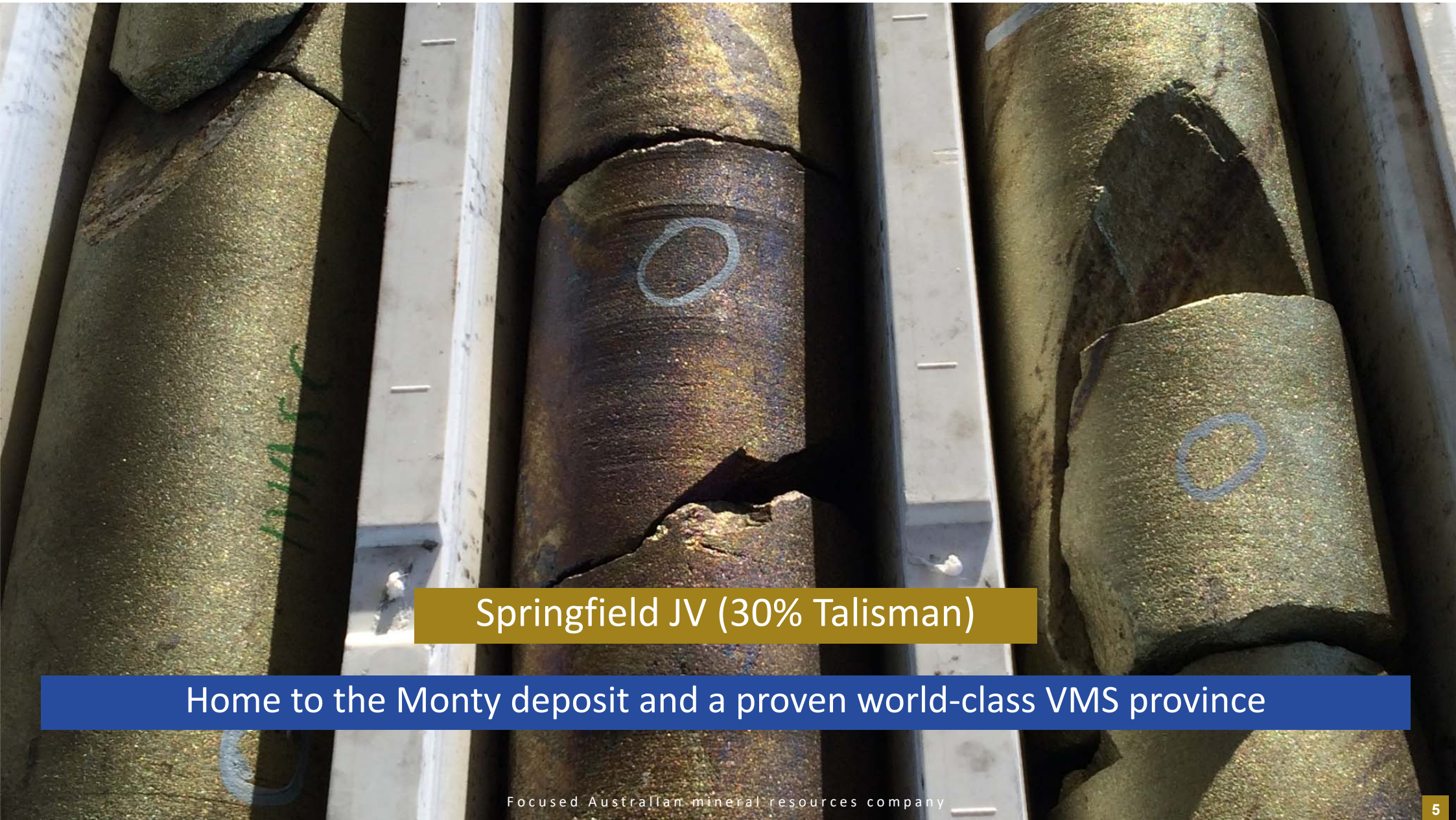
Shares on Issue	185.7M
Unlisted Options	10.5M
Market Capitalisation (at 38c)	~A\$70M
Cash (31 Dec 2016)	A\$16M

Substantial Shareholders

Kerry Harmanis	16.0%
Hunter Hall	13.1%

Board

Jeremy Kirkwood (Non-Exec. Chair)	Investment Banking, Corporate Strategy
Daniel Madden (MD)	Financial and Resources Background
Karen Gadsby (NED)	Finance, Commercial & Board Experience
Brian Dawes (NED)	Operational Executive
Alan Senior (NED)	Resources Project Development



Springfield JV (30% Talisman)

Home to the Monty deposit and a proven world-class VMS province

Springfield Cu-Au Joint Venture

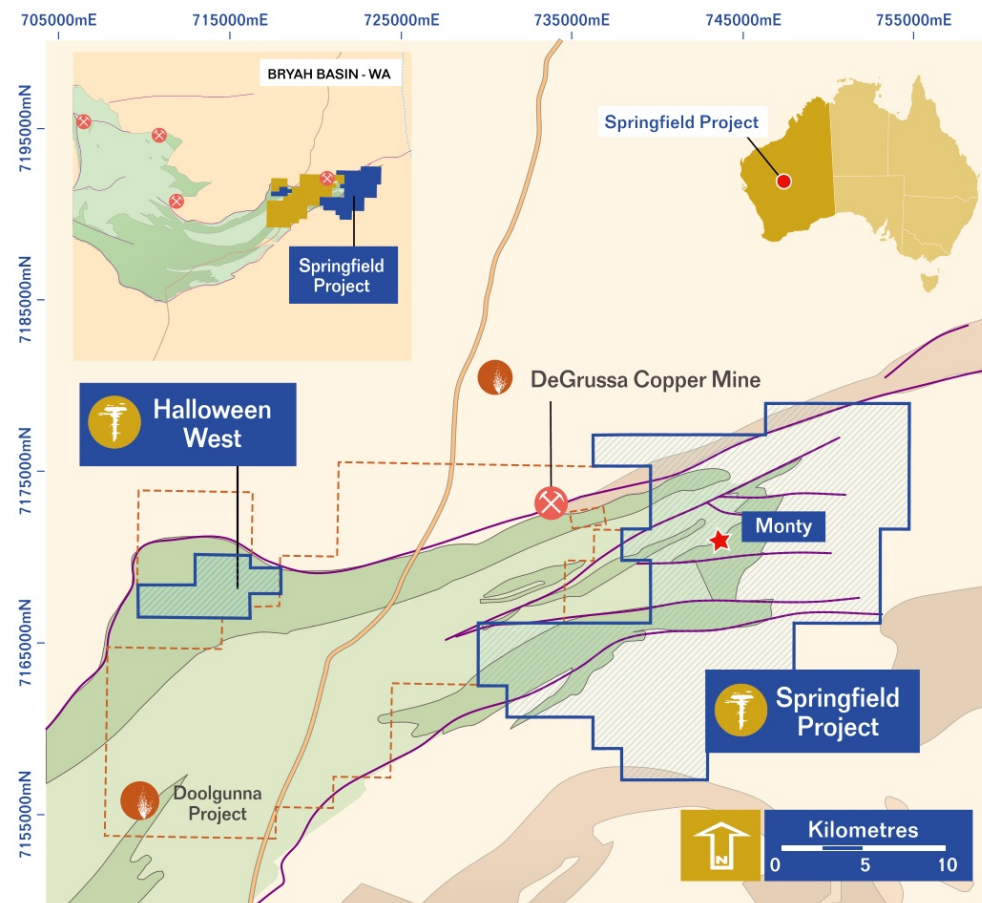


Monty provides tremendous confidence in the exceptional exploration potential of the Springfield JV

- ▶ Talisman 30% interest in JV with Sandfire Resources (70%)
- ▶ Located in the eastern part of the Bryah Basin
- ▶ Proven world-class VMS province and geological model
- ▶ Multiple VMS horizons are the key areas of exploration focus
- ▶ High-grade Mineral Resource estimate¹
 - ▶ 1.05Mt at 9.4% Cu & 1.6g/t Au (99kt Cu & 55koz Au cont.)
 - ▶ Massive Sulphide component = 763kt at 12.1% Cu & 2.1g/t Au



¹ Refer to Appendix 1, Note i

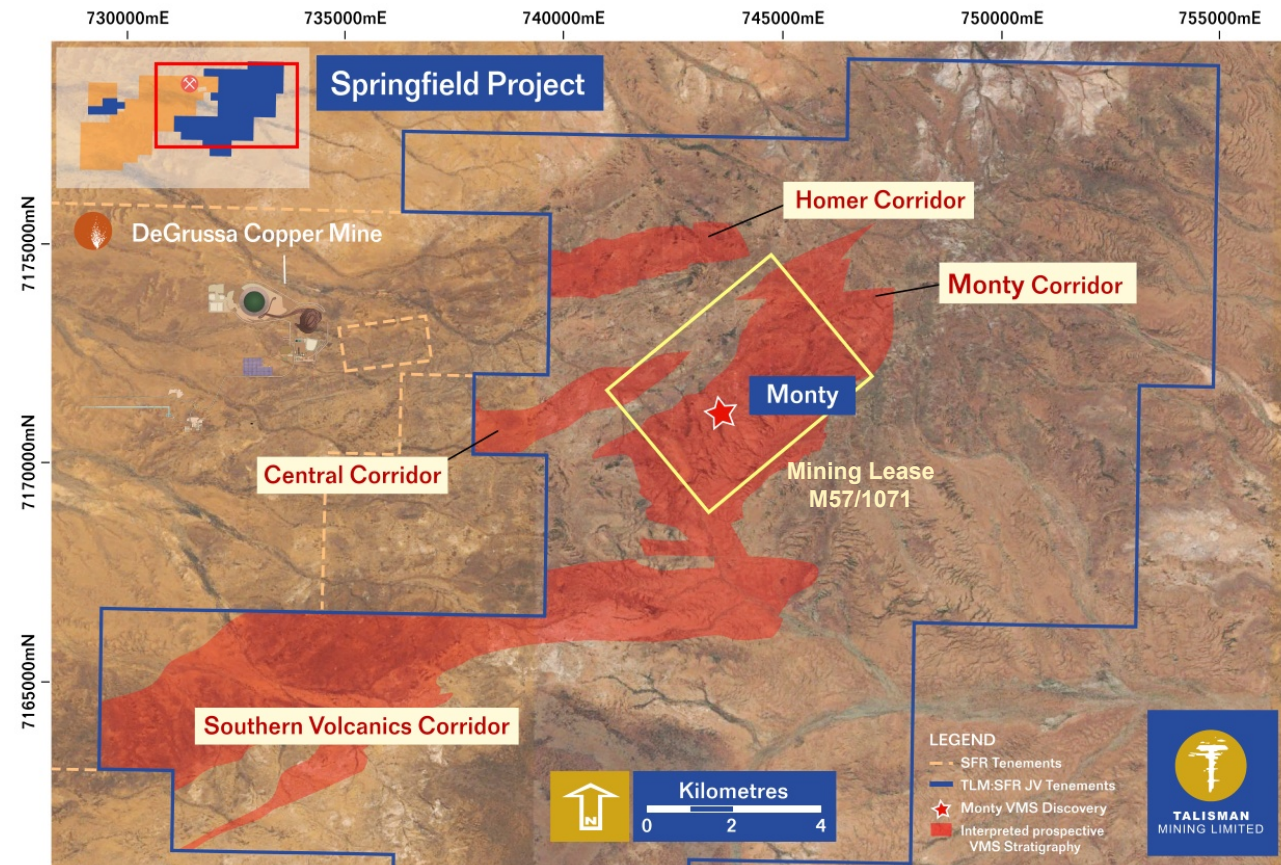


The Monty Project: High grade, high value



One of the highest grade copper deposits discovered globally in the last 20 years

- ▶ Fast-tracked towards development
 - ▶ Discovery hole released – June 2015
 - ▶ Initial Resource Estimate – April 2016
 - ▶ Mining Lease granted by DMP – March 2017
 - ▶ Feasibility Study (FS) completed – April 2017
- ▶ Development approval from TLM Board
 - ▶ Plan to debt fund up to 100% of A\$22M share of upfront capital
 - ▶ In final discussions with a short list of potential financiers
- ▶ Initial project early-works expenditure approved
- ▶ Targeted first production from Monty in 4Q CY2018
- ▶ Sandfire has proven project developer and operator pedigree



Key Monty Feasibility Study outcomes (TLM 30% basis)



Low capital and low risk development pathway with outstanding forecast returns

- ▶ Feasibility Study conducted by Sandfire and leading technical consultants
- ▶ Monty a technically sound and highly financially viable underground project with outstanding projected returns
- ▶ Signed agreements to allow JV mining and ore sales to Sandfire for treatment through existing DeGrussa plant

Initial ore production life =
30 months

Total payable production =
19.9kt copper and 5.7koz gold

Forecast pre-tax free cash flow =
A\$64M

Pre-production capital cost =
A\$22M

Notional C1 cash cost =
A\$1.56/lb payable Cu
(USD \$1.13/lb)

Notional AISC =
A\$1.90/lb payable Cu
(USD \$1.37)

Pre-tax NPV (8% discount rate) =
A\$46M

Pre-tax IRR =
78%

Payback period (from 1st prod.) =
17 months

Maiden Monty Ore Reserve² estimate

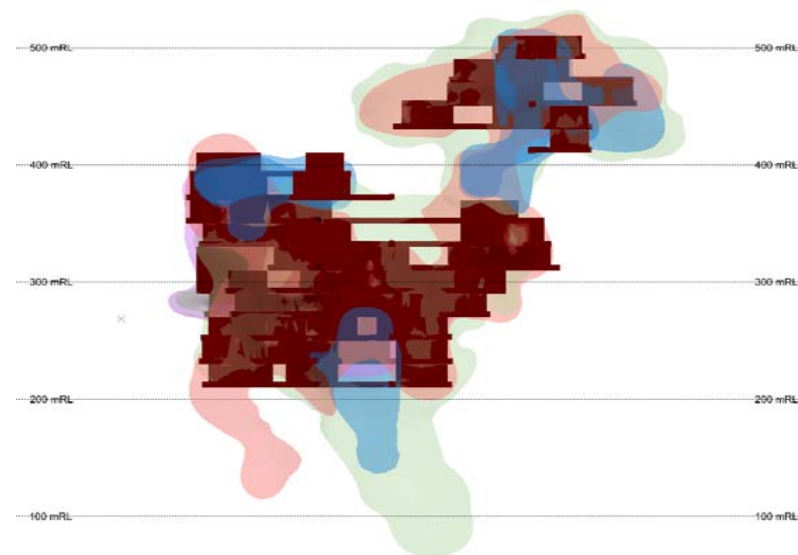


Exceptionally high grade underground copper-gold Ore Reserve

- ▶ Maiden Ore Reserve² of **920kt @ 8.7% Cu & 1.4g/t Au (100%)**
 - ▶ Based on April 2016 Mineral Resource Estimate
- ▶ **TLM 30% share Ore Reserve = 280kt @ 8.7% Cu & 1.4g/t Au**
 - ▶ Attributable contained metal of **24kt copper and 13koz gold**
- ▶ Represents resource conversion of approx. 88% of tonnes and 82% of contained copper
 - ▶ Strong result given narrower orebody sections and stacked lenses with varying separation
- ▶ Monty Ore Reserve includes Upper Zone (UZ)
 - ▶ Current mine plan excludes UZ as marginal positive economics
 - ▶ UZ extraction an opportunity to be reassessed upon grade control drilling providing further clarity
- ▶ Lower Zone (LZ) growth potential with grade control drilling
 - ▶ For example, DeGrussa Conductor 5 resource has grown by approx. 60% in contained copper since maiden resource³

Monty Ore Reserve as at 31 March 2017

Deposit	Reserve Category	Tonnes (t)	Copper (%)	Gold (g/t)	Cont. Cu (t)	Cont. Au (oz)
Monty (100% basis)	Proved	-	-	-	-	-
	Probable	920,000	8.7	1.4	80,000	42,000
	Total	920,000	8.7	1.4	80,000	42,000



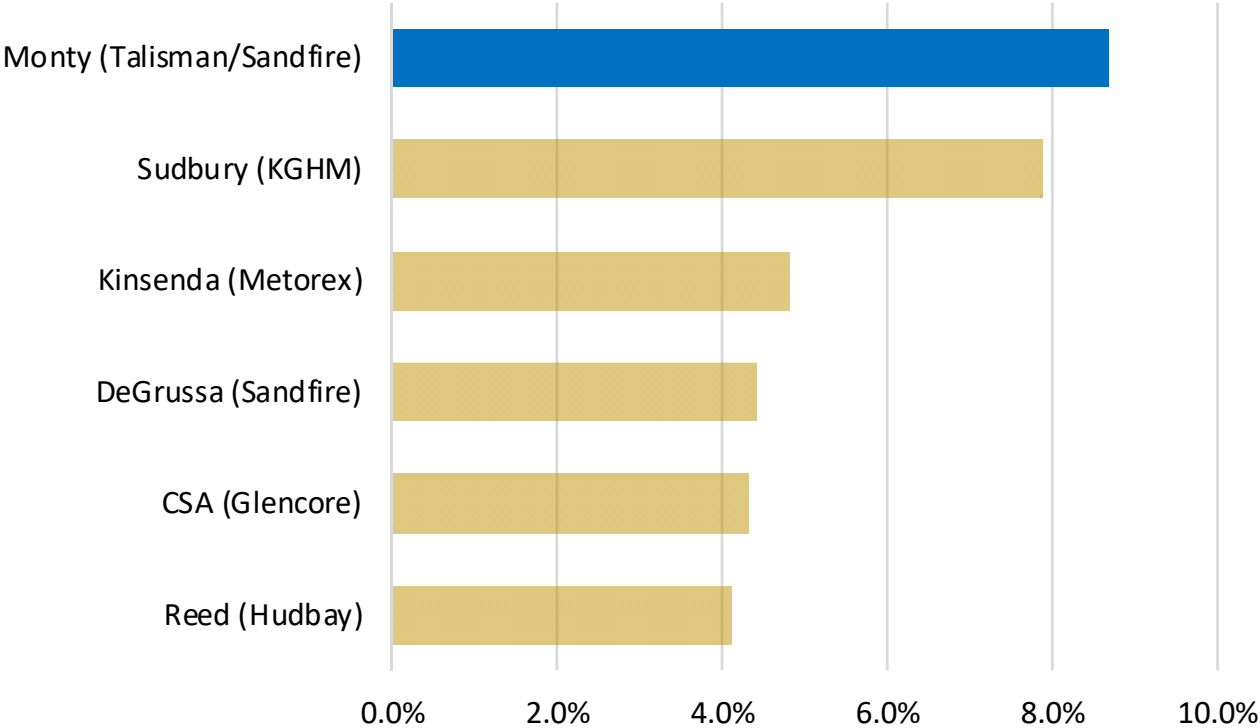
² Refer to Appendix 1, Note ii

³ SFR Announcements "DeGrussa resource jumps to 600,000 tonnes of copper and 660,000 ounces of gold" 3 Sept. 2010 And "DeGrussa mine plan, mineral resource and ore reserve update" 14 April 2016
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Monty set to be amongst the highest grade copper mines globally

Copper grade (Cu%) for high grade underground copper mines globally



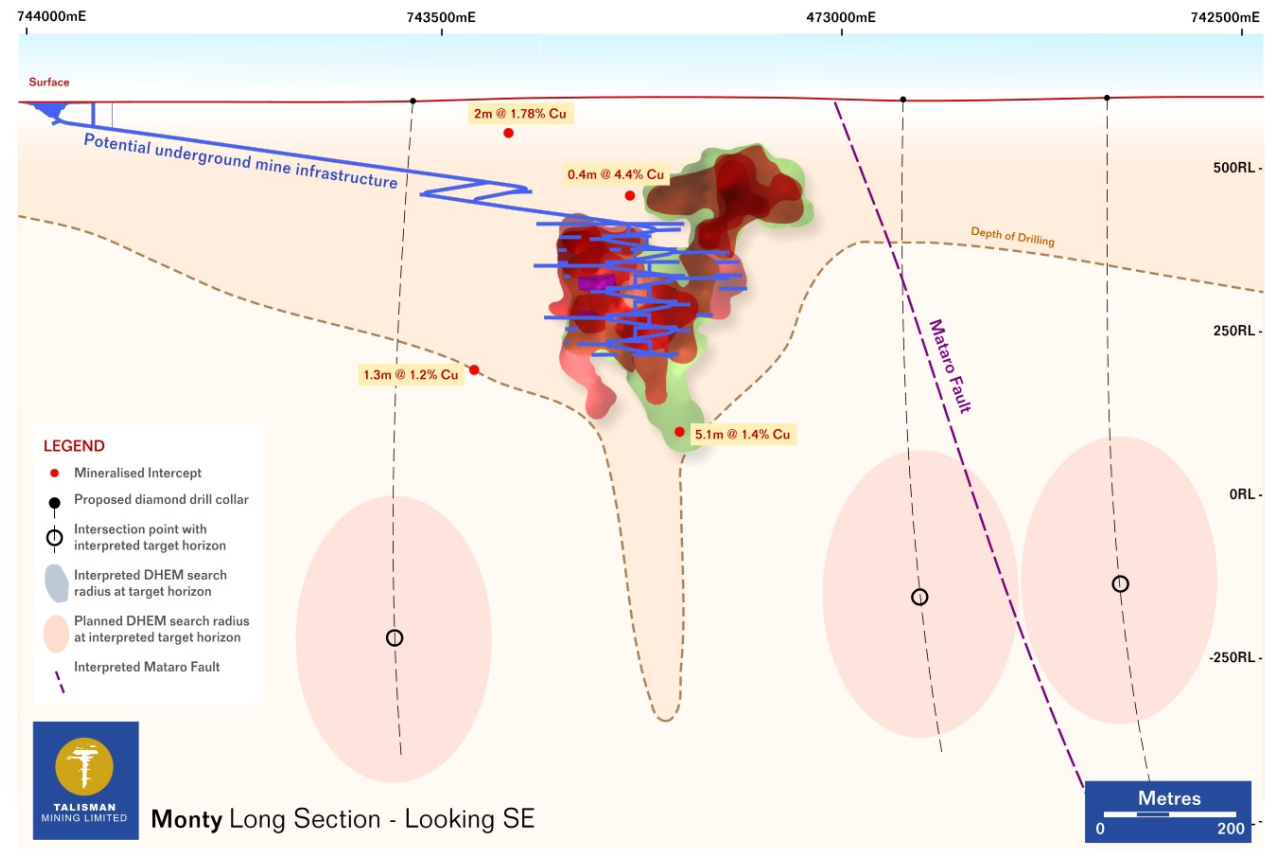
Source: www.mining.com, February 2017

Strong upside potential for Monty mineral inventory



Targeting additional mineralisation in Monty near mine environment

- ▶ Significant untested potential for further mineralisation around Monty both laterally and at depth
- ▶ Drilling of three deep diamond holes (circa 1,400m) planned to commence shortly
- ▶ Designed to test the immediate vicinity of the known Monty deposit at depth, along strike and down dip
- ▶ Holes will provide additional Down-Hole Electromagnetic (DHEM) platforms to test zones proximal to proposed Monty mine infrastructure





Logical and low risk pathway with economic benefits shared between JV partners

Mining Joint Venture Agreement (MJVA)

- ▶ Establishes the rights and obligations of the Springfield JV parties related to activities associated with the development, mining and ultimate decommissioning of mineral discoveries
- ▶ Development and mining of Monty will operate under the terms of this MJVA

Exploration Joint Venture Agreement (EJVA)

- ▶ Covers the ongoing exploration activities of the Springfield JV on the JV tenements and outlines the rights and obligations of the JV parties
- ▶ Provides a mechanism to progress future mineral discoveries, including the option to utilise the existing MJVA

Ore Sale and Purchase Agreement (OSPA)

- ▶ Applies to Monty ore (and near-Monty extensions)
- ▶ Potential future Springfield JV discoveries subject to separate OSPA at discretion of both JV parties
- ▶ Monty ore (at a max rate of approx. 0.4Mtpa) blended with Sandfire's existing DeGrussa ore feed
- ▶ Point of ore sale to Sandfire is at a dedicated weighbridge near DeGrussa ROM pad
- ▶ TLM receives net ore sale revenue payment on equivalent payable metal-in-concentrate basis after deduction of Ore Treatment Fee (OTF) per tonne of delivered ore and Royalties
- ▶ Ore sales revenue derived from (independently) calculated head grade, prevailing metal prices, fixed recovery formulae and fixed payabilities
- ▶ Certain components of the OTF are subject to annual indexation and/or pegged to annual industry determined benchmarks

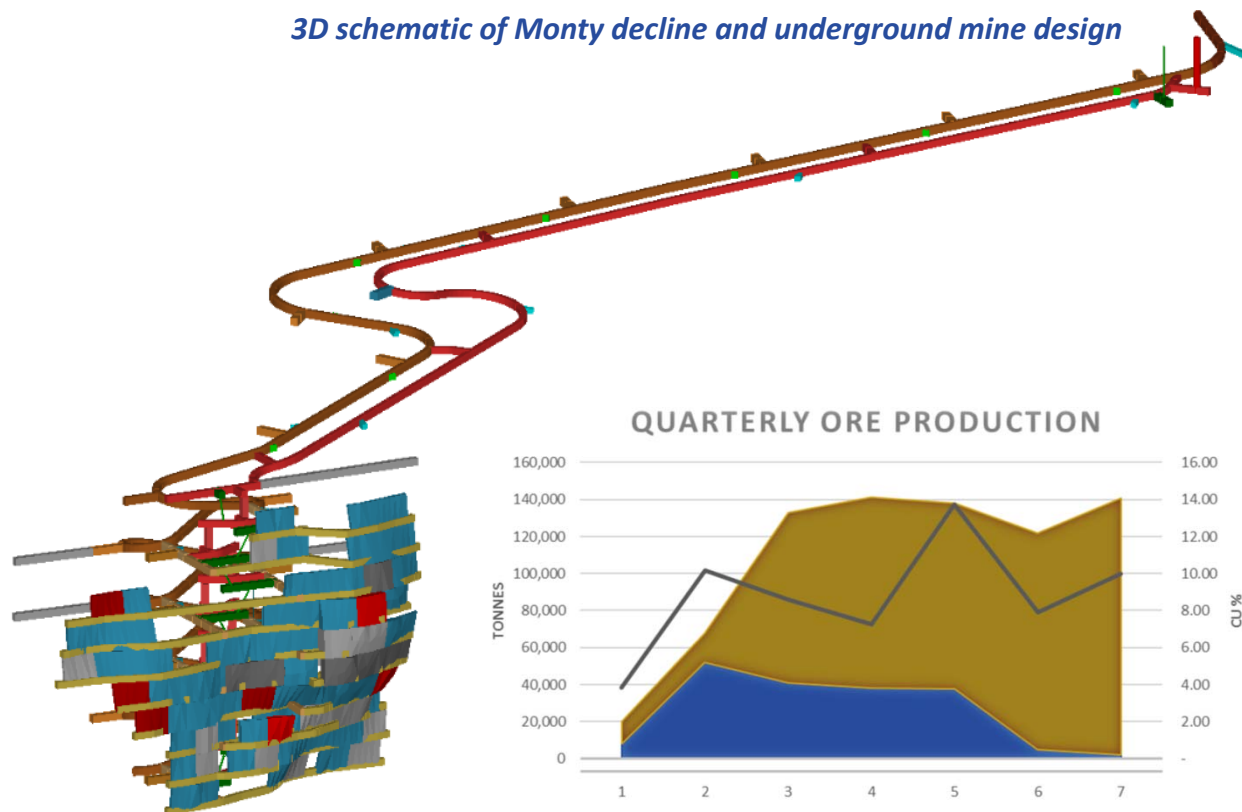
Underground mining and ore haulage



A conventional underground operation

- ▶ Conventional 1-in-7 production size decline
- ▶ Life-of-Mine plan of 796kt at 9.35% Cu and 1.5g/t Au (100% basis)
- ▶ Lower Zone (LZ) the focus of the mine plan; UZ excluded at present
- ▶ No geotechnical issues with LZ stoping
- ▶ LZ commences from approx. 180m below surface
- ▶ First ore targeted for 12 months from portal cut
- ▶ Long-hole open stope mining method with backfill
- ▶ Maximum planned mining rate of approx. 400ktpa
- ▶ Mined ore hauled to surface ROM pad at Monty

3D schematic of Monty decline and underground mine design



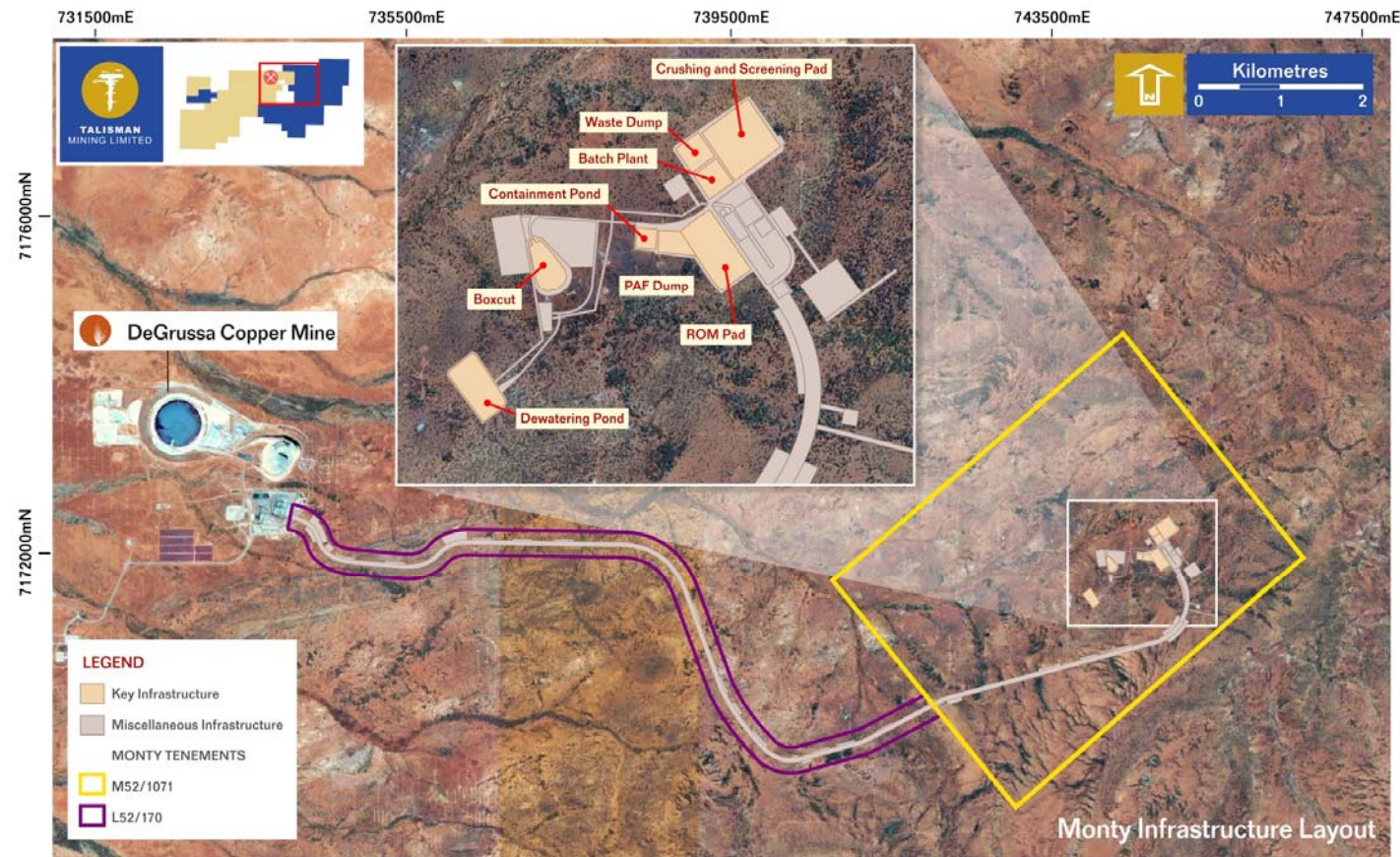
Monty Surface Infrastructure



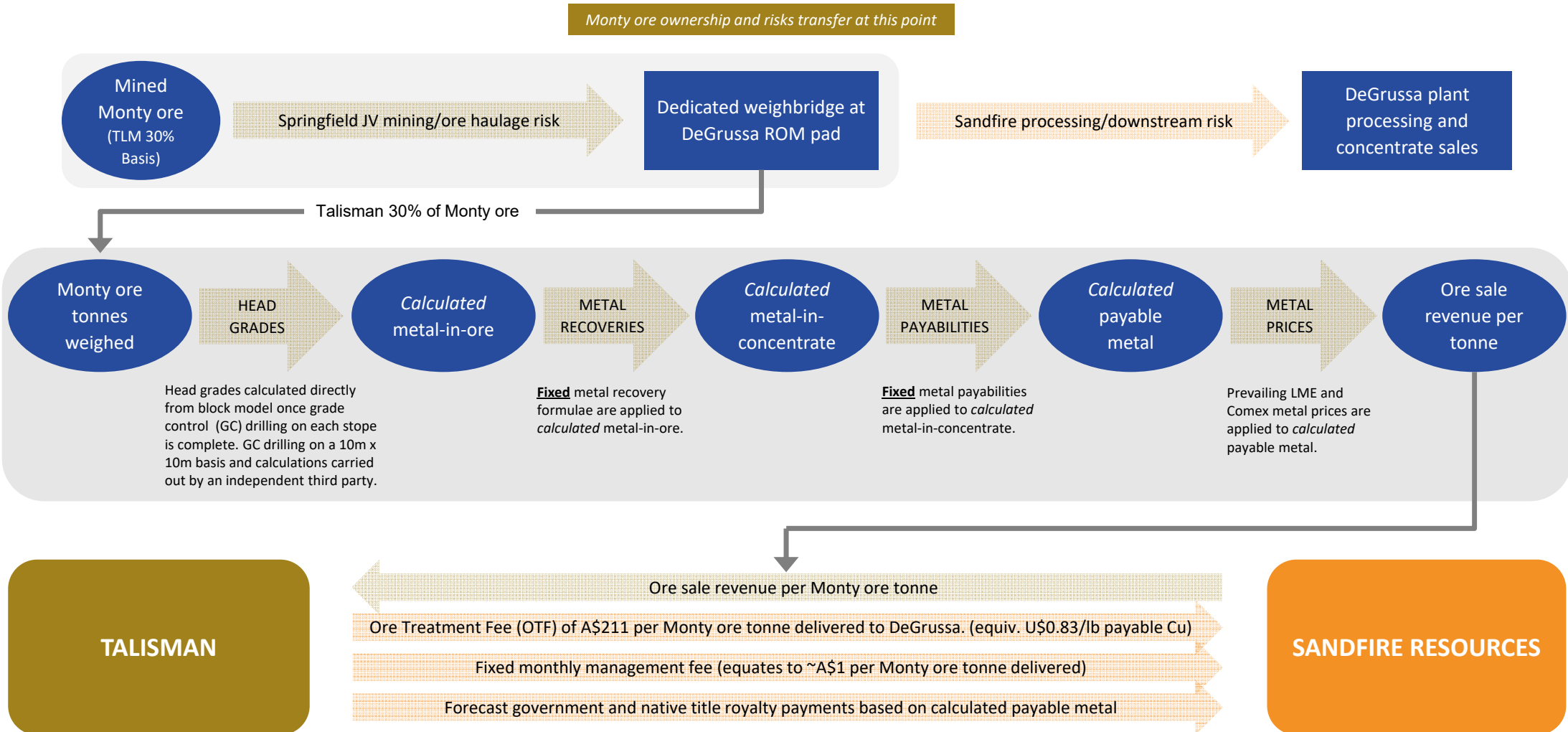
Fit for purpose and leverages off DeGrussa synergies

- ▶ Mined ore from surface ROM pad at Monty transported to DeGrussa via 14km haul road
- ▶ Weighbridge near DeGrussa
- ▶ Raw water supply from DeGrussa pumped to Monty
- ▶ Communication connection to DeGrussa via fibre
- ▶ Monty ROM pad – 50,000t
- ▶ Waste and PAF dump
- ▶ Buildings: mining office, first aid, ablutions, crib/muster room plus contractor supplied workshops
- ▶ DeGrussa infrastructure synergies - mining change rooms, IT servers, bore fields, accommodation village facilities

Schematic of Monty surface infrastructure



The OSPA maximises simplicity and minimises dispute risk



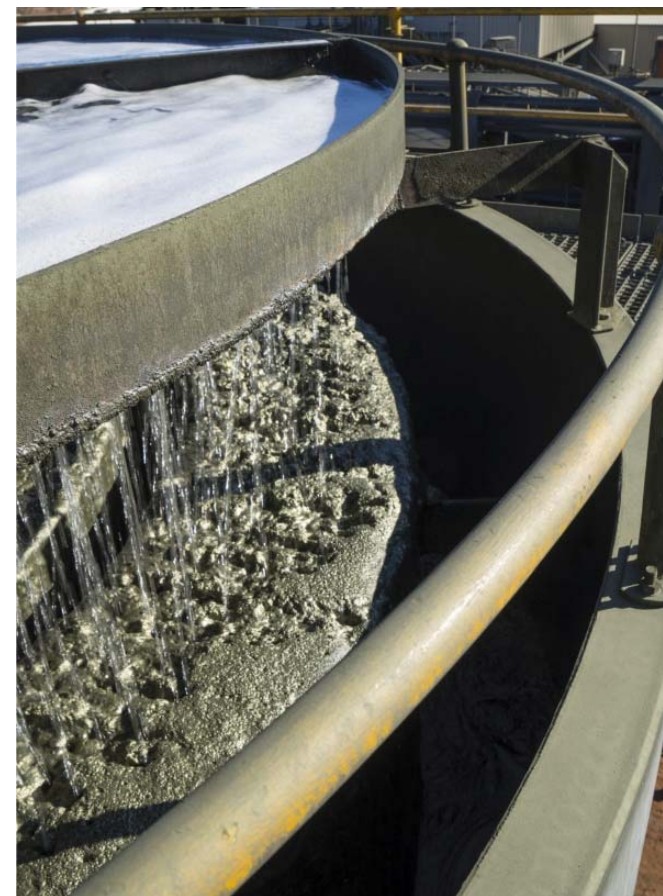
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Key OSPA benefits for Talisman



A low capital, exposure minimising and high returning development route for Talisman

- ▶ OSPA limited to Monty deposit and near-Monty extensions
 - ▶ Maintain optionality in relation to any future discoveries on the Springfield JV
- ▶ No plant build requirement
 - ▶ Highly attractive pre-production capital intensity of Monty development
 - ▶ Shorter lead times and reduced scope of approvals
- ▶ Independent calculation of head grade
 - ▶ Independent third party appointed by both Joint Venturers
- ▶ Relatively high fixed metal recovery formulae and high fixed payables
 - ▶ Appropriate recognition of expected Monty ore processing performance and concentrate quality parameters
 - ▶ No Talisman exposure to metallurgical processing and product marketing risks
- ▶ Ore Treatment Fee (OTF) transparency
 - ▶ Components subject to annual indexation from an agreed basis and/or pegged to annual industry determined benchmarks
- ▶ Considerably lower risk than typical minority JV development project interest
 - ▶ Higher potential gearing capacity for minority interest



Monty Feasibility Study operating and financial outcomes (30% basis)



A technically sound and highly economic underground project

All costs borne by the Springfield Joint Venture under the OSPA are incorporated in the Monty financial analysis on a 100% basis. As such, Talisman's underlying economic interest in the development of Monty equates to its 30% interest in the Springfield Joint Venture and is therefore represented by its simple 30% share of forecast financial returns as outlined below.

Operating parameters (TLM 30% basis)	Units	FS (Mar 2017)
Pre-production mine development	months	12
Ore production mine life	months	30
Total mined and milled ore	kt	239
Copper head grade (LOM avg)	% Cu	9.35
Gold head grade (LOM avg)	g/t Au	1.50
Silver head grade (LOM avg)	g/t Ag	16.2
Total copper-in-ore mined	kt	22.3
Total gold-in-ore mined	koz	11.5
Total silver-in-ore mined	koz	124.0
Total payable copper metal	kt	19.9
Total payable gold metal	koz	5.7
Total payable silver metal	koz	56.2

Financial parameters (TLM 30% basis)	Units	FS (Mar 2017)
Forecast copper price (LOM avg)	US\$/t	6,118
Forecast gold price (LOM avg)	US\$/oz	1,369
Forecast silver price (LOM avg)	US\$/oz	18.76
Forecast A\$/US\$ (LOM avg)	USc	0.723
Total gross revenue	A\$M	181
Total net revenue (post royalties)	A\$M	173
Total cash operating costs	A\$M	89
Pre-tax operating cashflow	A\$M	92
Pre-production capital cost	A\$M	22
LOM sustaining capital cost	A\$M	5
Ungeared, pre-tax free cashflow	A\$M	64
Notional C1 cost ¹	A\$/lb pay Cu	1.56
Notional All-in-sustaining-cost (AISC) ¹	A\$/lb pay Cu	1.90
Pre-tax NPV (8% discount rate, real)	A\$M	46
Pre-tax IRR	%	78
Payback period (from first production)	months	17
Ore reserve life - to - payback period	x	1.8
NPV / pre-production capex	x	2.1



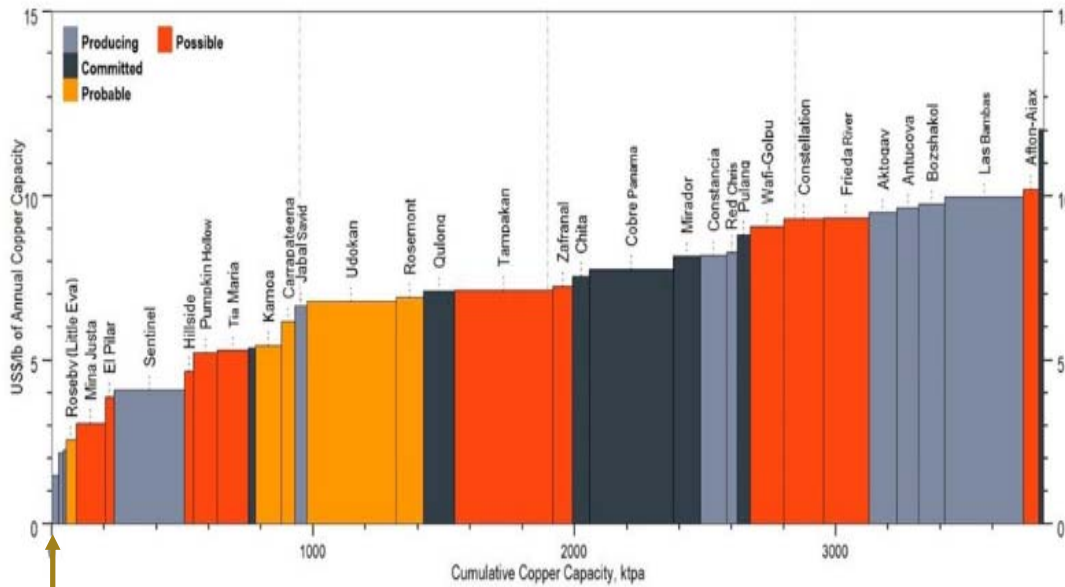
¹ C1 and AISC are calculated on the basis of notionally including the OSPA Ore Treatment Fee as a production cost. AISC is defined as the operating cash cost of production (net of by-product credits) plus royalties and sustaining capital and closure costs but exclusive of any finance costs or corporate overhead allocation.

Excellent capital intensity and all-in unit operating costs



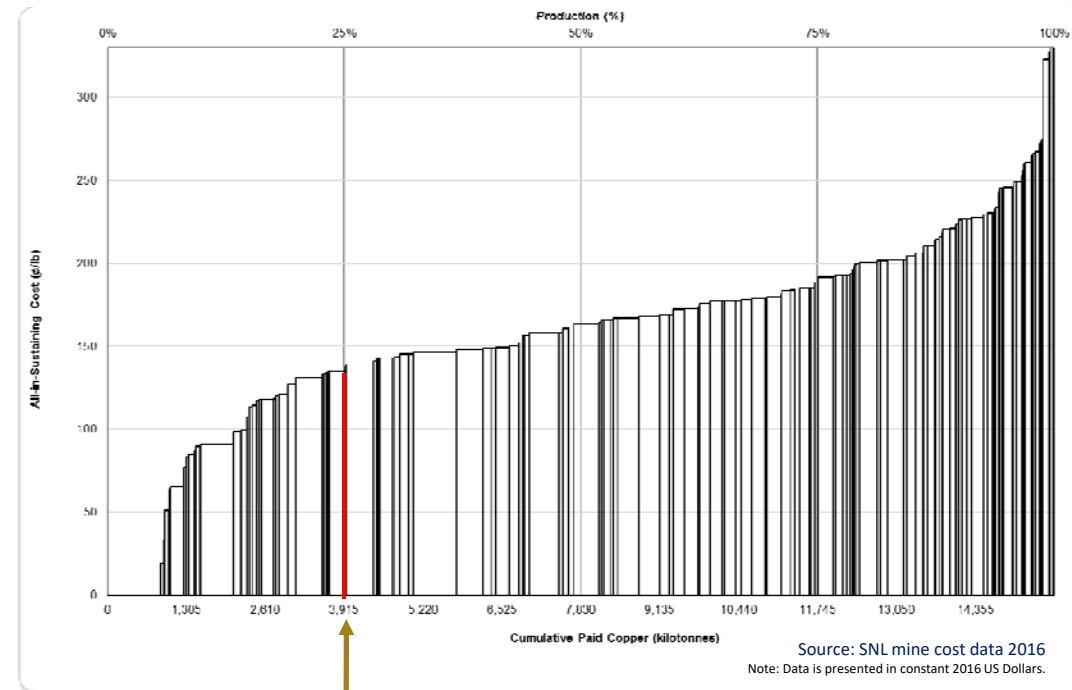
Very low upfront capital intensity ~US\$2,000/tpa (~US\$0.90/lbpa) and forecast low AISC

Initial capital intensity (US\$/lbpa) of global copper mine developments (2015)



Source: AME Research, 2015

Global copper production All-In-Sustaining-Cost (AISC) curve (2016)

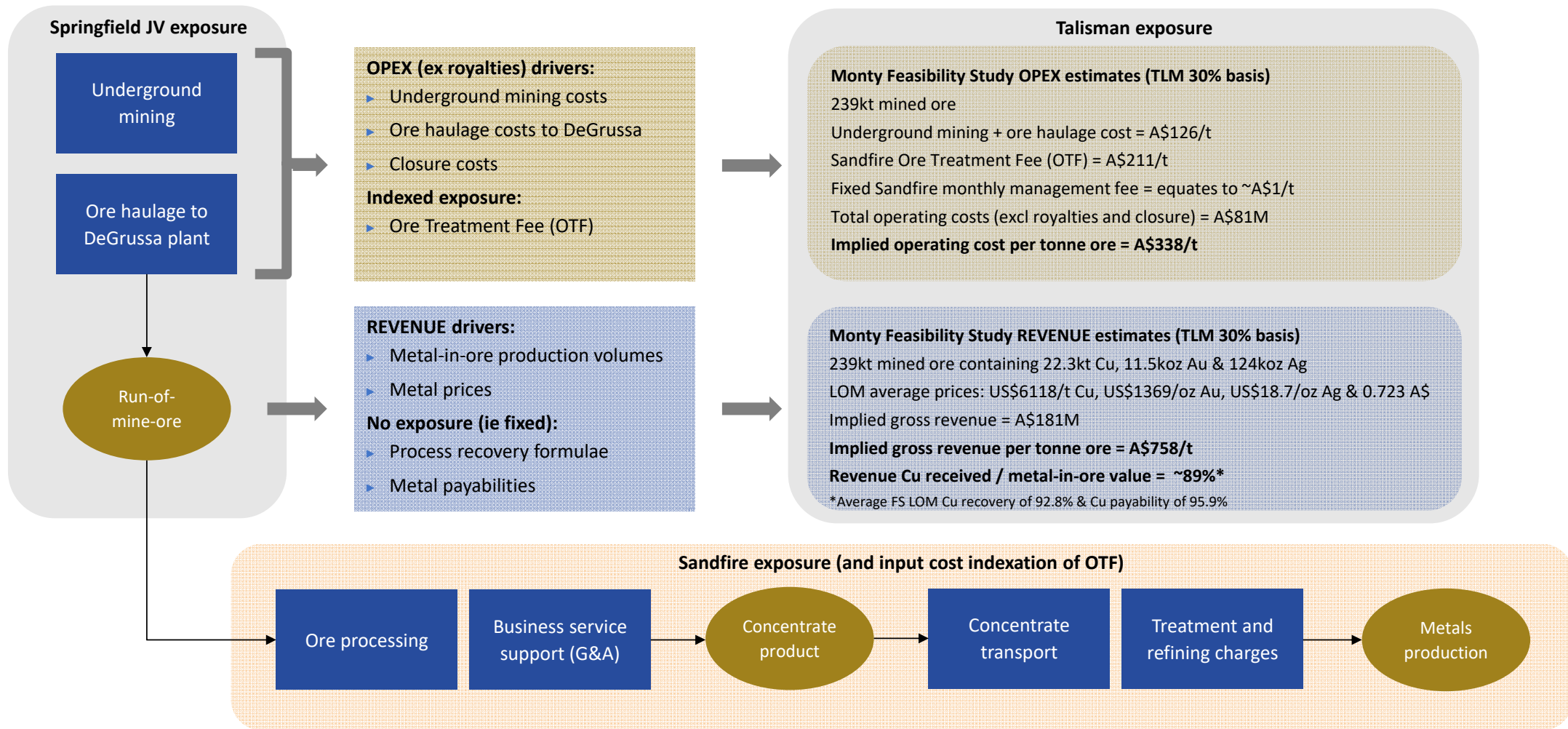


Source: SNL mine cost data 2016
Note: Data is presented in constant 2016 US Dollars.

MONTY FEASIBILITY STUDY

MONTY FEASIBILITY STUDY

Talisman's underlying operating and economic interest



A highly competitive Ore Treatment Fee (OTF)



- ▶ The aggregate OTF of approx. A\$211/t is inclusive of compensation equivalent to costs associated with:
 - ▶ Ore processing and associated general and administrative overheads;
 - ▶ Plant usage; and
 - ▶ Product concentrate haulage, shipping and smelting costs
- ▶ The OTF is highly competitive and closely aligned with actual DeGrussa capital, processing, G&A and downstream costs
 - ▶ On a cost per pound basis, OTF equivalent to ~U\$0.83/lb payable Cu metal
 - ▶ Note the high grade impact: On a per tonne ore delivered basis if the OSPA terms were notionally applied to a 5% Cu ore then the aggregate OTF would be lower by A\$60-70/t ore mined
 - ▶ Certain OTF components are subject to annual indexation and/or pegged to annual industry determined benchmarks



Costs	DeGrussa* (4.70%)	Monty** (9.35%)
	A\$/lb Cu	A\$/lb Cu
Mining	0.50	0.65
Haulage	-	0.03
OTF (or equivalent)	1.20	1.16
Production cost (pre by-product credit)	1.70	1.84
By-product credit (Au, Ag)	(0.45)	(0.28)
Notional C1 Production cost	1.25	1.56
Royalties	0.16	0.19
Notional Cash Production Cost	1.41	1.75
Depreciation & amortisation	0.69	0.64
Notional C3 Total Production Cost	2.10	2.39

* DeGrussa costs as per published USD quarterly data and average exchange rate of 0.744 for the last 12 months (CY 2016).

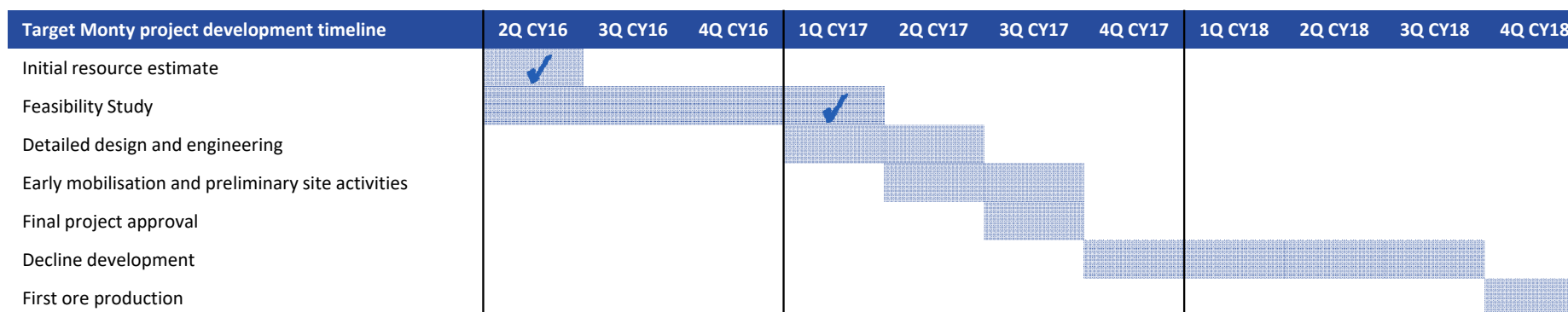
** Life-of-Mine costs for Talisman's 30% based on Monty Feasibility Study Assumptions. See slide 17

Development timeline and funding



Early site works commencing and first Monty production targeted for 4Q calendar 2018

- ▶ Talisman Board approval granted for development of Monty
- ▶ In advanced discussions for debt facilities to fund up to 100% of Talisman’s share of pre-production capital
 - ▶ Committed facilities targeted for September quarter 2017; seeking no financier requirement for mandatory price hedging
 - ▶ High gearing potential due to outstanding project economics and lower risk ownership interest through OSPA operation
- ▶ Initial project early-works expenditure also approved by Talisman Board
 - ▶ Detailed engineering design, preliminary site activities and long lead item orders
 - ▶ At 31 December 2016 Talisman had ~A\$16M cash; liquidity to undertake works and maintain exploration levels

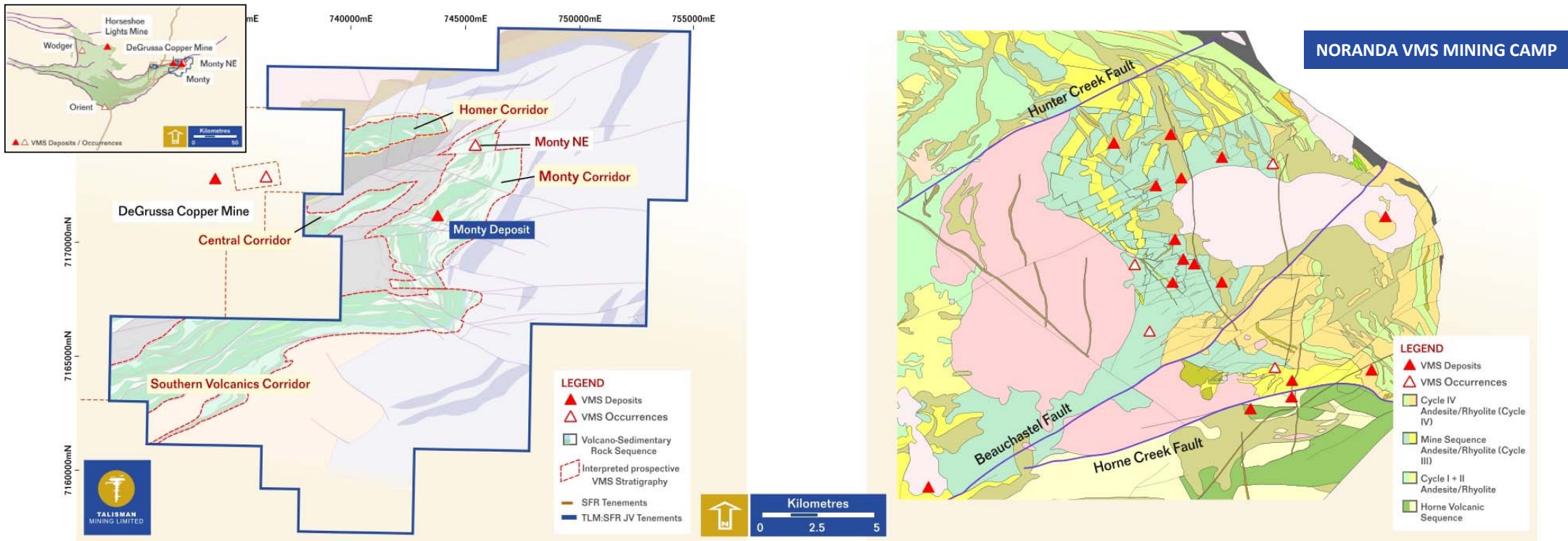


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Springfield Exploration Upside Potential



Monty Deposit provides 'proof of concept' for Doolgunna VMS Camp



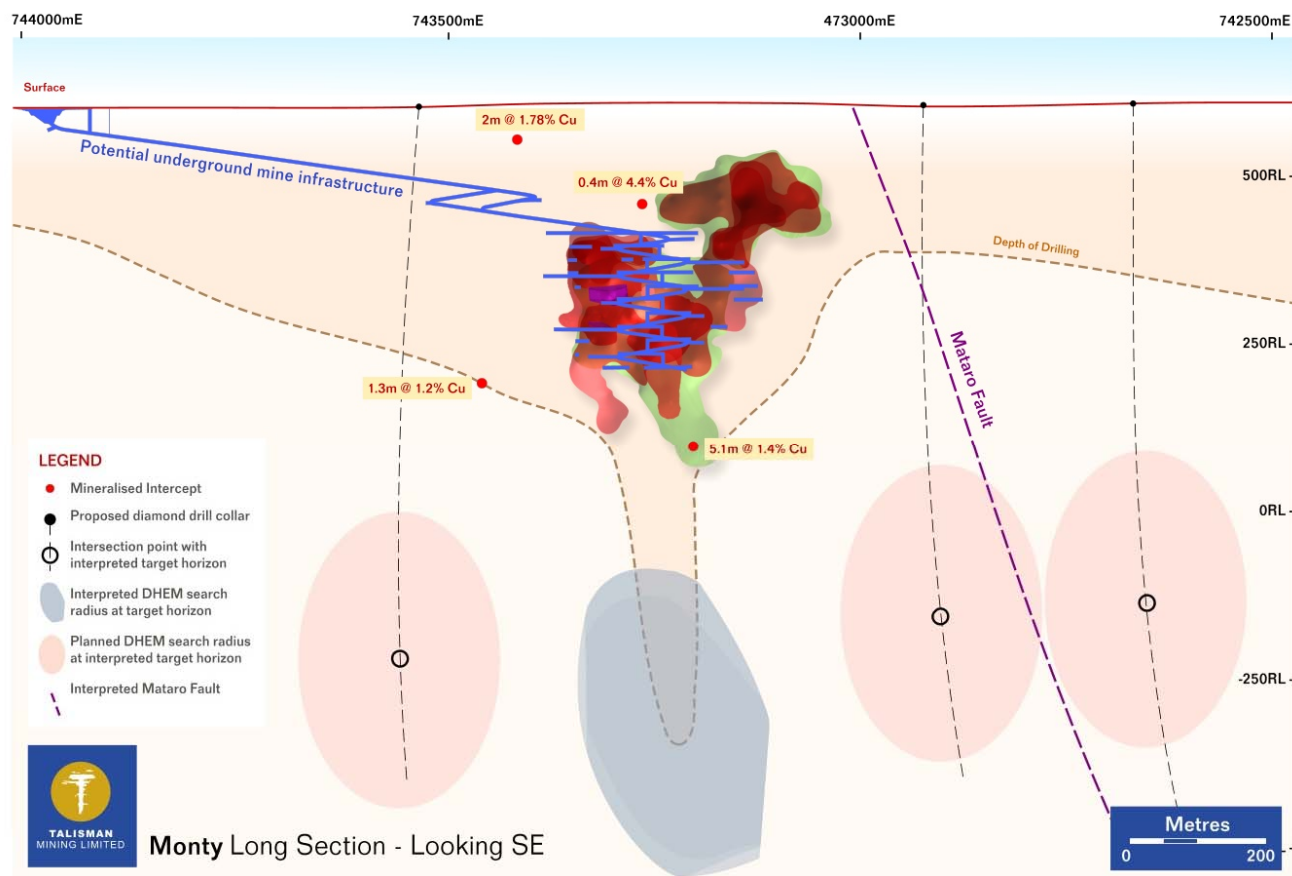
- ▶ VMS deposits can and do occur at multiple stratigraphic levels within the prospective sequence, e.g. **Noranda VMS mining camp**
- ▶ Bryah Basin VMS Camp now with three VMS Deposits and four VMS occurrences at different stratigraphic levels within the prospective Karalundi sequence - **DeGrussa, Monty, Horseshoe Lights Copper Mine**
- ▶ Potential for multiple host horizons within prospective corridors - **Monty, Homer, Southern Volcanics**

Springfield Exploration Upside Potential



On-going near mine exploration around Monty

- ▶ Limited drill testing below existing Monty Resource
 - ▶ Significant untested potential remains both laterally and at depth
- ▶ Three deep diamond drill holes and DHEM surveys scheduled
 - ▶ Two RC pre-collars completed
 - ▶ Commencement of diamond drilling in early April 2017
 - ▶ Placement of third hole guided by DHEM results
- ▶ Area to be tested could potentially be accessed from proposed Monty Mine infrastructure

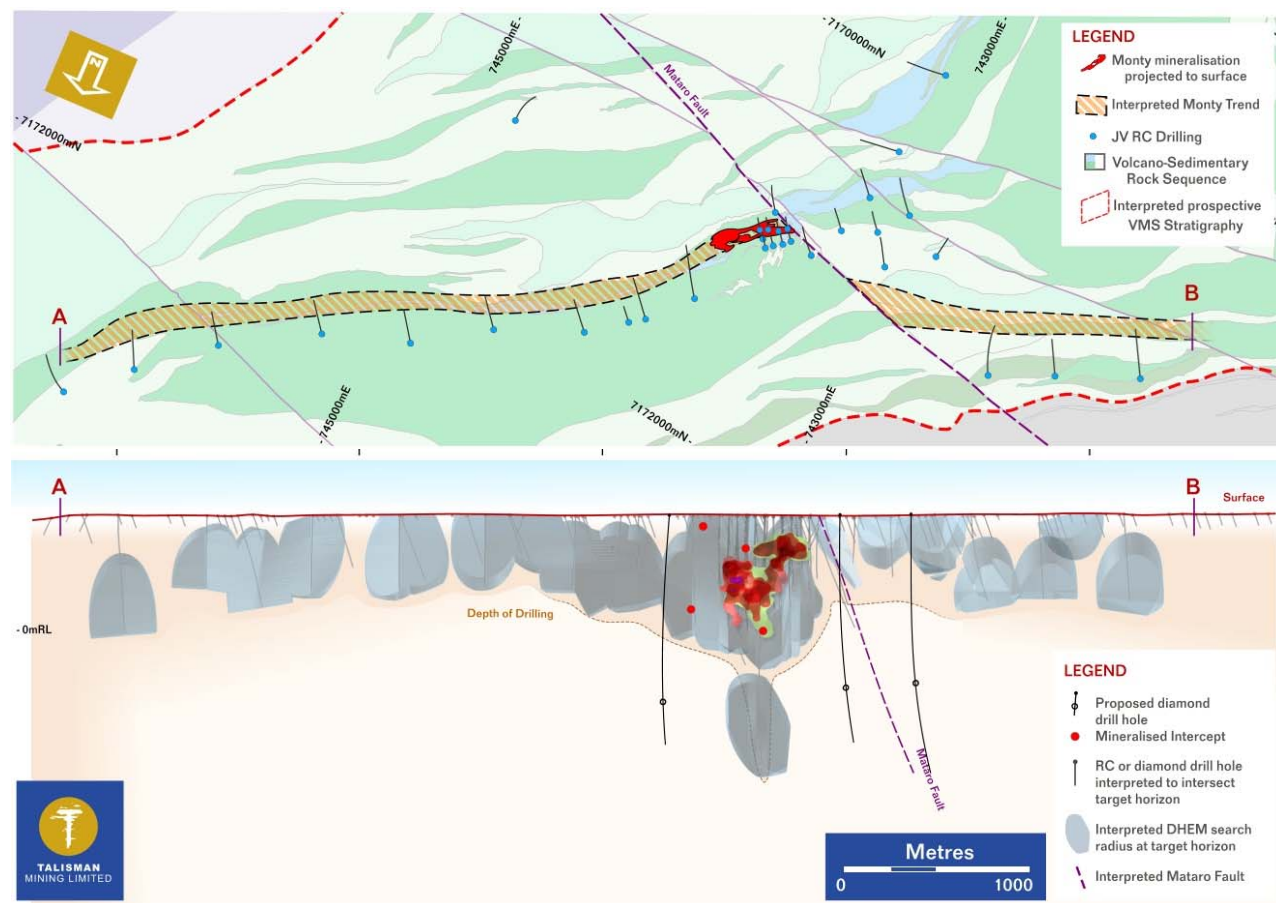


Springfield Exploration Upside Potential



Targeted drilling and DHEM along Monty Trend

- ▶ Monty deposit sits within an 8km trend
- ▶ Monty Trend subject to targeted RC/diamond drilling and DHEM
- ▶ Monty Trend represents one limited stratigraphic package within the wider prospective Monty Corridor

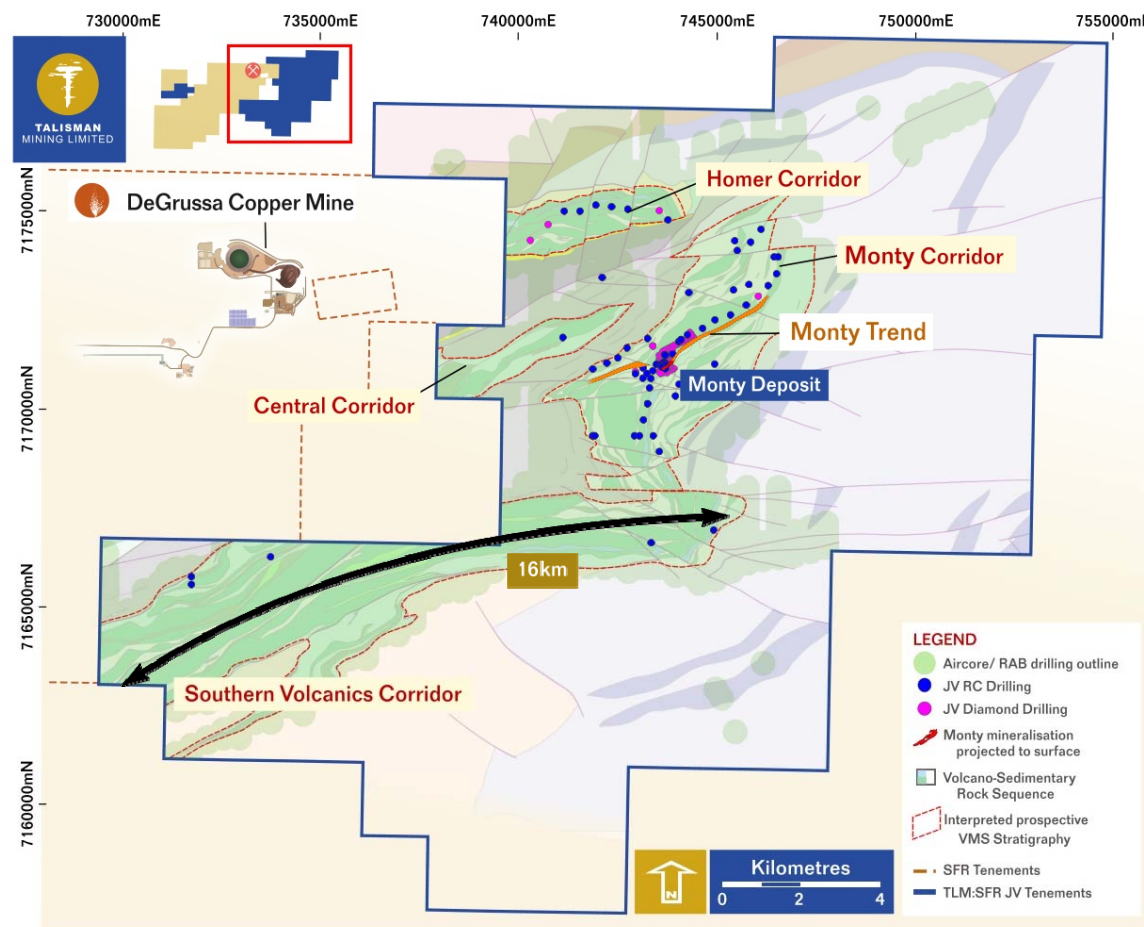


Springfield Exploration Upside Potential



Limited advanced exploration on a regional scale

- ▶ Limited RC drilling by JV outside of Monty Resource
 - ▶ 93% of JV diamond drill holes for resource definition
- ▶ Potential for multiple host horizons within prospective corridors
 - ▶ Monty Corridor
 - ▶ Homer Corridor
 - ▶ Southern Volcanics Corridor
- ▶ 16km Southern Volcanics Corridor with only 5 RC and no diamond drilling-to-date
- ▶ Talisman believes the Southern Volcanics Corridor represents a high priority for the next phase of systematic exploration by the Springfield Joint Venture



The Monty project and the Springfield JV



Monty is a low risk, high returning copper project with outstanding potential upside

- ▶ **Low capital, low risk** development path via ore sales to Sandfire
- ▶ **Outstanding projected returns** (TLM 30% basis) of A\$64M pre-tax free cashflow, A\$46M pre-tax NPV_g and 78% pre-tax IRR
- ▶ Sandfire proven project developer/operator pedigree
- ▶ **First production** targeted for **December quarter 2018**
- ▶ **Monty Deeps diamond drilling** over coming months
- ▶ Monty Trend **exploration potential remains high**
- ▶ Springfield JV tenure in a proven **world-class VMS province** with **multiple prospective corridors**





Sinclair Nickel Project

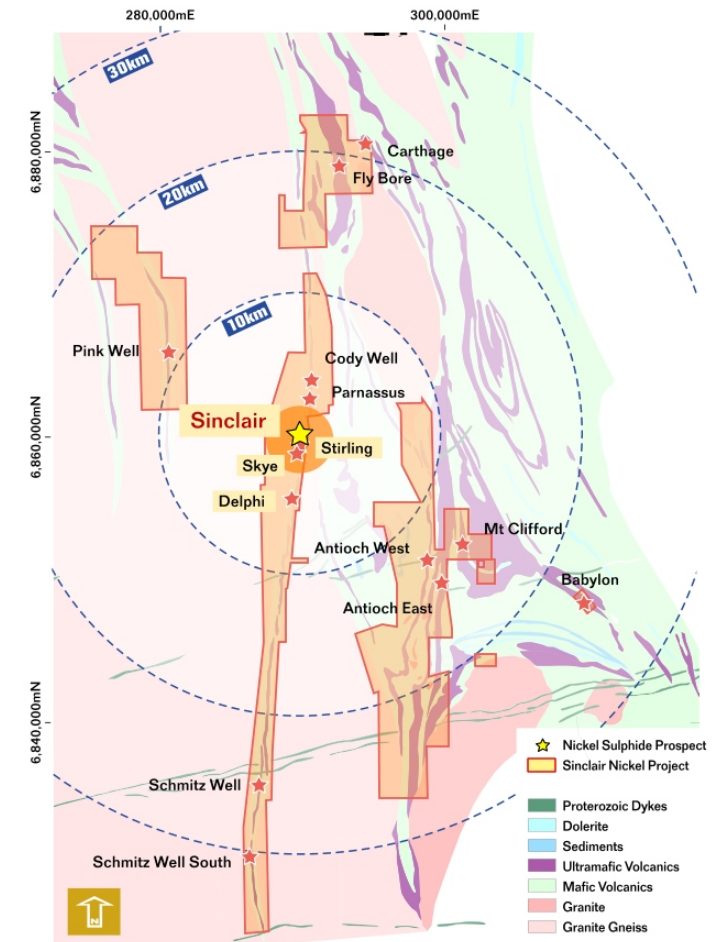
Advanced opportunity in a proven nickel province

Sinclair: A low cost, fast track nickel production option



High class surface and underground assets with extensive infrastructure

- ▶ Located in the world-class Agnew-Wiluna Greenstone belt
 - ▶ *+9Mt historical nickel production*
- ▶ Previous Sinclair mine production (2008-13)
 - ▶ *1.58Mt @ 2.44% Ni for 38,599t of contained Ni*
- ▶ Existing asset base includes:
 - ▶ *OP and UG mine workings, +300ktpa plant and infrastructure, 200 room village & sealed airstrip*
 - ▶ *~A\$120M Replacement Value*
- ▶ Low capital, fast track option to nickel production
- ▶ Excellent exploration prospectivity
 - ▶ *Prospects in close proximity to existing infrastructure*
 - ▶ *Along the broader Sinclair trend (8km basal contact)*
 - ▶ *Impressive regional opportunities*
 - ▶ *Results at Delphi North incl. 9m @ 4.2% Ni*

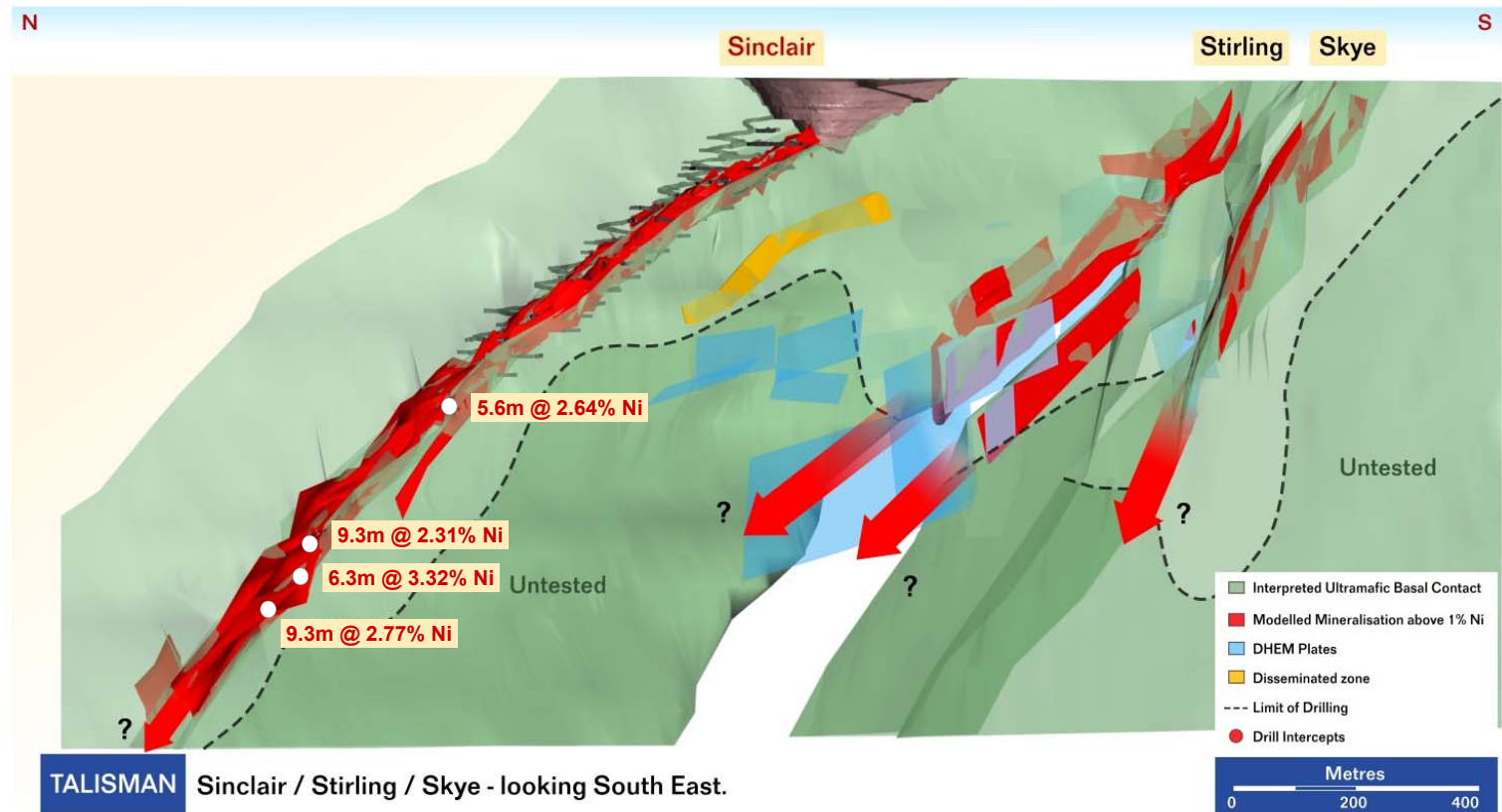


Sinclair: Regional and near-mine exploration potential



Potential for discovery of nickel sulphide mineralisation close to existing infrastructure

- ▶ Potential Resource targets
 - ▶ Sinclair extension
 - ▶ Sinclair remnants
 - ▶ Skye/Stirling
- ▶ Drill ready targets
 - ▶ Delphi
 - ▶ Skye & Stirling
 - ▶ Schmitz Well
- ▶ Regional prospects at early stages
 - ▶ *Mount Clifford*
 - ▶ *Antioch Trend*
 - ▶ *Schmitz Well South*
- ▶ Future work to include regional aircore, RC/DD & geophysics – surface & DHEM



A large yellow crane is mounted on a white truck at a mining site. The crane's arm is extended upwards, and a worker in a yellow safety vest is visible near the base of the crane. The scene is set against a dramatic sunset sky with scattered clouds. In the background, there is a small white building with a lit window and some vegetation. The overall atmosphere is industrial and serene.

The Talisman Investment Case

Emerging metals producer with exceptional prospectivity

Focused Australian mineral resources company

The Talisman investment case



Advanced production opportunities in Western Australian base metals

- ▶ Monty a high-grade, high-returning copper-gold project
 - ▶ Sandfire a proven development and operating partner
 - ▶ Low risk, low capital driven by ore sales arrangement
 - ▶ First production targeted December quarter 2018
 - ▶ Outstanding exploration upside potential to be tested
- ▶ Sinclair a low cost, fast track nickel production option
 - ▶ Within a highly endowed exploration address
- ▶ Upcoming activities
 - ▶ Monty deeps diamond drilling (2Q/3Q CY17)
 - ▶ Final Monty mining approvals and debt facilities (2Q/3Q CY17)
 - ▶ Sinclair field activities planned for Q2 CY2017
- ▶ Seeking quality opportunities to create value which are complementary to our assets, experience and expertise



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**TALISMAN
MINING LIMITED**

ASX Code: TLM

THANK YOU

Monty: A High-Grade Development with Outstanding Returns

Monty Project (Springfield Joint Venture) Feasibility Study Results, April 2017

Appendix 1: Competent Persons' Statements



Note i: Mineral Resources

Information in this presentation that relates to the Monty JORC Mineral Resource estimate is information previously published by Sandfire Resources NL ("Sandfire") and is available on the Sandfire and ASX websites (see announcement "Maiden High-Grade Mineral Resource for Monty VMS Deposit: 99,000t of Copper and 55,000oz of Gold", dated 13 April 2016 (Sandfire Announcement)). For full details of the Monty Resource estimate, including the Competent Person's Statement related to the estimation of the Monty Mineral Resource, please refer to the Sandfire Announcement.

Talisman confirms that it is not aware of any new information or data that materially affects the information included in the Sandfire Announcement, and that all material assumptions and technical parameters underpinning the estimates in the Sandfire Announcement continue to apply and have not materially changed and confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original Sandfire Announcement.

Note ii: Ore Reserves

Information in this presentation that relates to Ore Reserves and Exploration Results and Exploration Targets as defined under the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves", is information previously published by Talisman Mining Ltd ("Talisman") and is available on the Talisman and ASX websites (see announcement "Monty Feasibility Study Results", dated 5 April 2017 (Talisman Announcement)). For full details of the Ore Reserve estimate, including the Competent Person's Statement related to the estimation of the Ore Reserve, please refer to the Talisman Announcement.

Talisman confirms that it is not aware of any new information or data that materially affects the information included in the Talisman Announcement, and that all material assumptions and technical parameters underpinning the estimates in the Talisman Announcement continue to apply and have not materially changed and confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original Talisman Announcement.

Exploration Results and Exploration Targets

Information in this presentation that relates to Exploration Results and Exploration Targets as defined under the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves", is based on information compiled by Mr Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway 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 Greenaway consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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Appendix 2

Additional Monty Feasibility Study detail



Mineralisation Style	Mineral Resource Category	Tonnes (t)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Massive Sulphides	Indicated	754,000	12.0	2.1	91,000	51,000
	Inferred	9,000	20.7	2.7	2,000	1,000
	Total	763,000	12.1	2.1	92,000	52,000
Halo	Indicated	287,000	2.2	0.3	6,000	3,000
	Inferred	-	-	-	-	-
	Total	287,000	2.2	0.3	6,000	3,000
Total	Indicated	1,041,000	9.3	1.6	97,000	54,000
	Inferred	9,000	20.7	2.7	22,000	1,000
	Total	1,050,000	9.4	1.6	99,000	55,000

4. Refer to Appendix 1, Note i

Capital and operating cost detail



Capital cost composition (TLM 30% basis)

Capital item	A\$M
Surface infrastructure	9.9
Underground mine development	9.5
Underground mine infrastructure	2.4
Total pre-production capital	21.8
Sustaining capital	5.5
Closure costs	1.0
Total capital cost	28.3

Commodity Price Assumptions

Commodity / FX	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Copper – U\$/t	5539	6031	6196	6119	5899
Gold – U\$/Oz	1310	1398	1375	1374	1296
Silver – U\$/Oz	17.95	19.14	18.84	18.83	17.75
Currency AUD:USD	0.733	0.730	0.725	0.720	0.715

Operating cost parameters (TLM 30% basis)

Operating item	A\$M	A\$/t ore
Underground mining	28.8	120.5
Ore transport to DeGrussa	1.4	5.8
Ore Treatment Fee (OTF)	50.4	211.0
Sandfire management fee	0.2	1.0
Royalties	8.1	34.0
Total operating cost	88.9	372.3

Operating item	A\$M	A\$/lb payable Cu
Underground mining	28.8	0.65
Ore transport	1.4	0.03
Ore Treatment Fee (OTF)	50.4	1.15
Sandfire management fee	0.2	0.01
Gold and silver credits	(12.3)	(0.28)
Notional C1¹ cost	68.5	1.56
Royalties – gov't and native title	8.1	0.19
Sustaining capital	5.5	0.13
Closure costs	1.0	0.02
Total notional AISC¹	83.1	1.90

¹ C1 and AISC are calculated on the basis of notionally including the OSPA Ore Treatment Fee as a production cost. AISC is defined as the operating cash cost of production (net of by-product credits) plus royalties and sustaining capital and closure costs but exclusive of any finance costs or corporate overhead allocation.