



**TALISMAN**  
MINING LIMITED

ASX Code: TLM



## Discovering & Developing Opportunities in Copper-Gold & Nickel

Investor Presentation: 121 Conference, Hong Kong, October 2017



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## ***Rare Investment Opportunity***

- ◆ Mix of near-term production, development and exploration across copper and nickel in a Tier 1 jurisdiction

## ***One of few ASX listed companies with unique exposure to***

- ◆ High grade copper mine – Monty Ore Reserve = 8.7% Cu
- ◆ Tier 1 jurisdiction –Doolgunna Region of Bryah Basin in Western Australia
- ◆ Currently finalising debt financing –100% of TLM share of Monty pre-production capital
- ◆ Monty mine development underway– forecast production start in approx. 12 months

## ***Significant exploration value and potential at Springfield Project***

- ◆ Underpinned by proven VMS camp with proximal high grade Cu-Au deposits (DeGrussa and Monty)

## ***Significant optionality to nickel prices with 100% owned Sinclair Nickel Operation***

- ◆ 350ktpa processing plant & associated infrastructure
- ◆ Prospective tenure package and mineralised extensions at historic Sinclair underground mine



## 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
- ◆ Construction and mine development underway
- ◆ First production targeted for Q4 CY 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 & regional exploration opportunities
- ◆ Extensive infrastructure including processing plant with potential fast-track route to production



***“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 through to operations

### Tony Greenaway – General Manager Geology

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

### Shaun Vokes – Chief Financial Officer and Company Secretary

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

## Non Executive Directors

Jeremy Kirkwood (Non-Exec. Chair) *Investment Banking, Corporate Strategy*

Karen Gadsby (Non-Exec. Dir) *Finance, Commercial & Board Experience*

Brian Dawes (Non-Exec. Dir) *Operational Executive*

Alan Senior (Non-Exec. Dir) *Resources Project Development*

Recent Research [click here](#)

## Capital Structure

Shares on Issue	185.7M
Unlisted Options	9.7M
Market Capitalisation (at 25c)	A\$ 46M
Cash (30 Jun 2017)	A\$ 11.6M

## Substantial Shareholders

Kerry Harmanis	~18%
Institutional Investors	~11%

## Philosophy and Core Beliefs

- Behave and act as business owners
- Be accountable for our decisions and actions
- What we say is what we do
- Engage with stakeholders in meaningful and clear way
- Develop mutually beneficial partnerships and opportunities
- Build strong commitment across our team and with stakeholders
- Collaborative approach



Springfield  
Cu Project

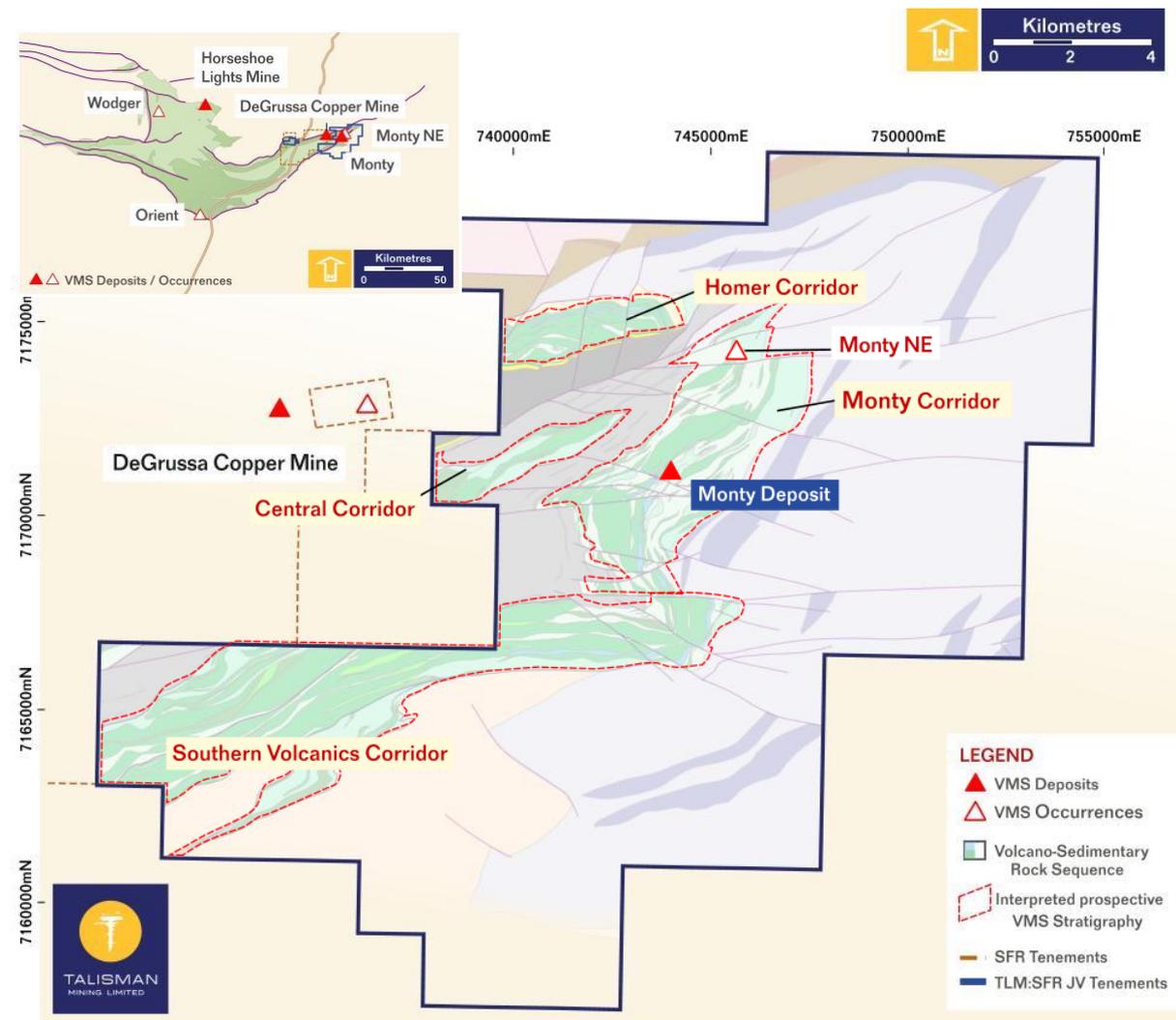
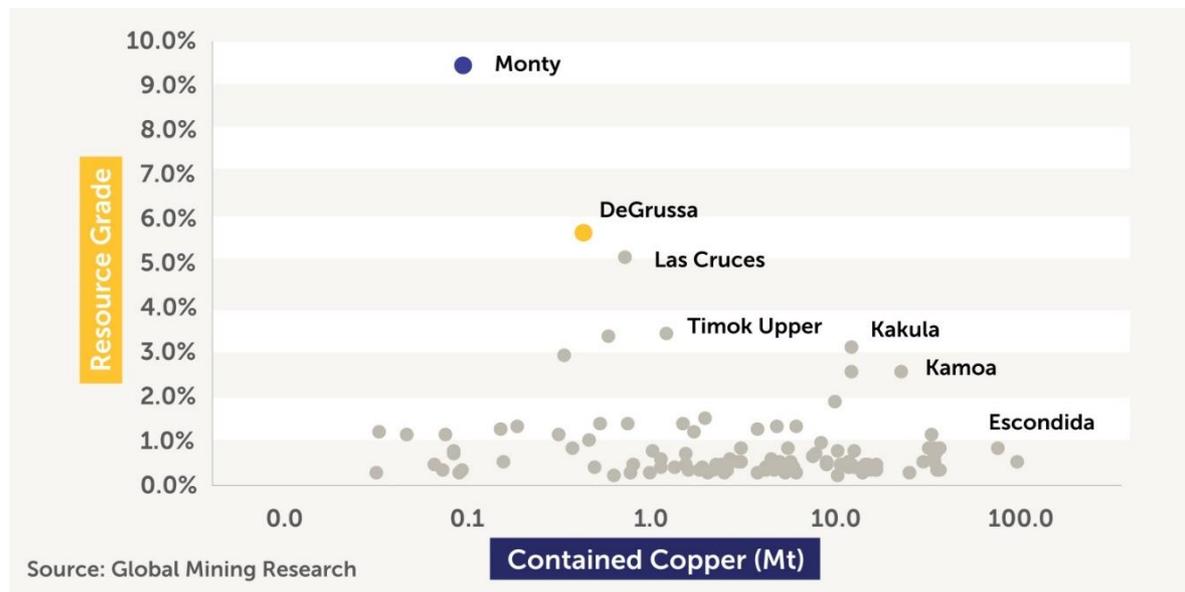
**Springfield JV (30% Talisman)**

Development of the world's highest grade copper mine underway



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

- ◆ Talisman 30% interest in JV with Sandfire Resources NL (70% and JV Manager)
- ◆ Proven world-class VMS province and geological model
- ◆ Multiple VMS horizons are key areas of exploration focus
- ◆ Includes high-grade and high value Monty Cu-Au deposit:
- ◆ TLM 30% share Monty Ore Reserve<sup>1</sup> = **280kt @ 8.7% Cu & 1.4g/t Au**



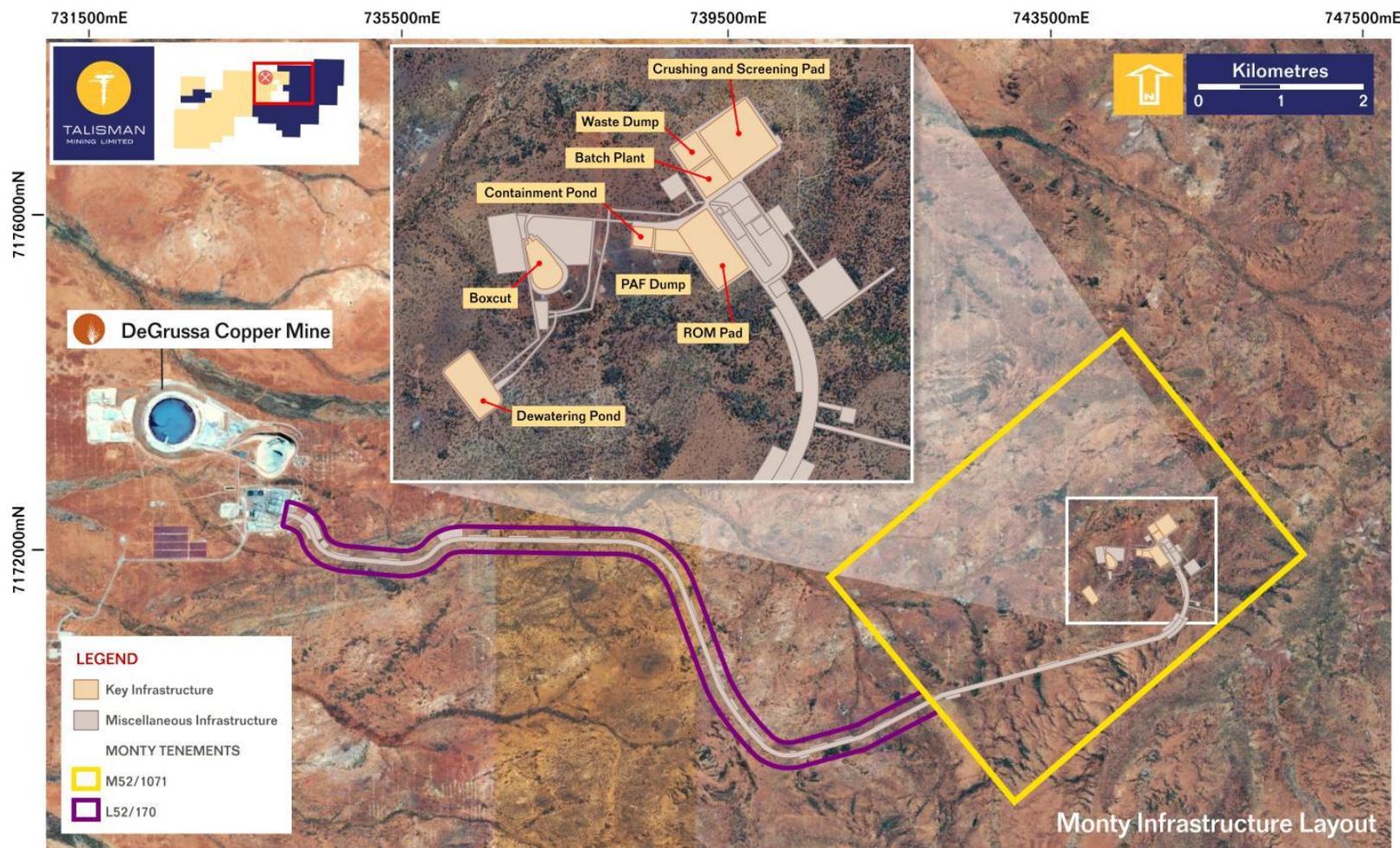
<sup>1</sup> Refer Appendix 1 Note ii

# The Monty Project: High grade and high value



***A high value deposit that underpins strong forecast financial returns***

- ◆ Fast-tracked towards development
  - ◆ Discovery hole – June 2015
  - ◆ Resource Estimate – April 2016
  - ◆ Feasibility Study (FS) – April 2017
  - ◆ Mining Proposal Approved – July 2017
  - ◆ Decline Commenced – October 2017
- ◆ Strong Feasibility Study outcomes
  - ◆ Technically sound and highly financially viable underground project
  - ◆ Low capital and low risk development pathway
  - ◆ Signed agreements to allow JV mining and ore sales to Sandfire
- ◆ Taurus Funds Management mandated to debt fund 100% of TLM's share of pre-production capital (\$22M)
- ◆ Targeted first production in Q4 CY 2018



# Key Monty Feasibility Study outcomes (TLM 30% basis ungeared)



## Low capital and low risk development pathway with outstanding forecast returns

Initial ore production life  
= 30 months

Pre-production capital cost  
= A\$22M

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

Total payable production =  
19.9kt Cu and 5.7koz Au

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

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

Forecast pre-tax<sup>1</sup> free cash flow  
= A\$64M

Pre-tax IRR  
= 78%

Payback period (from 1<sup>st</sup> prod) =  
17 months

Talisman retains full upside (and downside) exposure to variations in Monty FS revenue and cost estimates on:

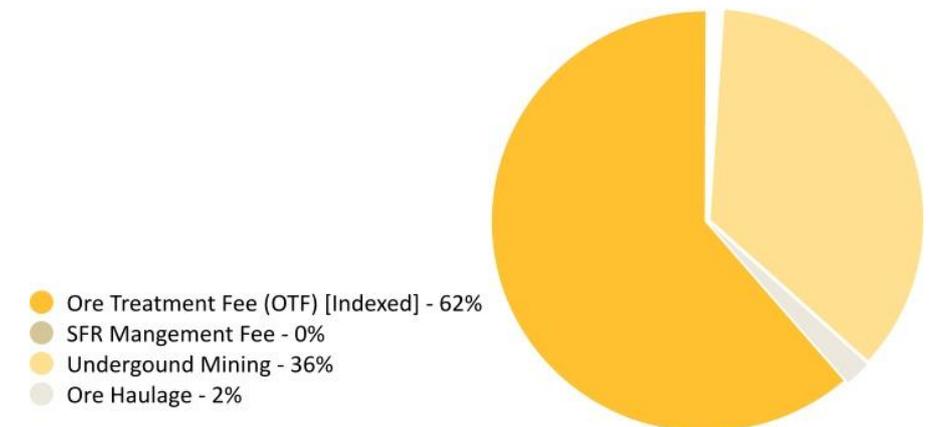
### REVENUE

- ◆ Total ore mined and delivered
- ◆ Ore head grades
- ◆ Metal prices
- ◆ Development timeline

### COSTS

- ◆ Underground mining costs
- ◆ Ore haulage costs
- ◆ Closure costs
- ◆ Capital costs

### Forecast Monty Operating costs (excl royalties)



<sup>1</sup> Estimated Talisman consolidated tax losses available to offset Monty life of mine taxable income at 30 June 2017 A\$44M



## Site works commenced and first Monty production targeted for Q4 calendar 2018

- ◆ All regulatory approval received for Monty development and production
- ◆ Earthworks nearing completion including 14km haul road to DeGrussa plant
- ◆ Box-cut completed and decline commenced
- ◆ Mining contract awarded to Byrnescut Australia Pty Ltd
- ◆ Development plan leverages off existing DeGrussa infrastructure

Target Monty project development timeline	1Q FY18	2Q FY18	3Q FY18	4Q FY18	1Q FY19	2Q FY19	3Q FY19
Detailed design and engineering	✓						
Early mobilisation and preliminary site activities	✓	✓					
Mining Proposal Approval	✓						
Decline Development		✓					
First Ore Production							



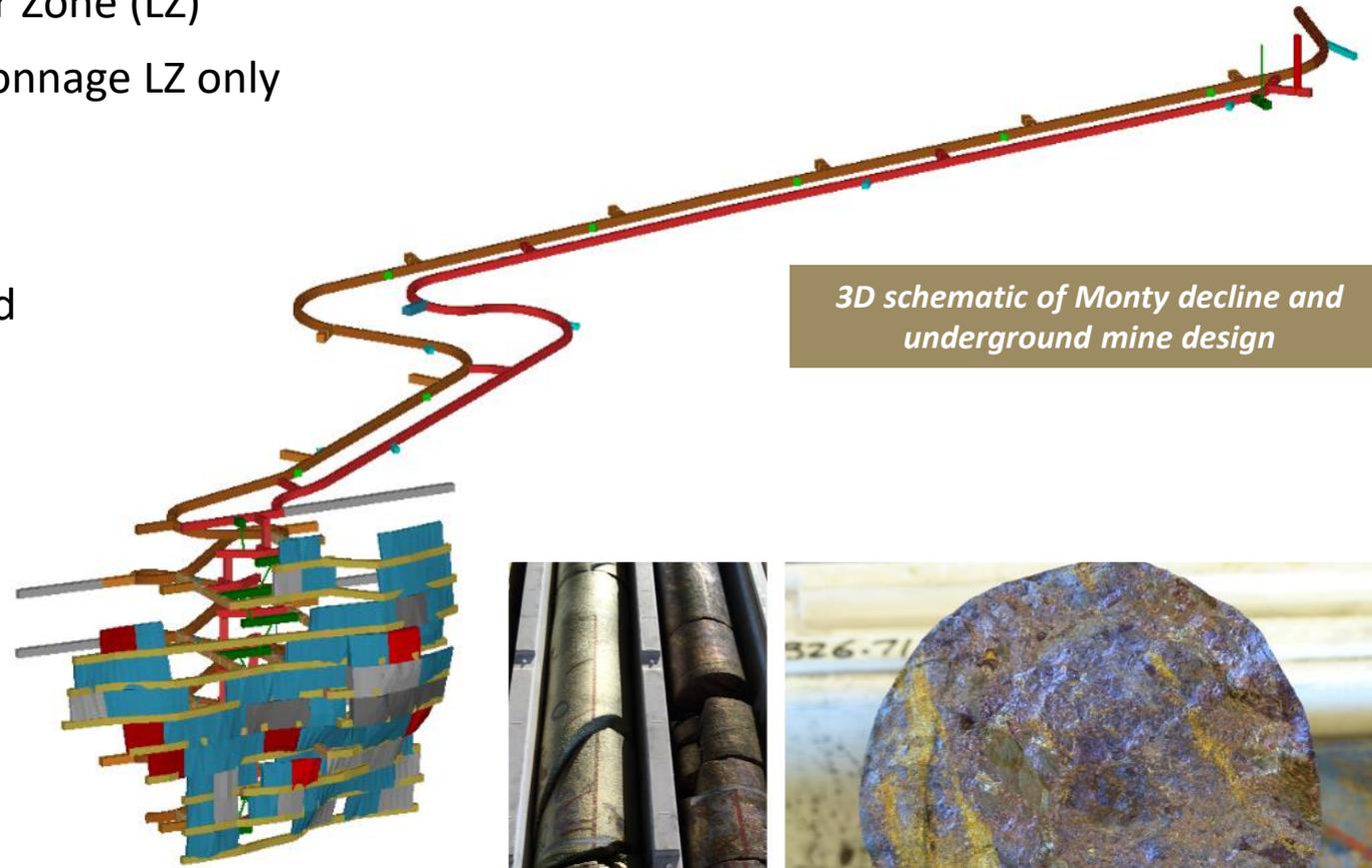


## *A conventional underground operation*

- ◆ Ore reserve consists of Upper Zone (UZ) and Lower Zone (LZ)
- ◆ Current Mine Plan includes higher-grade, higher-tonnage LZ only
- ◆ First ore targeted for 12 months from portal cut
- ◆ Conventional 1-in-7 gradient decline
- ◆ Grade control (10m x 10m) once access established
- ◆ Longitudinal long-hole open stoping with backfill
- ◆ Maximum planned mining rate of approx. 400ktpa

### *Monty Ore Reserve as at 31 March 2017<sup>2</sup>*

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
	<b>Total</b>	<b>920,000</b>	<b>8.7</b>	<b>1.4</b>	<b>80,000</b>	<b>42,000</b>



*3D schematic of Monty decline and underground mine design*

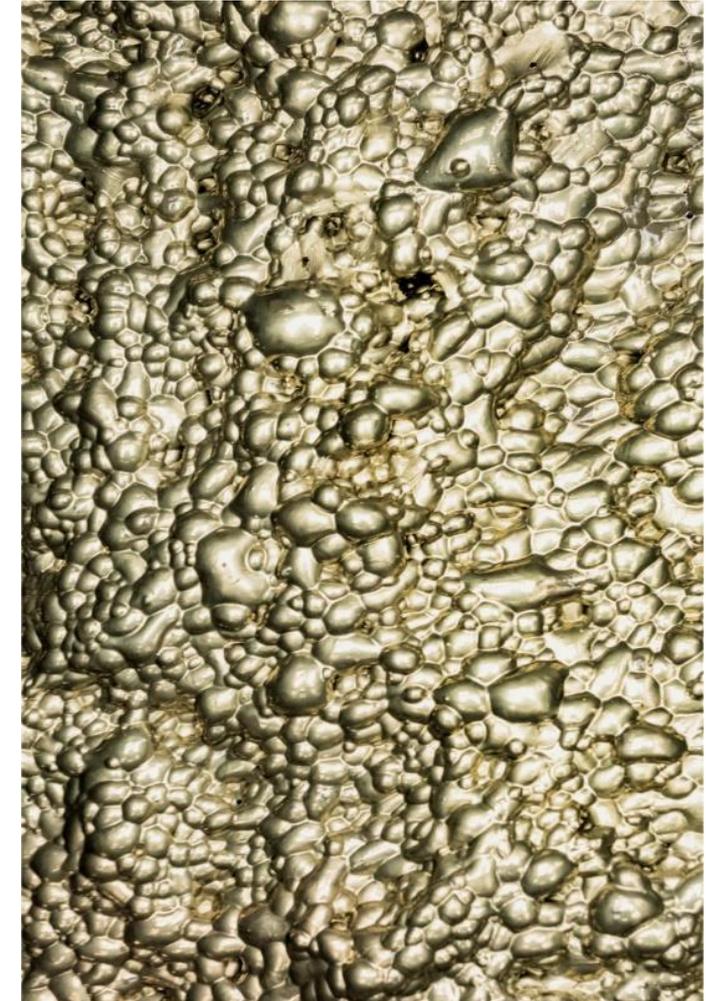


<sup>2</sup> Refer Appendix 1 Note ii



## ***OSA reduces risk with full exposure to revenue and cost upside***

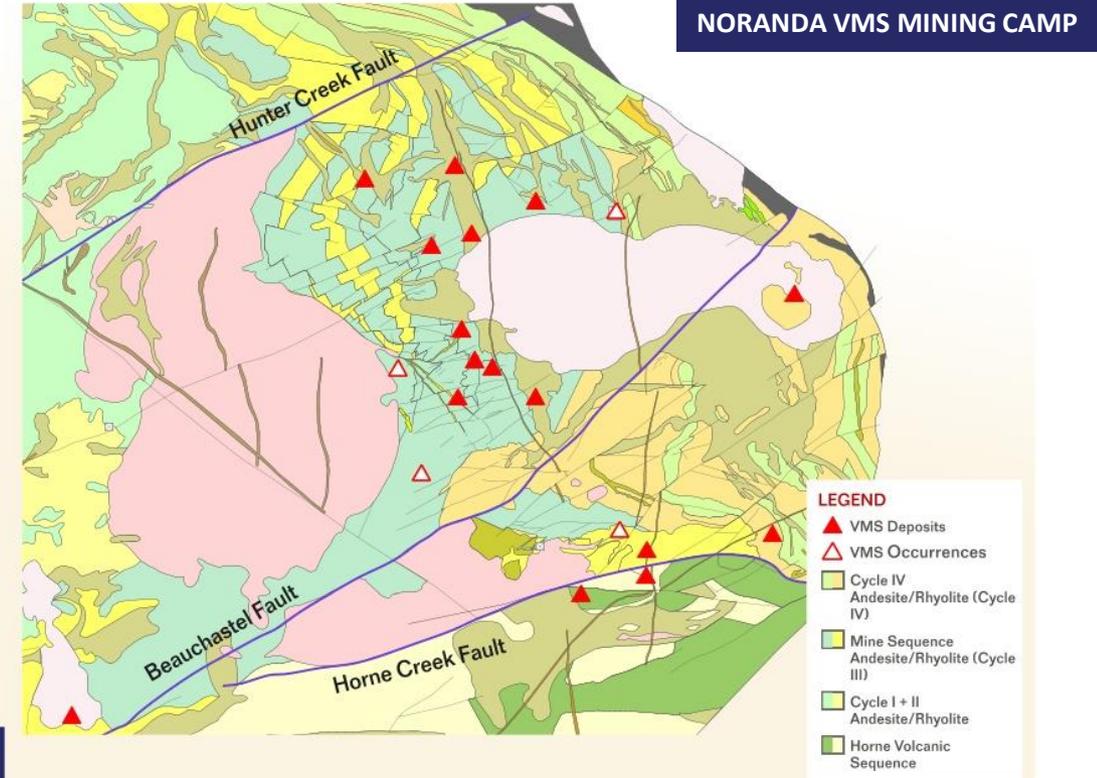
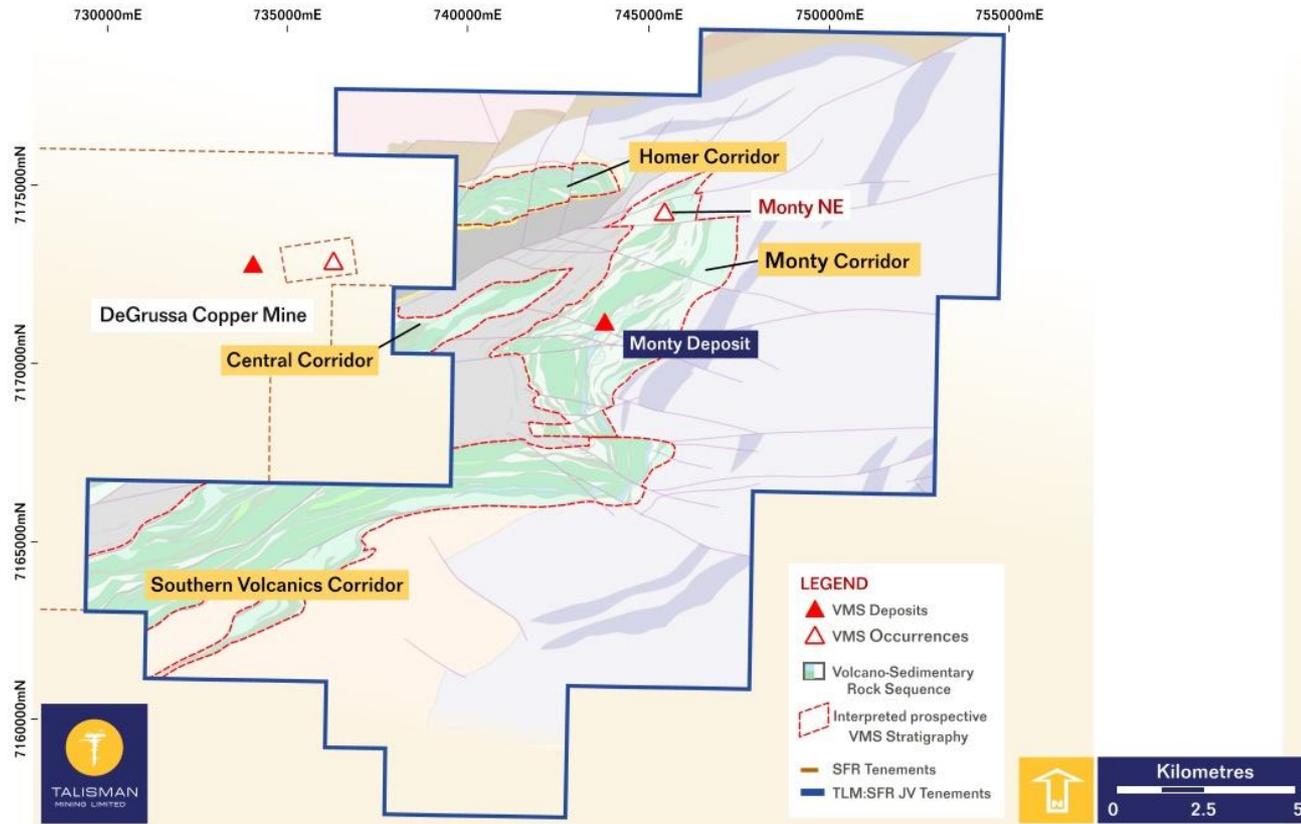
- ◆ Ore Sales Agreement (OSA) provides a low capital, low risk and high return development route for Talisman:
  - ◆ **Retains optionality in relation to any future discoveries on the Springfield JV tenements**
  - ◆ **No plant build (attractive (low) pre-production capital intensity and lower risk)**
  - ◆ **Independent third-party calculation of mined grade**
  - ◆ **Fixed metal recovery formulae and high fixed payabilities**
    - ◆ *Recognises expected Monty ore processing performance and concentrate quality*
    - ◆ *Eliminates Talisman exposure to metallurgical processing and product marketing risks*
  - ◆ **Commercial, highly competitive and transparent Ore Treatment Fee (OTF)**
    - ◆ *Incorporates all downstream costs (processing, G&A, transport and conc. treatment/refining)*
    - ◆ *Closely aligned with actual DeGrussa processing, G&A and downstream costs*
    - ◆ *Transparency of cost components (linkage to industry benchmarks or annual indexation)*
- ◆ Exploration JV Agreement covers ongoing exploration activities of the Springfield JV
- ◆ Mining JV Agreement covers rights/obligations for development and mining activities



*See Appendix 2 for further explanation of OSA and OTF*



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

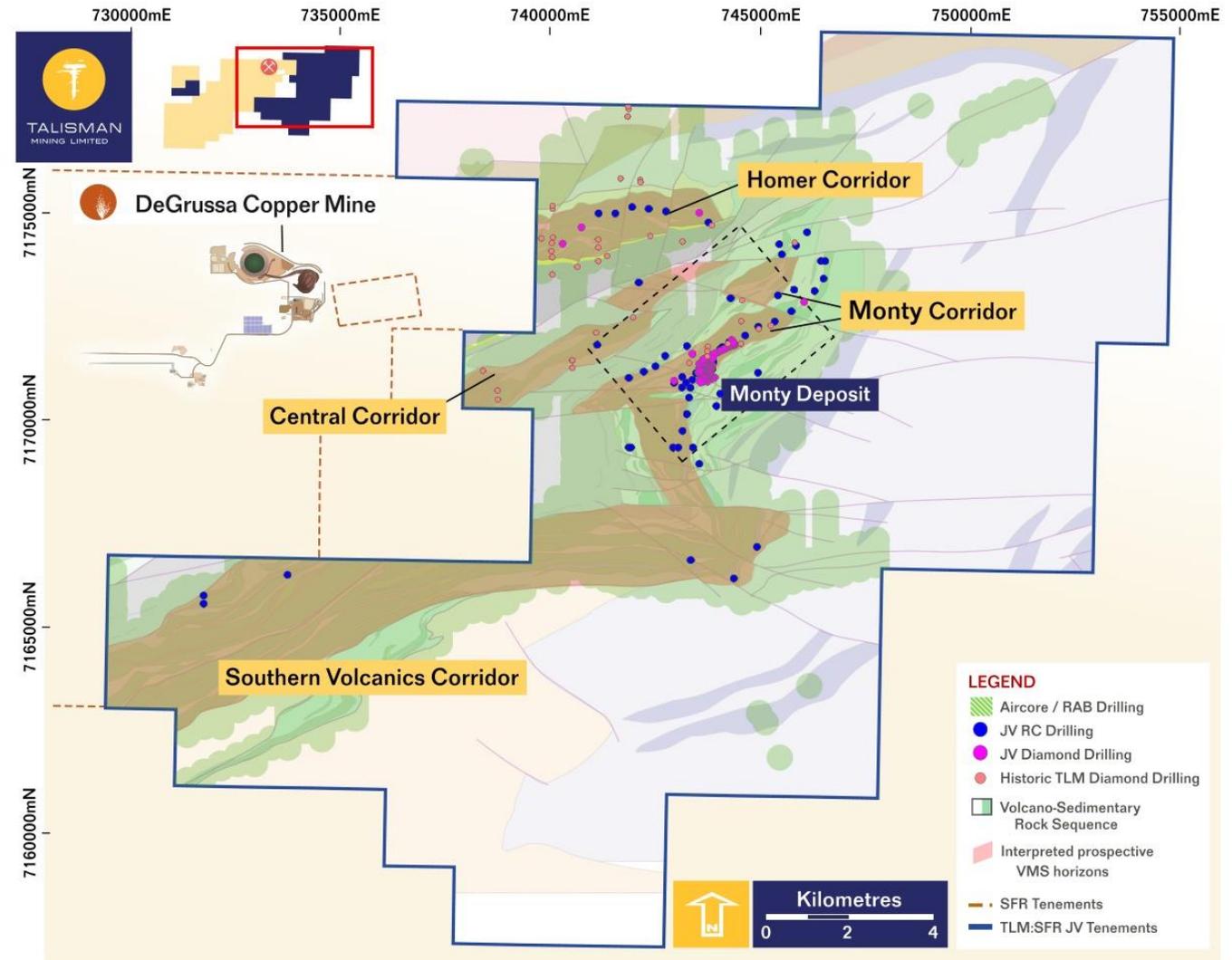


- ◆ VMS deposits can and do occur at multiple stratigraphic levels within the prospective sequence, eg *Noranda VMS mining camp*
- ◆ Bryah Basin VMS Camp now with three VMS Deposits (*DeGrussa, Monty, Horseshoe Lights*) and four VMS occurrences at different stratigraphic levels within the prospective Karalundi sequence



## Springfield – Multiple Prospective Horizons

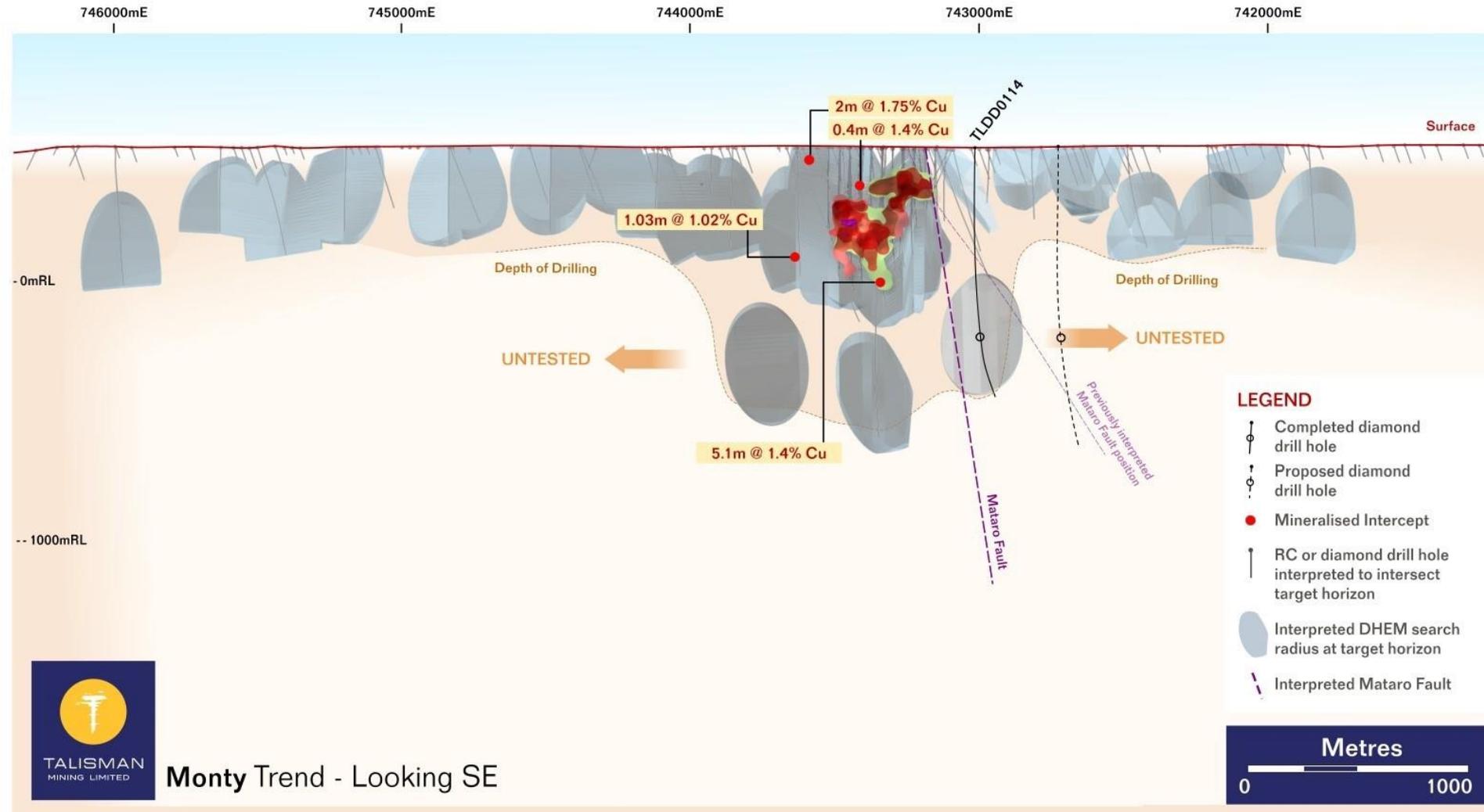
- ◆ Potential for multiple host horizons within prospective corridors
  - ◆ Monty
  - ◆ Homer
  - ◆ Southern Volcanics
  - ◆ Central
- ◆ Limited diamond and RC drilling by JV outside of Monty Resource
  - ◆ ~90% of JV diamond holes drilled for resource definition purposes
  - ◆ 16km Southern Volcanics Corridor has 6 RC holes and no diamond drilling to date
- ◆ Evolving and improving geological understanding and interpretations





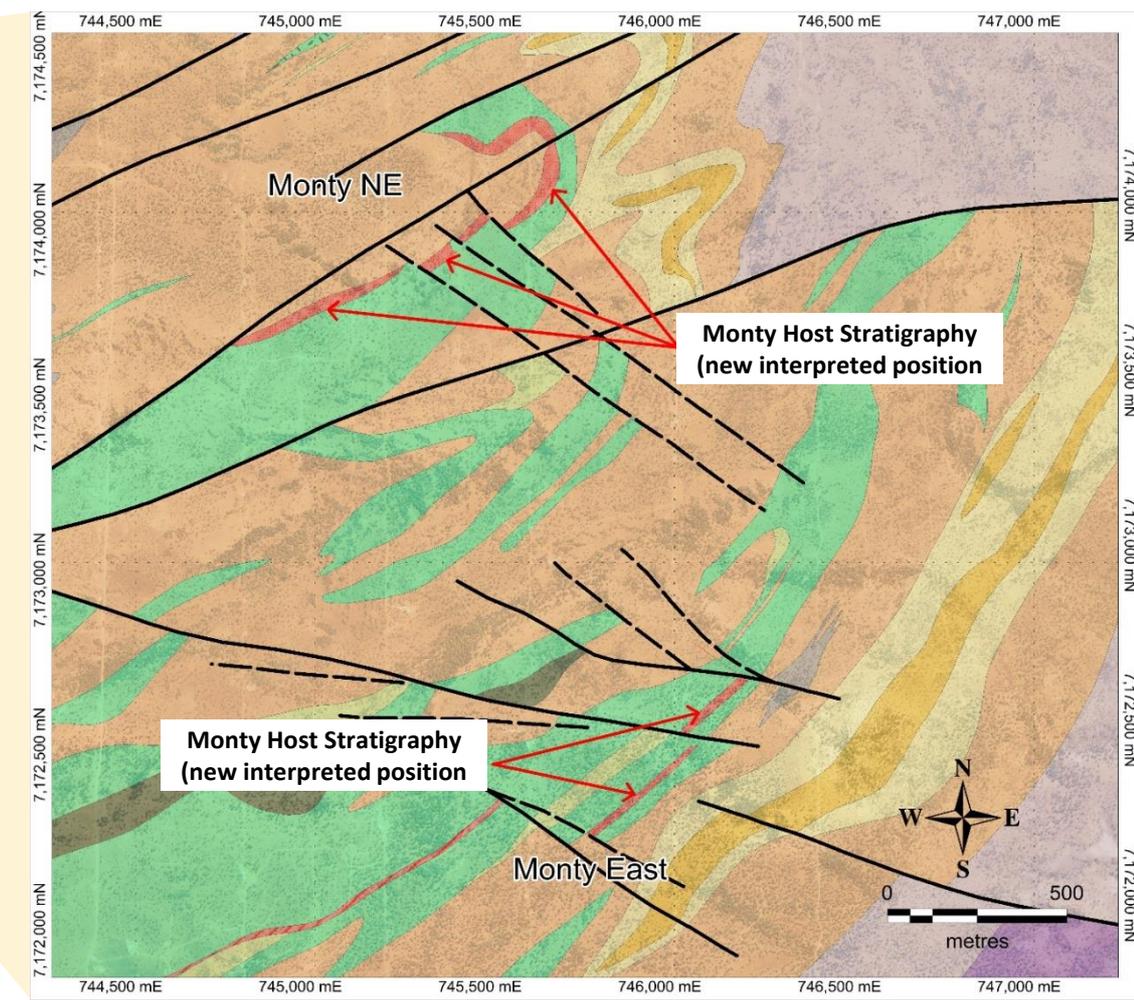
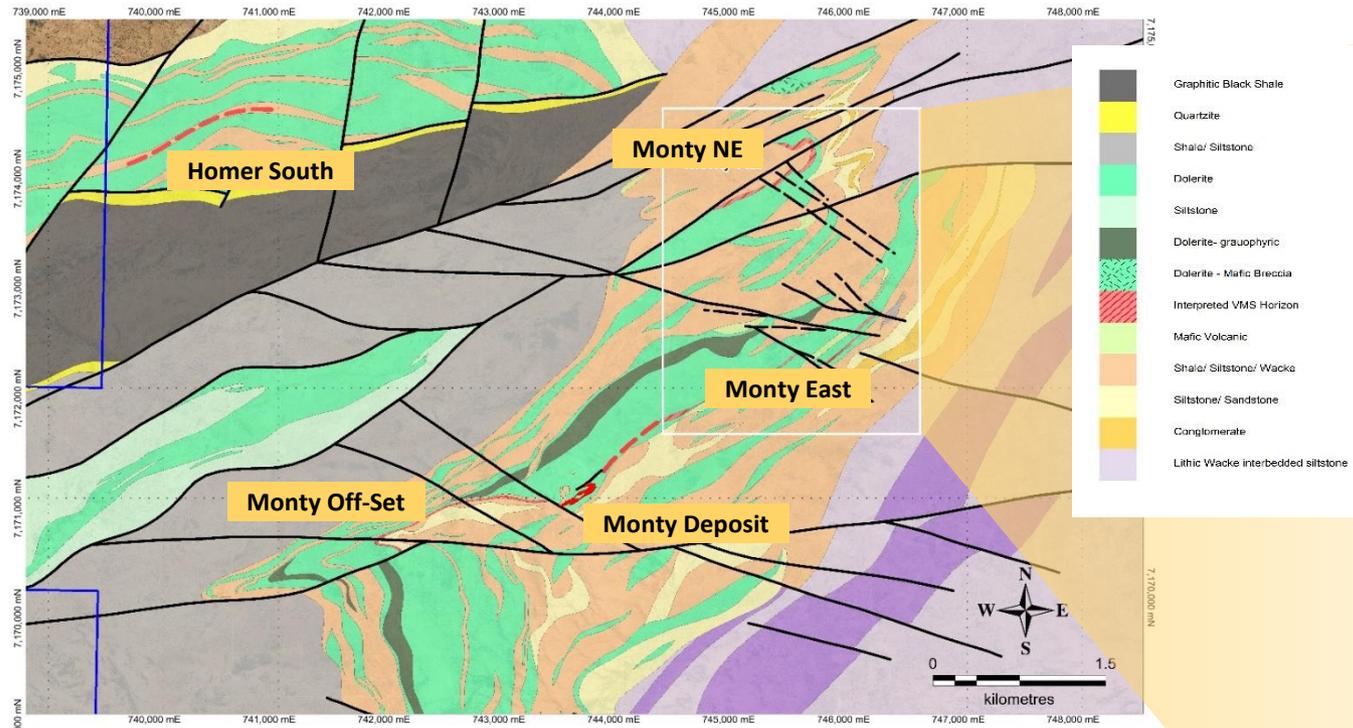
## Untested potential for further mineralisation in Monty near mine environment

- ◆ Lower Zone (LZ) growth potential with grade control drilling
- ◆ Potential for excluded Upper Zone (UZ) to enter mine plan with grade control drilling
- ◆ Represents one limited stratigraphic package within the wider prospective Monty Corridor





## New interpretations at multiple locations to be tested in the current quarter

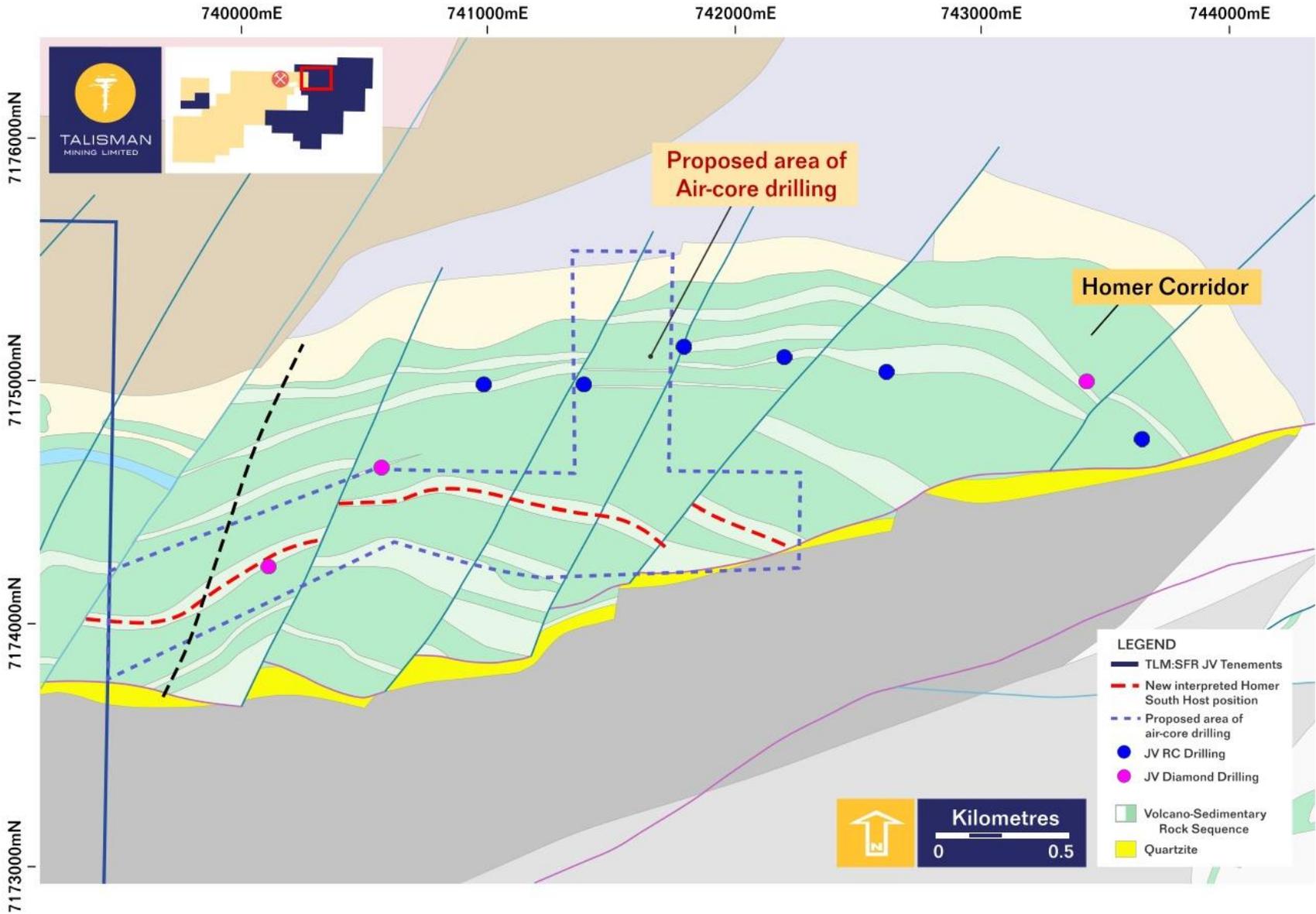


- ◆ Recently identified opportunities and interpretations include **Monty NE, Monty East and Homer South Trend**:
  - ◆ **Monty NE** significant intersection of **5m @ 4.11% Cu<sup>3</sup>**
  - ◆ **RC drilling planned at Monty NE** to test a second and separate bottom of hole aircore anomaly in this area

# Springfield exploration upside potential



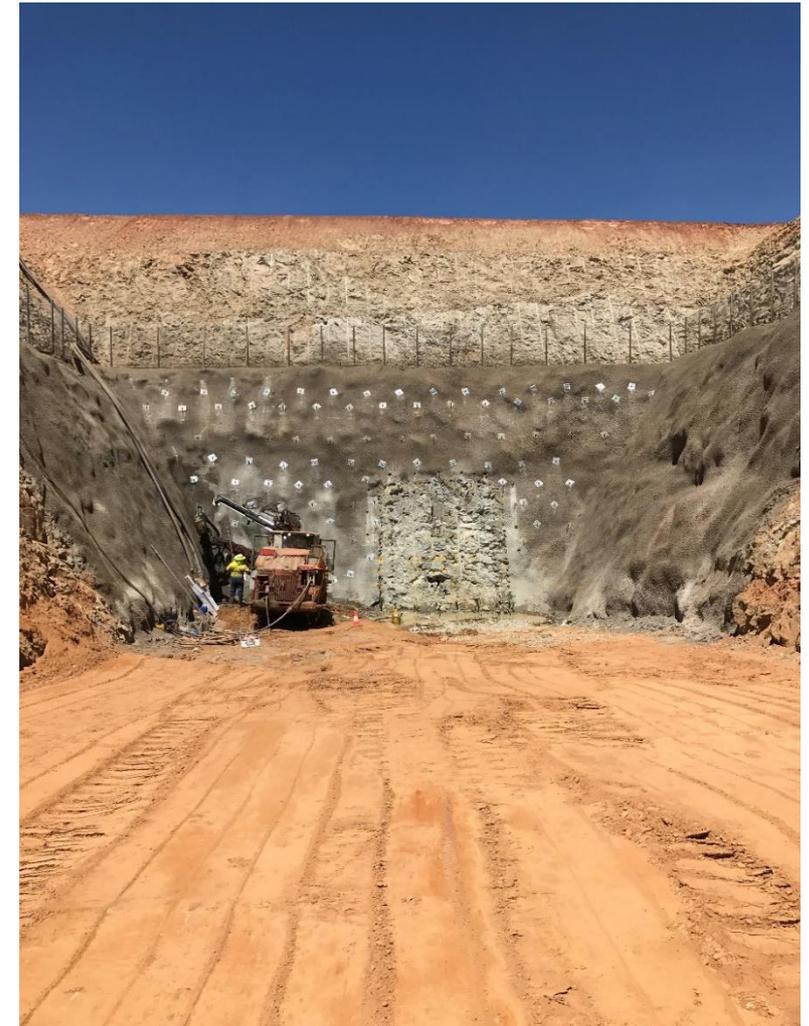
## New interpretations at Homer South





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

- ◆ **Low capital, low risk** development path utilising DeGrussa plant
- ◆ **Pre-production Capital** of \$22M (TLM share) expected to be **fully debt funded**
- ◆ JV Partner (Sandfire) a **proven project developer/operator**
- ◆ **All regulatory approvals received** and **development underway**
- ◆ **First production** targeted for **December quarter 2018**
- ◆ Springfield JV tenure in a proven **world-class VMS province** with **multiple prospective corridors**
- ◆ Potential remains to increase known mineralisation with **further systematic exploration**





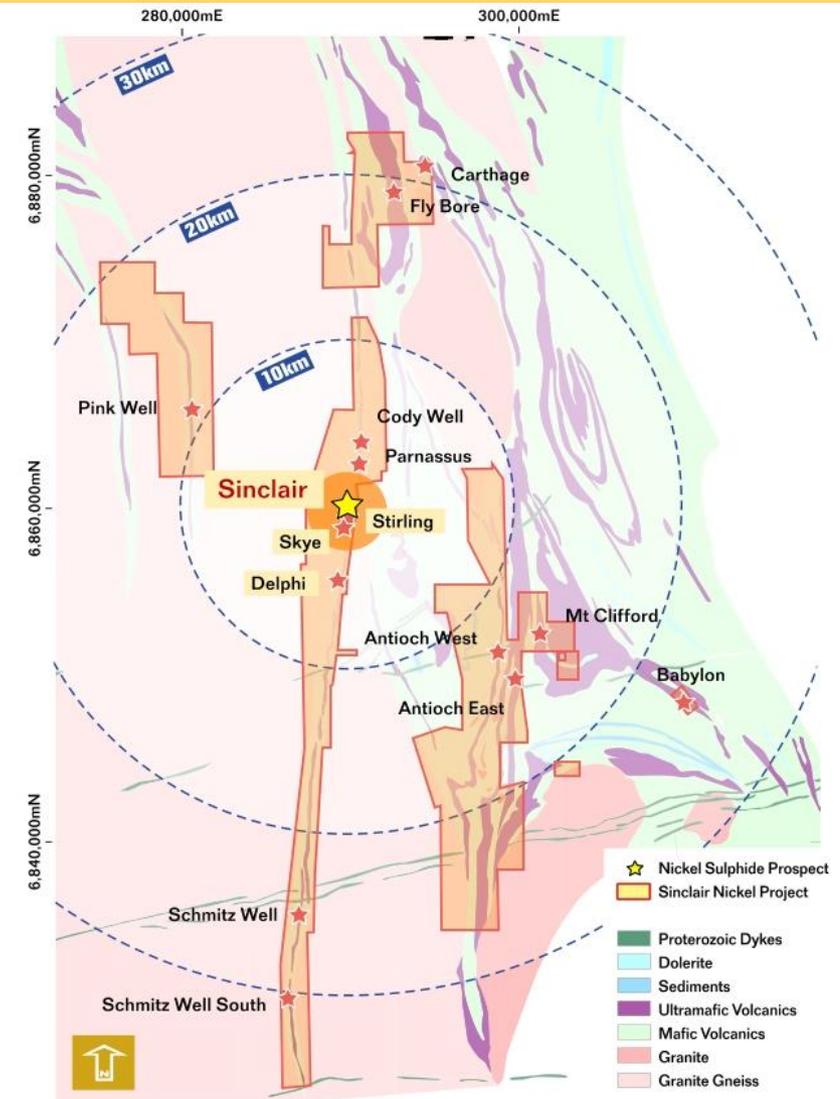
## Sinclair Nickel Project

Advanced opportunity in a proven nickel province



## Premium surface and underground assets with extensive infrastructure

- ◆ Located in the world-class Agnew-Wiluna Greenstone belt
  - ◆ +9Mt historical nickel production
- ◆ \$8M acquisition from Glencore in Nov 2014
- ◆ Previous Sinclair mine production (2008-13)
  - ◆ 1.58Mt @ 2.44% Ni for 38,599t of contained Ni
- ◆ Existing asset base includes infrastructure with approx. A\$120M replacement value
- ◆ Low capital, fast track option to nickel production
- ◆ Excellent exploration prospectivity
  - ◆ Prospects in close proximity to existing infrastructure
  - ◆ Regional opportunities along Sinclair trend (8km basal contact)
  - ◆ Results at Delphi North incl. 9m @ 4.2% Ni<sup>4</sup>
- ◆ Active on-ground exploration continuing

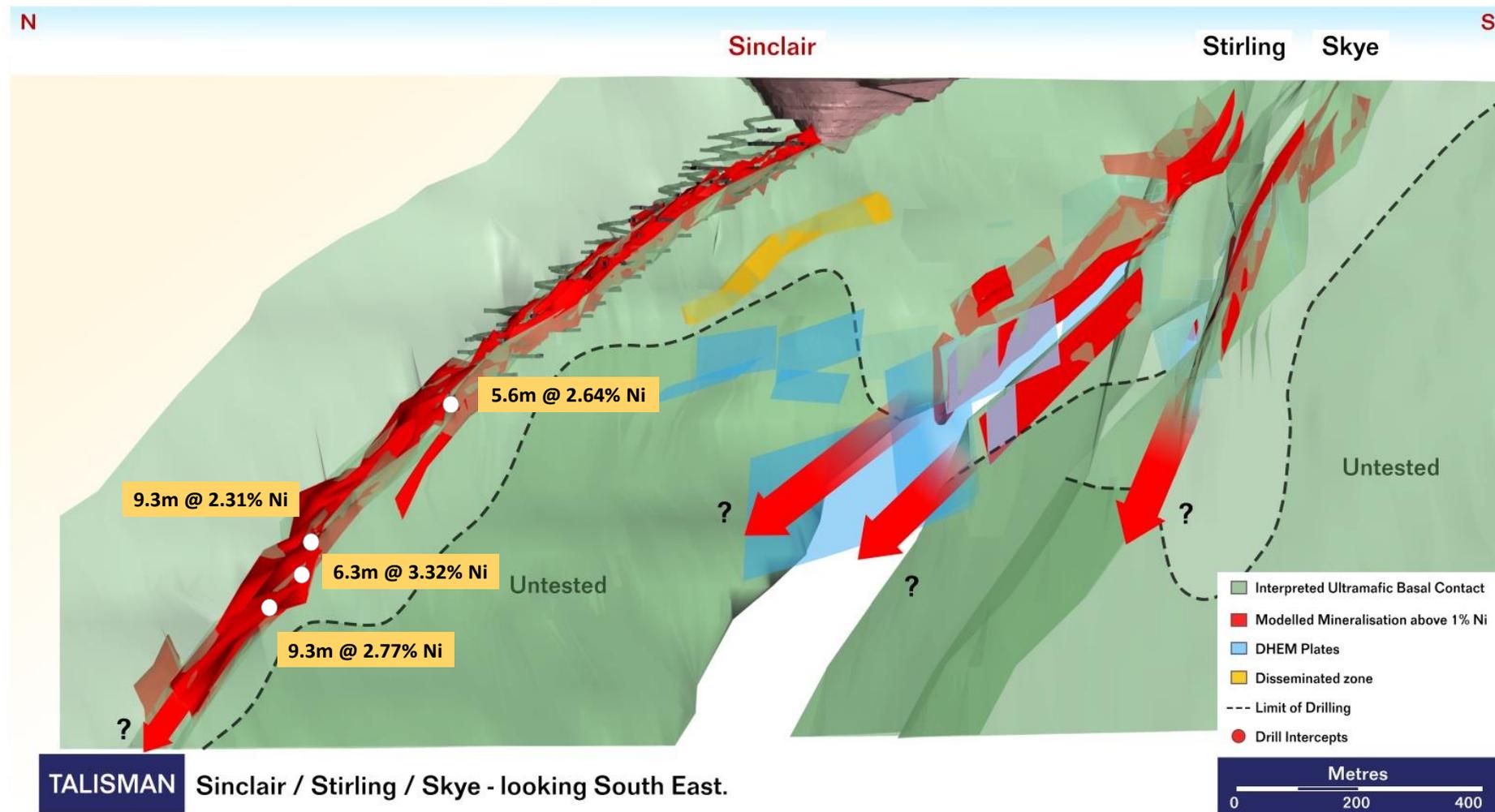


4 Refer to ASX Announcement 27 October 2016



## Potential for discovery of nickel sulphide mineralisation close to existing infrastructure

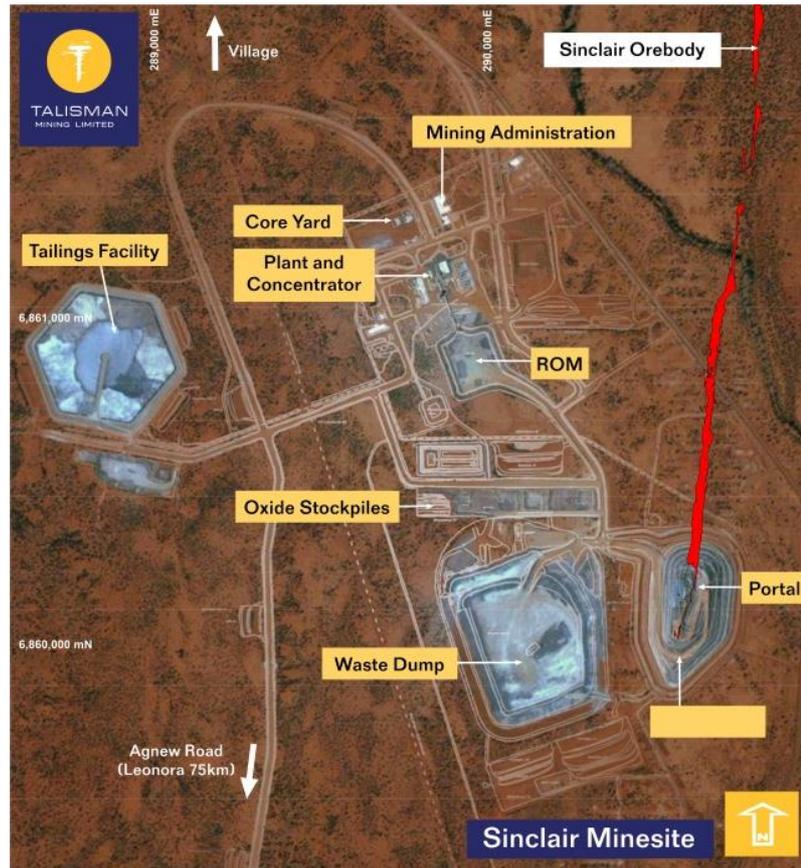
- ◆ Resource targets for known mineralisation at Sinclair mine extension plus Sinclair remnants
- ◆ Other potential resource targets at Skye/Stirling
- ◆ Proven mineralisation at regional prospects
- ◆ Numerous regional prospects at early stages
- ◆ Future potential exploration work to include regional aircore, RC/DD & geophysics – surface & DHEM





## ***Significant infrastructure in place with replacement value of approx. A\$120M***

- ◆ 350ktpa concentrator
  - ◆ Operated at ~440ktpa
- ◆ Open pit, decline and underground mine
- ◆ 200-person accommodation village
- ◆ Administration buildings and stores
- ◆ Exploration office and core yard
- ◆ Mining contractor facilities



***A re-commencement of operations at Sinclair, subject to near-mine exploration success, has the potential for low capital intensity and fast-tracked transition to production***





## The Talisman Investment Case

Emerging metals producer with exceptional prospectivity



## *Emerging metals producer with exceptional prospectivity*

- ◆ Monty a high-grade, high-returning copper-gold project
  - ◆ Development underway
  - ◆ JV with a proven development and operating partner
  - ◆ Low risk, low capital driven by ore sales arrangement
  - ◆ Currently finalising pre-production capital financing
  - ◆ First production targeted December quarter 2018
  - ◆ Outstanding exploration upside potential to be tested
- ◆ Sinclair a low start-up cost, fast track nickel production option
  - ◆ Within a highly endowed exploration address
- ◆ Upcoming activities
  - ◆ Testing of exploration targets at Springfield (Q3 CY 2017)
  - ◆ Progression of decline (Q4 CY 2017)
  - ◆ Sinclair field activities ongoing (Q4 CY 2017)
- ◆ Progressing quality opportunities to create value which are complementary to our assets, experience and expertise





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**THANK YOU**

**Discovering & Developing Opportunities in Copper-Gold & Nickel**

Investor Presentation: 121 Conference, Hong Kong, October 2017



## 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.

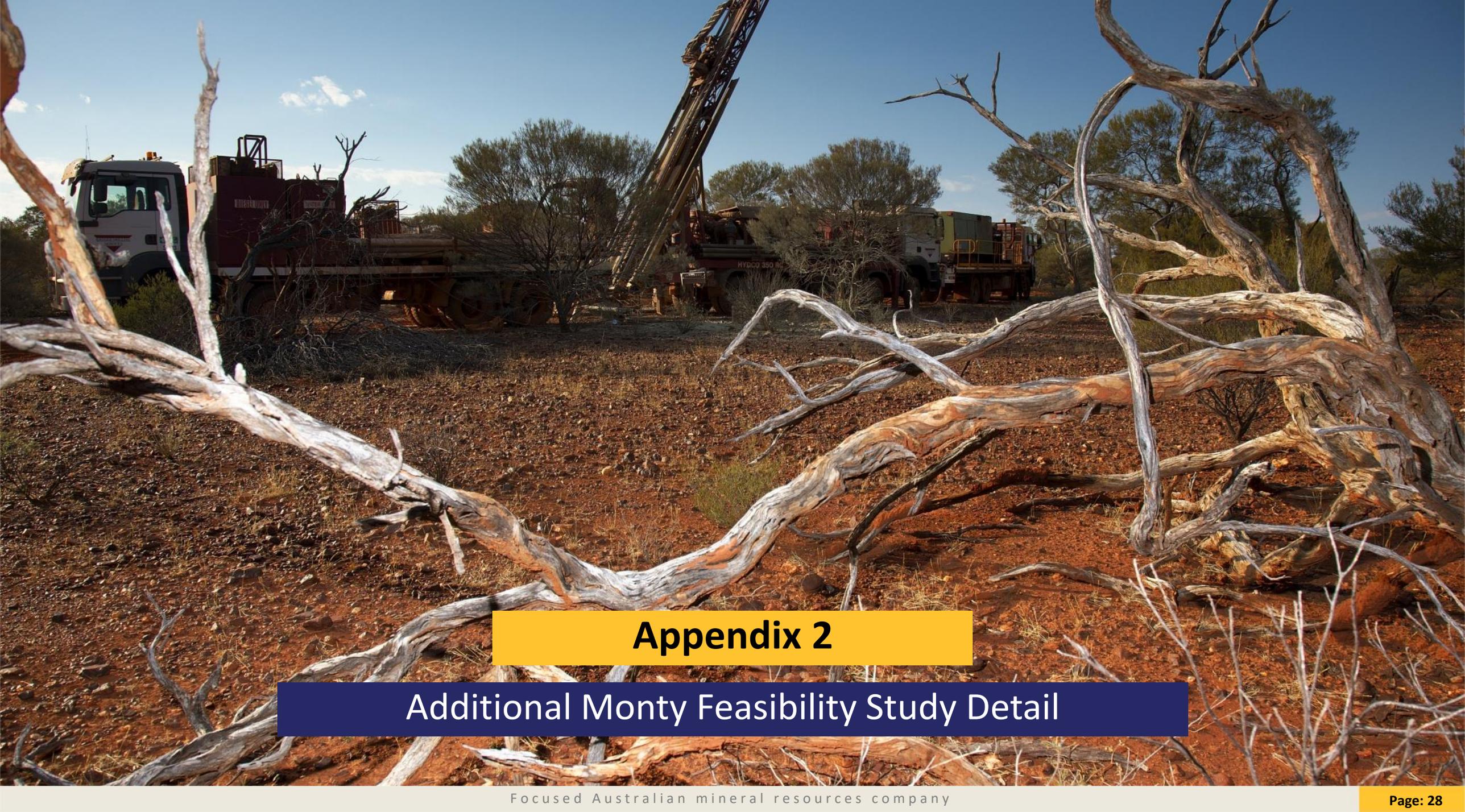
## Note ii: Ore Reserves

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.



## Appendix 2

# Additional Monty Feasibility Study Detail



## *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

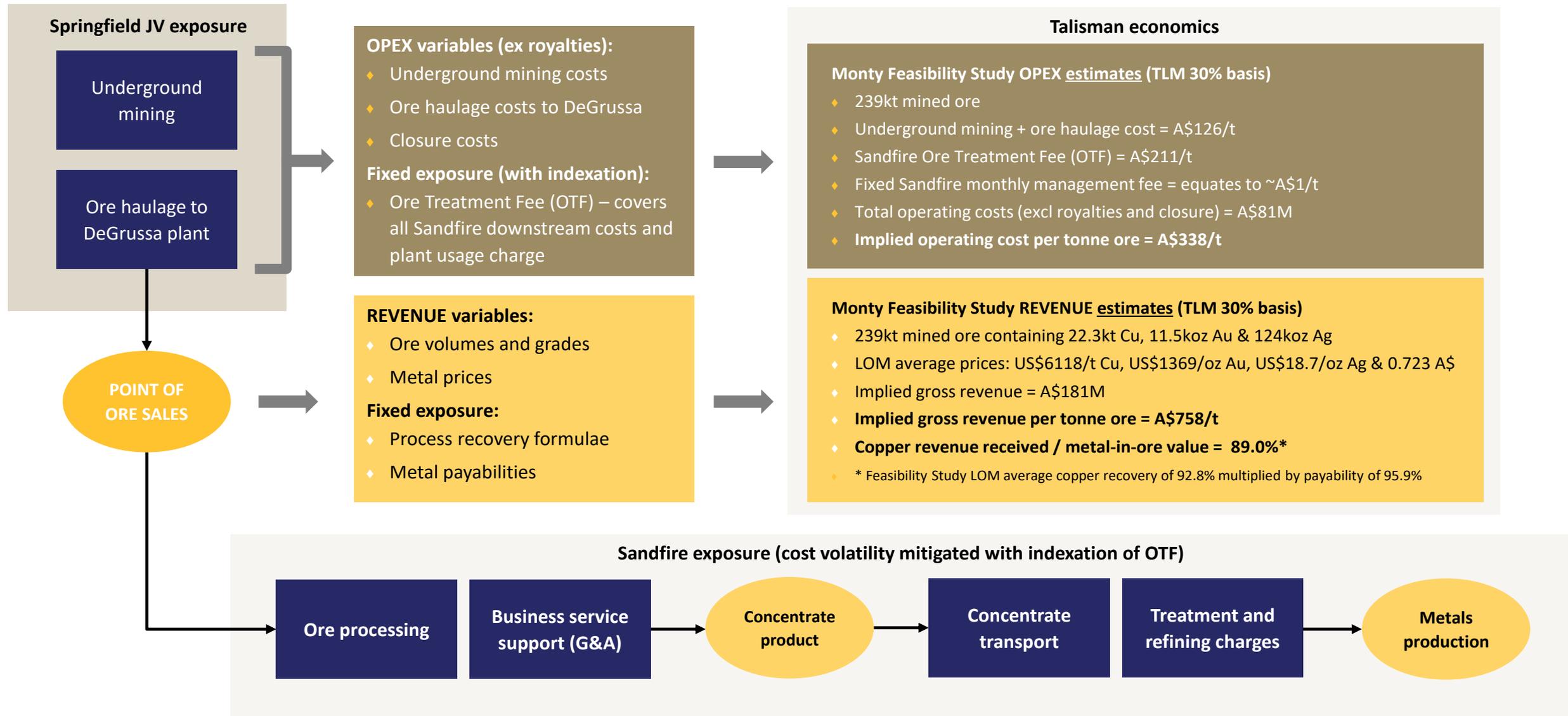
### **Exploration Joint Venture Agreement (EJVA)**

- ◆ 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 Agreement (OSA)**

- ◆ Applies to Monty ore (and near-Monty extensions)
- ◆ Potential future Springfield JV discoveries subject to separate OSA 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 OTF are subject to annual indexation and/or pegged to annual industry determined benchmarks

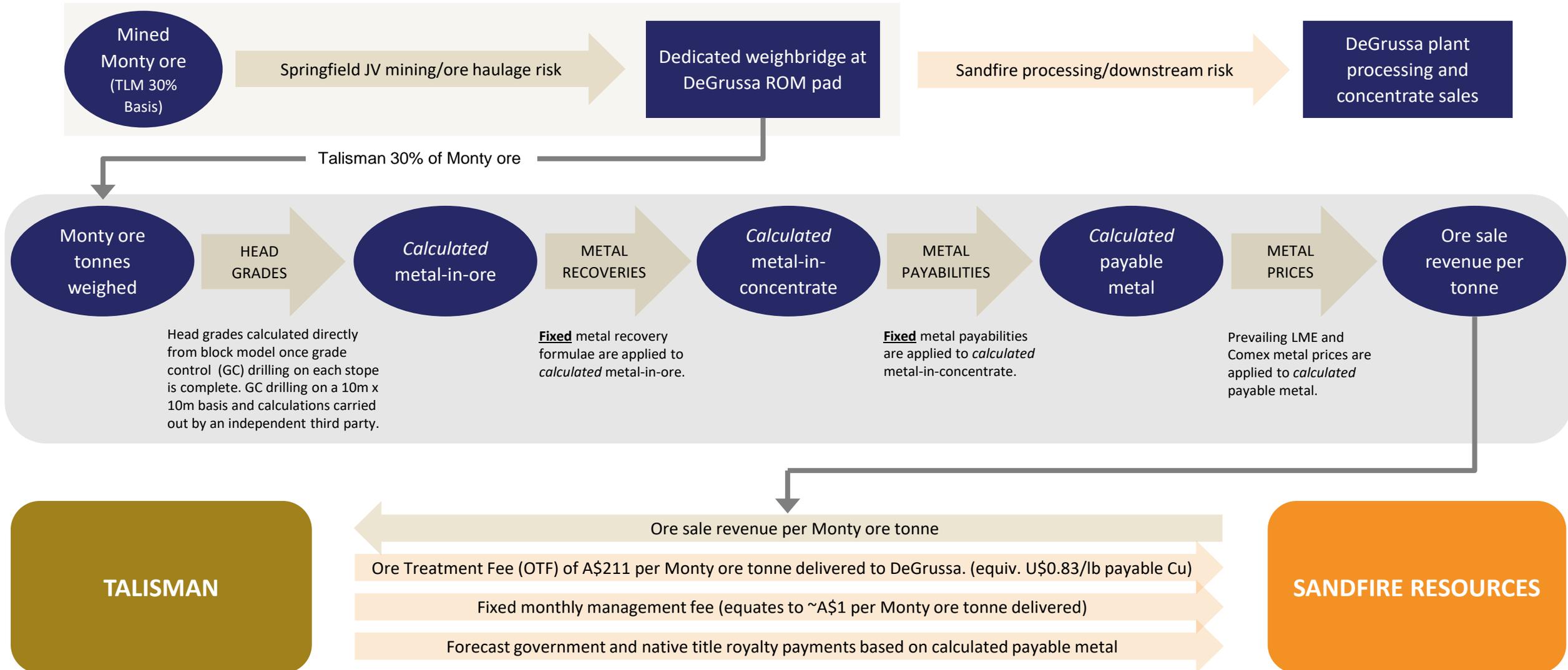
# Talisman's underlying operating and economic interest in Monty



# The OSA maximises simplicity and minimises dispute risk



Monty ore ownership and risks transfer at this point



# A highly competitive Ore Treatment Fee (OTF)



- ◆ Ore Treatment Fee (OTF) of approx. A\$211/t ore
- ◆ Recognises **all downstream costs** post ore sale:
  - ◆ Ore processing and associated business services/G&A
  - ◆ Concentrate transport and refining costs (~55% of OTF)
  - ◆ A dedicated plant usage charge
- ◆ Closely aligned with actual DeGrussa processing, G&A and downstream costs
- ◆ Appears elevated on a per tonne of ore basis due to the extremely high grade nature of Monty ore
  - ◆ Concentrate costs actually levied per tonne of conc/Cu
  - ◆ Equates to US\$0.86/lb payable Cu metal (at spot A\$)
- ◆ Modest plant usage charge allows Talisman to avoid a substantial investment in dedicated processing, site services, transport and marketing infrastructure
  - ◆ Plus removes all accompanying risk exposures

DeGrussa: 1HFY17 opex (ex mining)	A\$/t ore	A\$/lb Cu	US\$/lb Cu
Processing	33	0.36	0.27
Business services	18	0.20	0.15
Transport, treatment and refining	57	0.61	0.46
<b>C1 cost pre-credits (excl mining costs)</b>	<b>108</b>	<b>1.17</b>	<b>0.88</b>
OTF components implied by DeGrussa 1HFY17 opex	A\$/t ore	A\$/lb Cu	US\$/lb Cu
Processing	33	0.18	0.14
Business services	18	0.10	0.08
Transport, treatment and refining	113	0.61	0.46
<b>Implied OTF components (excl implied usage charge)</b>	<b>164</b>	<b>0.89</b>	<b>0.67</b>
Monty: Ore Treatment Fee (OTF)	A\$/t ore	A\$/lb Cu	US\$/lb Cu
OTF (from the OSPA)	211	1.15	0.86
<b>Implied usage charge (based on DeGrussa 1HFY17)</b>	<b>47</b>	<b>0.25</b>	<b>0.19</b>
<b>Implied usage charge, existing life-of-mine cost (A\$m)</b>	<b>11.2</b>		

DeGrussa opex as per quarterly US\$ operating data released by Sandfire and avg. 1HFY17 A\$/US\$ rate of 0.75; all A\$/US\$ conversions above at this rate.

DeGrussa opex expressed on a per pound contained metal basis; Monty OTF and implied usage charge expressed on a per pound payable metal basis.

This is an indicative analysis only. The calculation of specific OTF components is notional and derived solely on an implied basis utilising DeGrussa 1HFY17 actual opex. Talisman does not warrant that these implied component amounts align in any way with the specific component amounts of the aggregate OTF within the OSA.

### Adjustments to reflect high Monty ore grade

DeGrussa processing/G&A costs applied to Monty Feasibility Study operating parameters to arrive at notional per pound unit costs.

DeGrussa transport, treatment and refining cost notionally adjusted back to a per tonne ore cost utilising Monty Feasibility Study operating parameters.



## A technically sound and highly economic underground project

All costs borne by the Springfield Joint Venture under the OSA 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 <sup>i</sup>	A\$/lb pay Cu	1.56
Notional All-in-sustaining-cost (AISC) <sup>i</sup>	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



<sup>i</sup>C1 and AISC are calculated on the basis of notionally including the OSA 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.



## Capital cost composition (TLM 30% basis)

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

## Commodity Price Assumptions

Commodity / FX	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Copper – U\$/lb	2.51	2.74	2.81	2.78	2.68
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
<b>Total operating cost</b>	<b>88.9</b>	<b>372.3</b>

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)
<b>Notional C1<sup>i</sup> cost</b>	<b>68.5</b>	<b>1.56</b>
Royalties – gov't and native title	8.1	0.19
Sustaining capital	5.5	0.13
Closure costs	1.0	0.02
<b>Total notional AISC<sup>i</sup></b>	<b>83.1</b>	<b>1.90</b>

<sup>i</sup> C1 and AISC are calculated on the basis of notionally including the OSA 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.



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
	<b>Total</b>	<b>763,000</b>	<b>12.1</b>	<b>2.1</b>	<b>92,000</b>	<b>52,000</b>
Halo	Indicated	287,000	2.2	0.3	6,000	3,000
	Inferred	-	-	-	-	-
	<b>Total</b>	<b>287,000</b>	<b>2.2</b>	<b>0.3</b>	<b>6,000</b>	<b>3,000</b>
<b>Total</b>	<b>Indicated</b>	<b>1,041,000</b>	<b>9.3</b>	<b>1.6</b>	<b>97,000</b>	<b>54,000</b>
	<b>Inferred</b>	<b>9,000</b>	<b>20.7</b>	<b>2.7</b>	<b>22,000</b>	<b>1,000</b>
	<b>Total</b>	<b>1,050,000</b>	<b>9.4</b>	<b>1.6</b>	<b>99,000</b>	<b>55,000</b>

<sup>5</sup> Refer Appendix 1 Note  
 Figures in this table are rounded to the nearest thousand.



## Ore Reserve estimate and Mine Plan on 100% Basis as at 31 March 2017

Reserve Category	Tonnes (t)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Proved	-	-	-	-	-
Probable	920,000	8.7	1.4	80,000	42,000
<b>Total</b>	<b>920,000</b>	<b>8.7</b>	<b>1.4</b>	<b>80,000</b>	<b>42,000</b>
<b>Mine Plan</b>	<b>800,000</b>	<b>9.4</b>	<b>1.5</b>	<b>74,000</b>	<b>38,000</b>

## Ore Reserve estimate and Mine Plan for the Monty deposit (100% basis)

## Ore Reserve estimate and Mine Plan on Talisman 30% Basis as at 31 March 2017

Reserve Category	Tonnes (t)	Copper (%)	Gold (g/t)	Contained Copper (t)	Contained Gold (oz)
Proved	-	-	-	-	-
Probable	280,000	8.7	1.4	24,000	13,000
<b>Total</b>	<b>280,000</b>	<b>8.7</b>	<b>1.4</b>	<b>24,000</b>	<b>13,000</b>
<b>Mine Plan</b>	<b>240,000</b>	<b>9.4</b>	<b>1.5</b>	<b>22,000</b>	<b>11,000</b>

## Ore Reserve estimate and Mine Plan for the Monty deposit (30% basis)

<sup>6</sup> Refer Appendix 1 Note ii  
 Figures in this table rounded to the nearest thousand