



TALISMAN  
MINING LIMITED

ASX Code: TLM



**Emerging Copper-Gold Producer – Actively Exploring in Australia’s Premier Regions**

**Investor Presentation: March 2018**

Focused Australian mineral resources company



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## *Springfield Cu-Au Joint Venture (Talisman 30%)*

- ◆ High grade Cu-Au mine development in world-class VMS province
- ◆ Outstanding high grade orebody – Monty Ore Reserve = 8.7% Cu
- ◆ Monty Feasibility Study outlines exceptional forecast returns
- ◆ Pre-production finance secured – \$US20 million facility
- ◆ Construction and mine development rapidly advancing
- ◆ First production targeted for early Q4 CY 2018
- ◆ Significant exploration value and untested potential

## *NSW Lachlan Cu-Au Project*

- ◆ Large landholding in an Australian exploration hotspot
- ◆ Significant potential for discovery of substantial Cu, Au and base metal deposits

## *Sinclair Nickel Project*

- ◆ 350ktpa processing plant & associated infrastructure
- ◆ Near-mine and regional opportunities
- ◆ Regionally strategic asset



***“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

- +17 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



## Capital Structure

Shares on Issue	185.7M
Unlisted Options	9.7M
Market Capitalisation (at 22c)	A\$41M
Cash at 31 Dec 2017 (incl restricted cash)	A\$12.1M

## Substantial Shareholders

Kerry Harmanis	~18%
Institutional Investors	~10%

## 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 JV (30% Talisman)

Springfield  
Cu Project

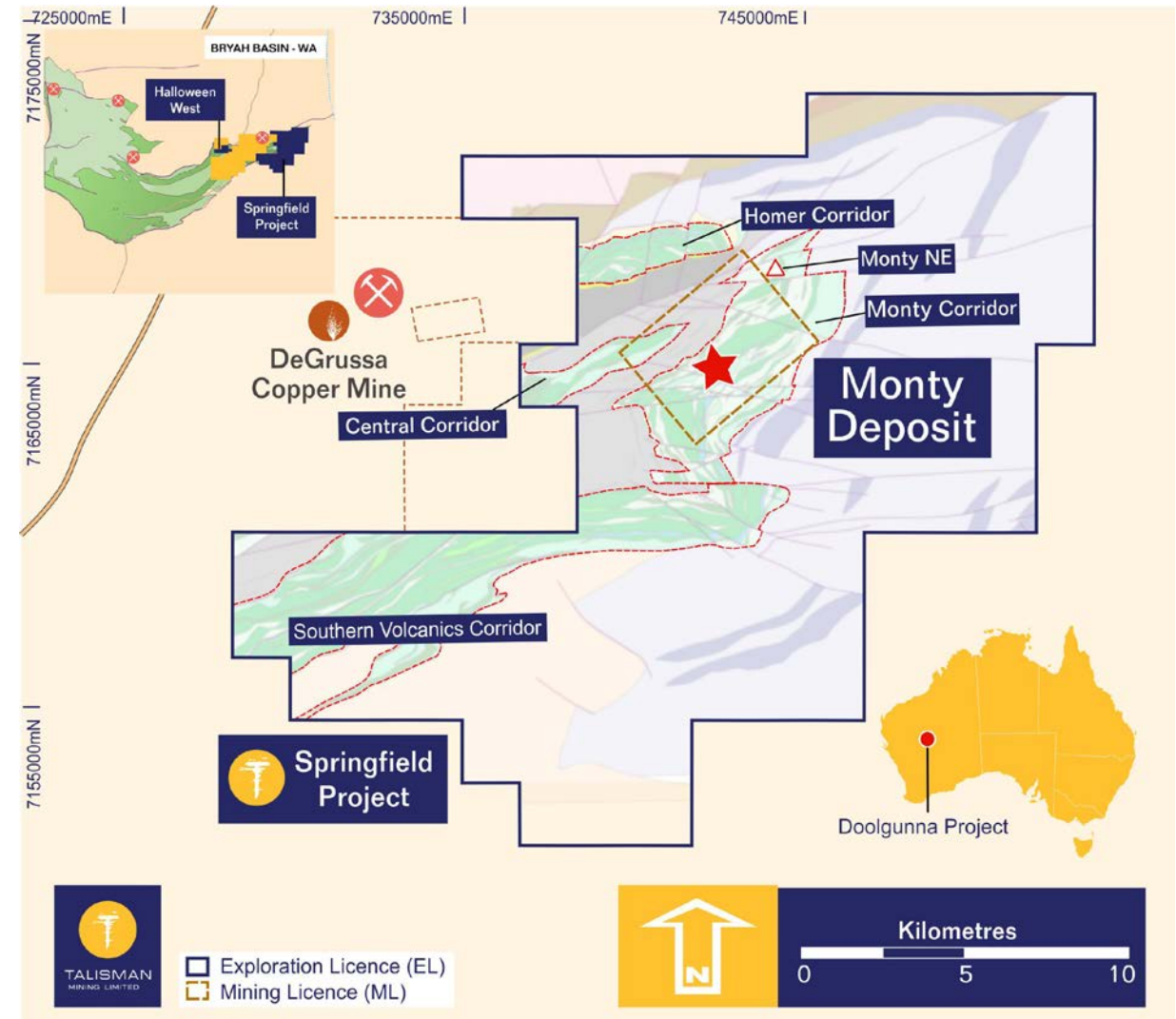
Development of the world's highest grade copper mine underway





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

- ◆ Proven world-class VMS province with two deposits <10km apart and significant untested potential for more discoveries
- ◆ Includes high-grade and high value Monty Cu-Au deposit:
  - ◆ TLM 30% share Monty Ore Reserve<sup>ii</sup> = **280kt @ 8.7% Cu** & 1.4g/t Au for contained 24kt Cu and 13koz Au
- ◆ TLM forecast Monty LOM **post-tax free cash flow >A\$50M**
- ◆ Multiple opportunities exist to outperform Feasibility Study estimates



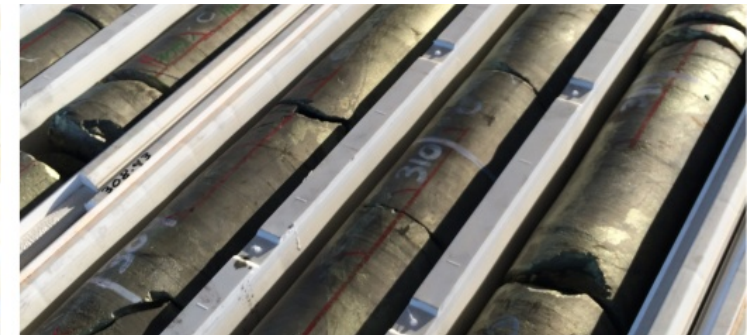
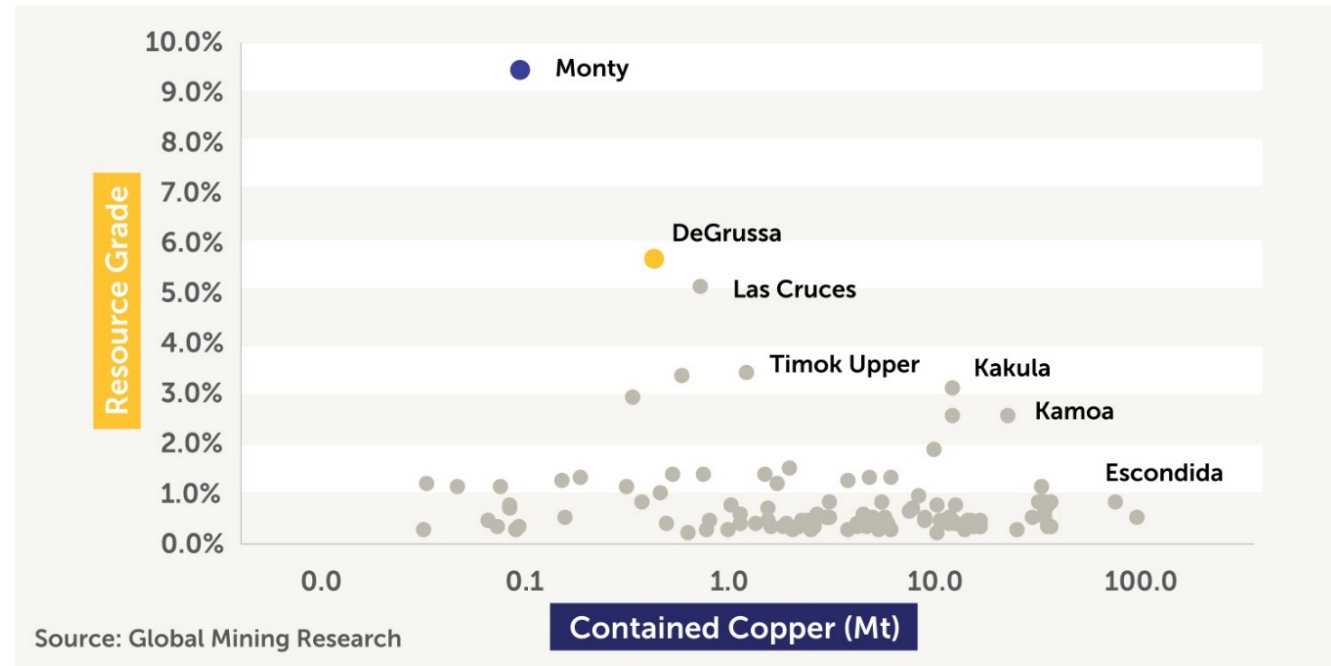


# The Monty Project: High Grade and High Value



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

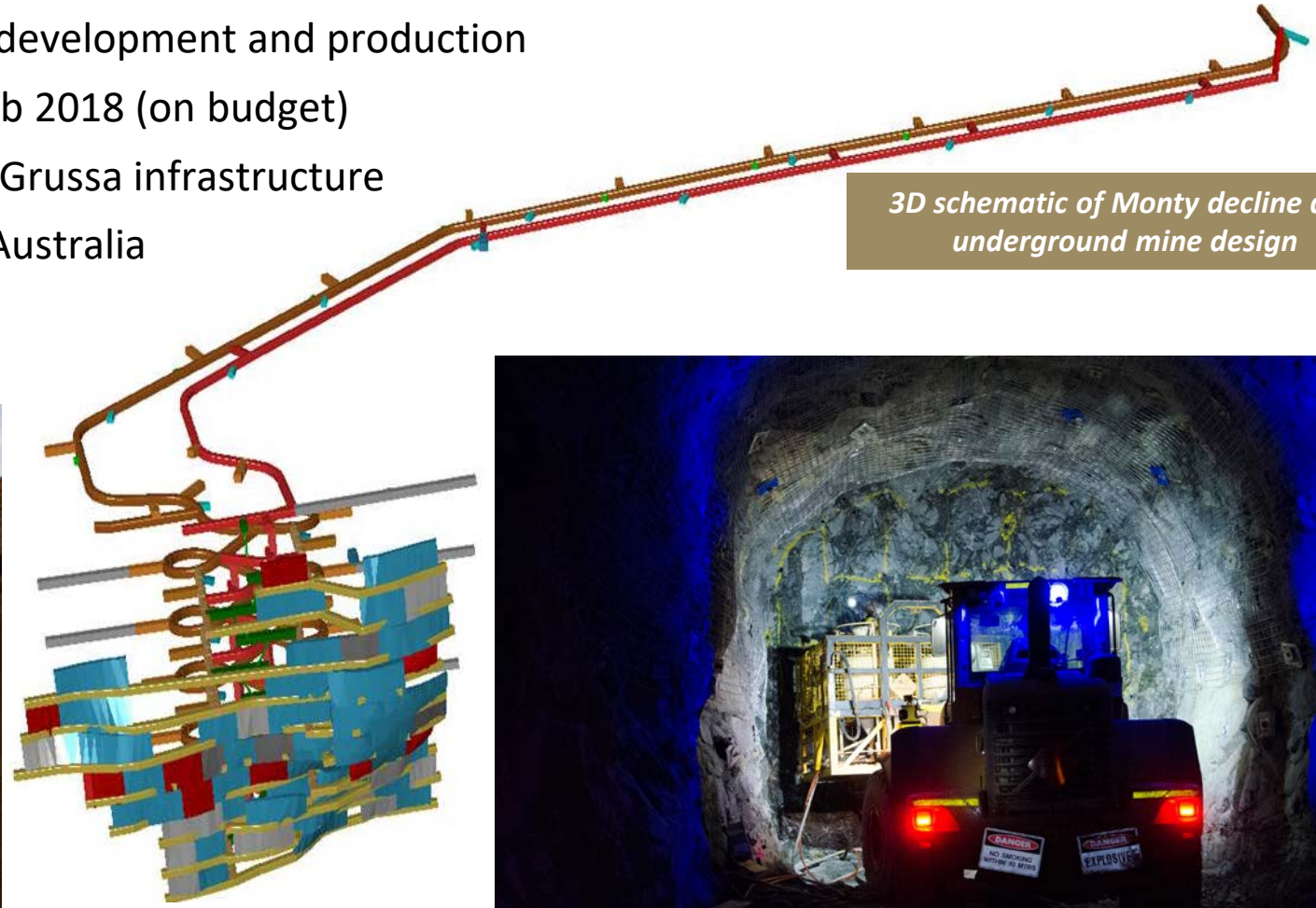
- ◆ Ultra high grade deposit will drive strong margins
- ◆ Technically sound and financially compelling underground mine
  - ◆ Forecast operating costs in bottom third of cost curve
  - ◆ Talisman post-tax cash flow >A\$50M
- ◆ Low capital and low risk development pathway utilising existing DeGrussa plant (owned by JV partner)
  - ◆ Talisman share pre-production capital ~A\$20M
- ◆ Agreements in place to allow JV mining and ore sales to Sandfire
- ◆ Talisman's pre-production capital is fully funded
  - ◆ Project debt finance facility of up to US\$20M
  - ◆ No mandatory copper hedging requirements





## ***Construction and mine development rapidly advancing***

- ◆ All regulatory approval received for Monty development and production
- ◆ Decline advanced to 586 metres as at 28 Feb 2018 (on budget)
- ◆ Development plan leverages off existing DeGrussa infrastructure
- ◆ Experienced mining contractor – Byrnes Australia
- ◆ First production scheduled in Q4 2018



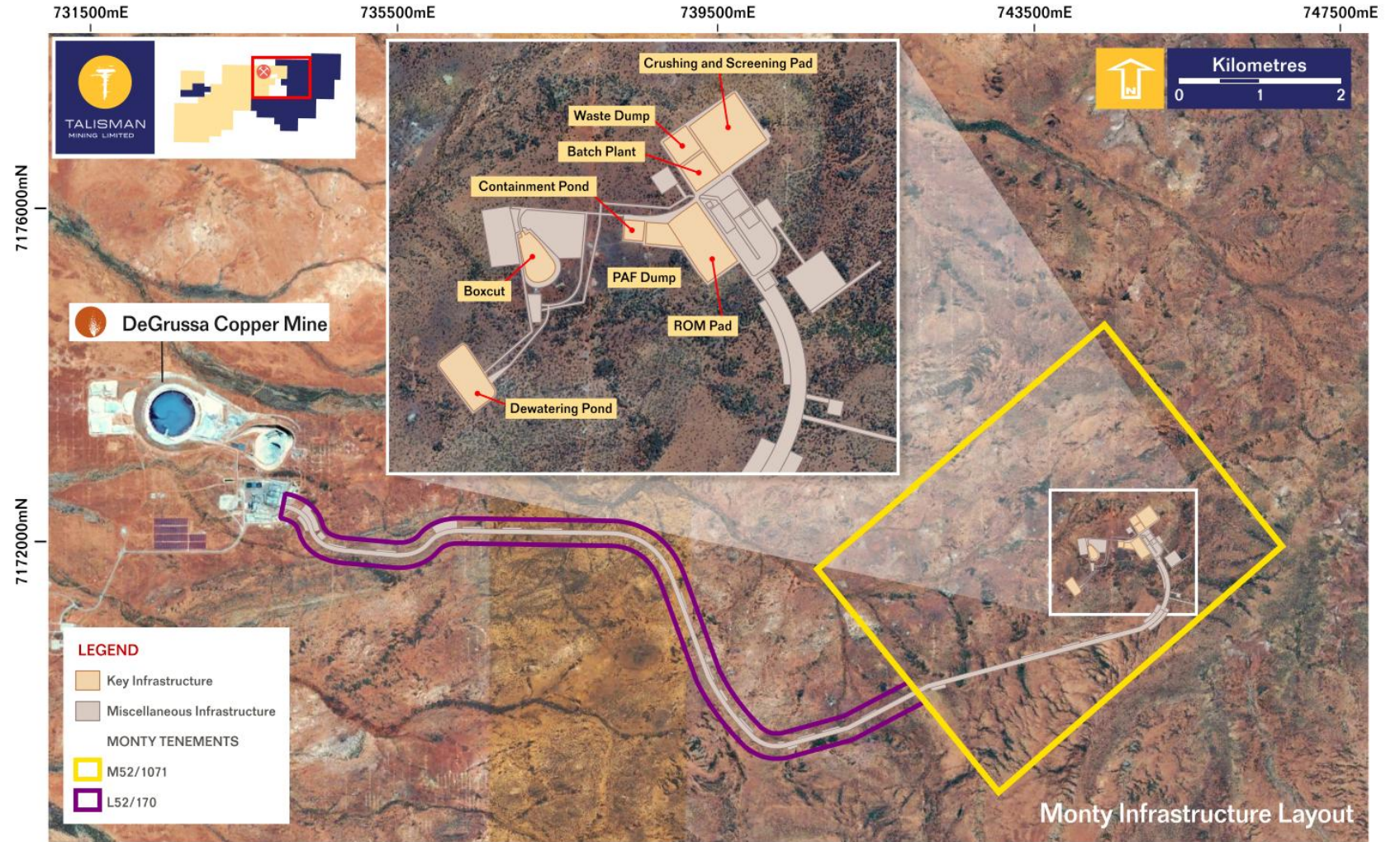
*3D schematic of Monty decline and underground mine design*







## Construction and mine development rapidly advancing







## *Construction and mine development rapidly advancing*







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

**Initial ore production life  
= 30 months**

**Payback period from first  
production = 17 months**

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

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

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

**Pre-production capital cost  
= A\$20M**

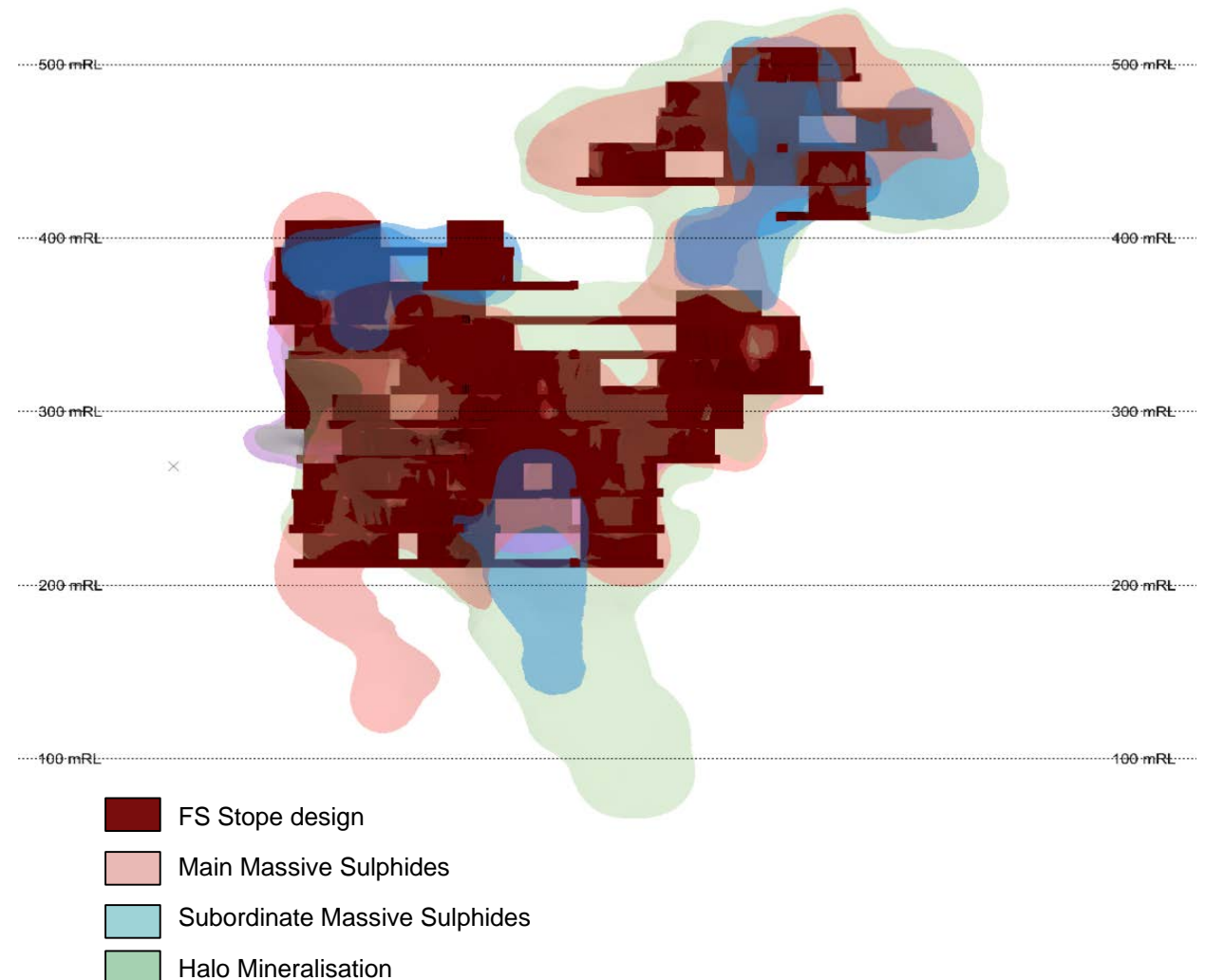
**Forecast post-tax free cash  
flow >A\$50M**

- ◆ Ore Sales Agreement (OSA) provides a low capital, low risk and high return development route for Talisman:
  - ◆ No plant build (low pre-production capital intensity, fast-tracked and lower risk)
  - ◆ Independent third-party calculation of mined grade
  - ◆ Fixed metal recovery formulae and high fixed payabilities
  - ◆ Commercial, highly competitive and transparent Ore Treatment Fee (OTF)



## *Multiple opportunities exist to outperform Feasibility Study estimates*

- ◆ Ore Reserve<sup>ii</sup> (100% basis) 920kt @ 8.7% Cu, 1.4g/t Au consists of Upper Zone and Lower Zone
- ◆ Current mine plan focuses only on the higher-grade and higher tonnage Lower Zone – captures 92% of contained metal of reserve
  - ◆ Potential for Upper Zone to enter mine plan with grade control drilling or at a later date
- ◆ No additional drilling of the Lower Zone since the original Mineral Resource estimate in April 2016
- ◆ Grade control drilling will commence in mid-2018
  - ◆ Potential for increase in contained metal as experienced at nearby DeGrussa mine

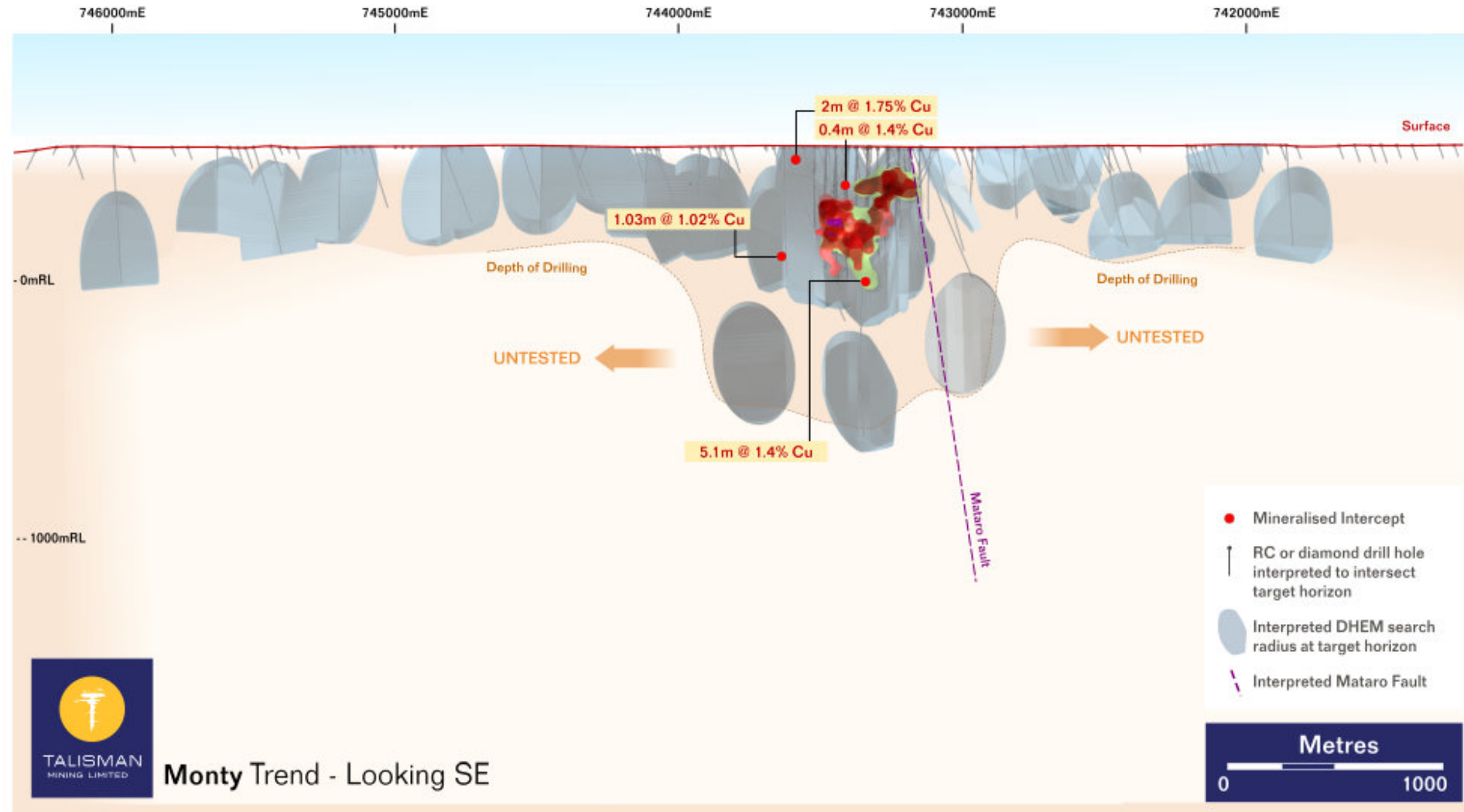






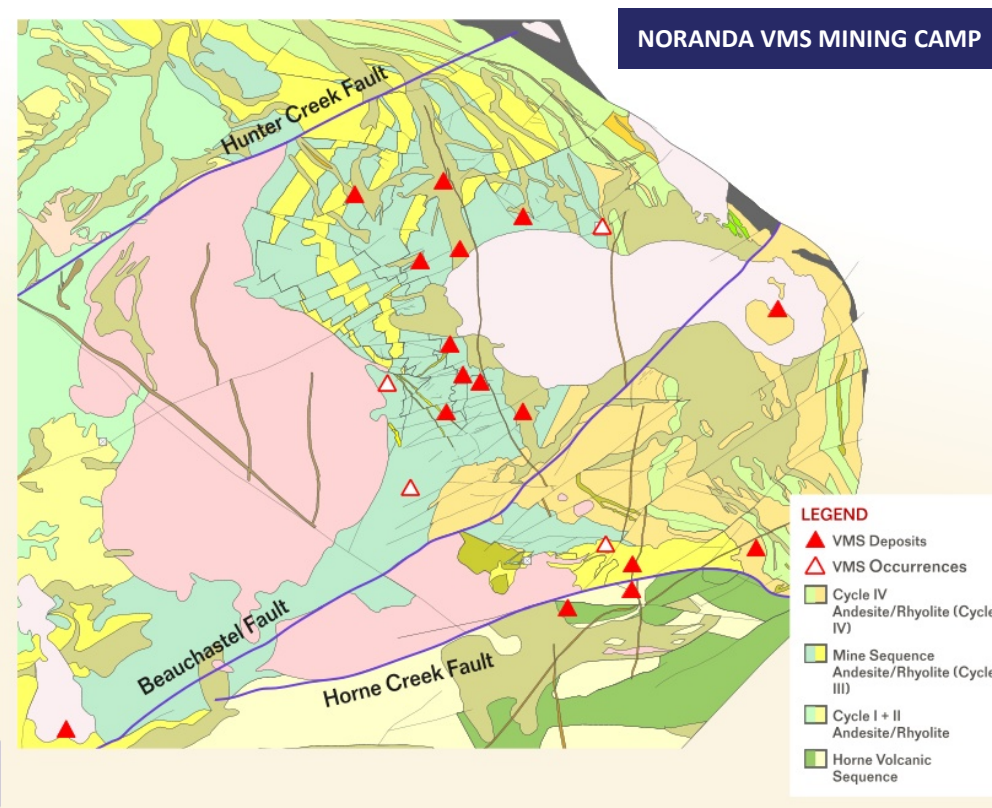
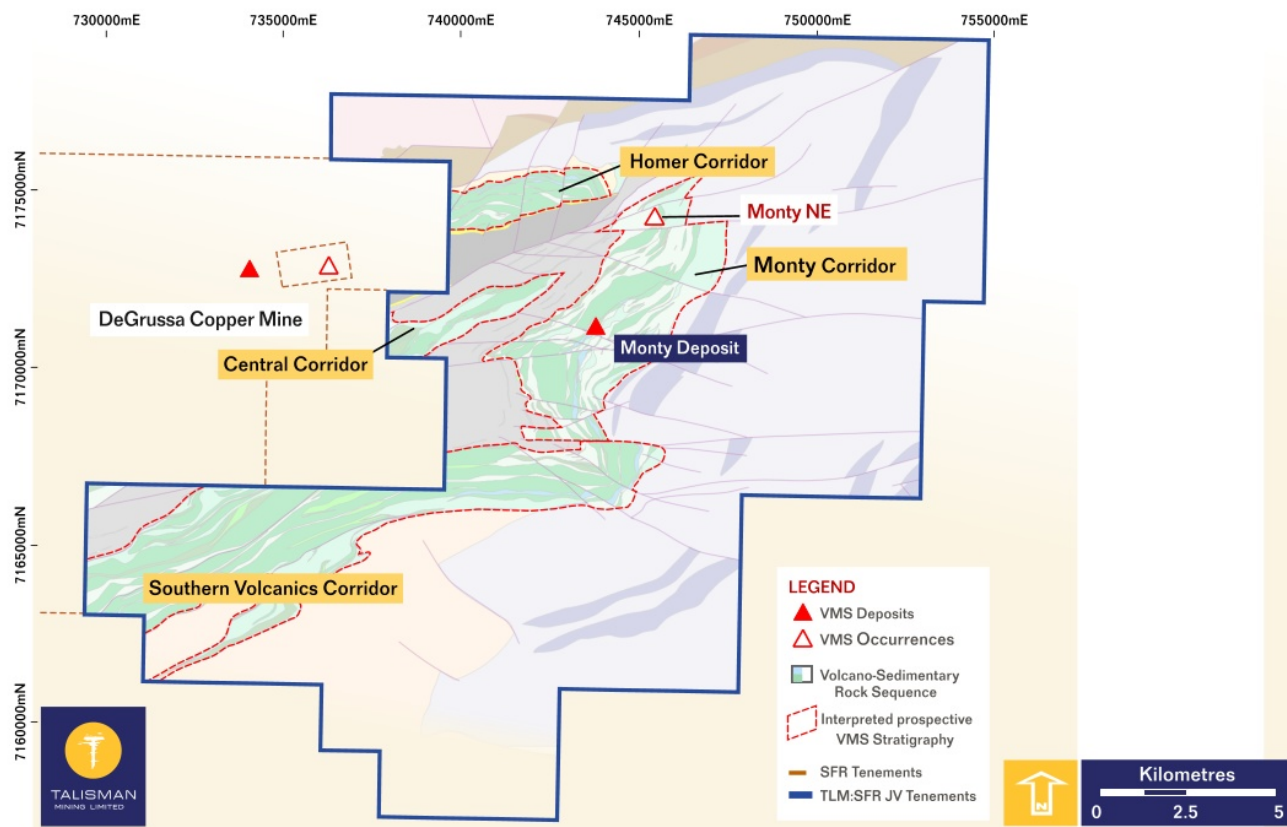
## Untested potential for further mineralisation in Monty near mine environment

- ◆ VMS geological model dictates high potential for further discoveries in field
- ◆ The majority of drilling to date has been shallow at depths of <150m
- ◆ Underground development will provide a platform to test for new mineralised lenses
- ◆ Limited effectiveness of DHEM to identify nearby conductors
- ◆ Represents one limited stratigraphic package within the wider prospective Monty Corridor





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

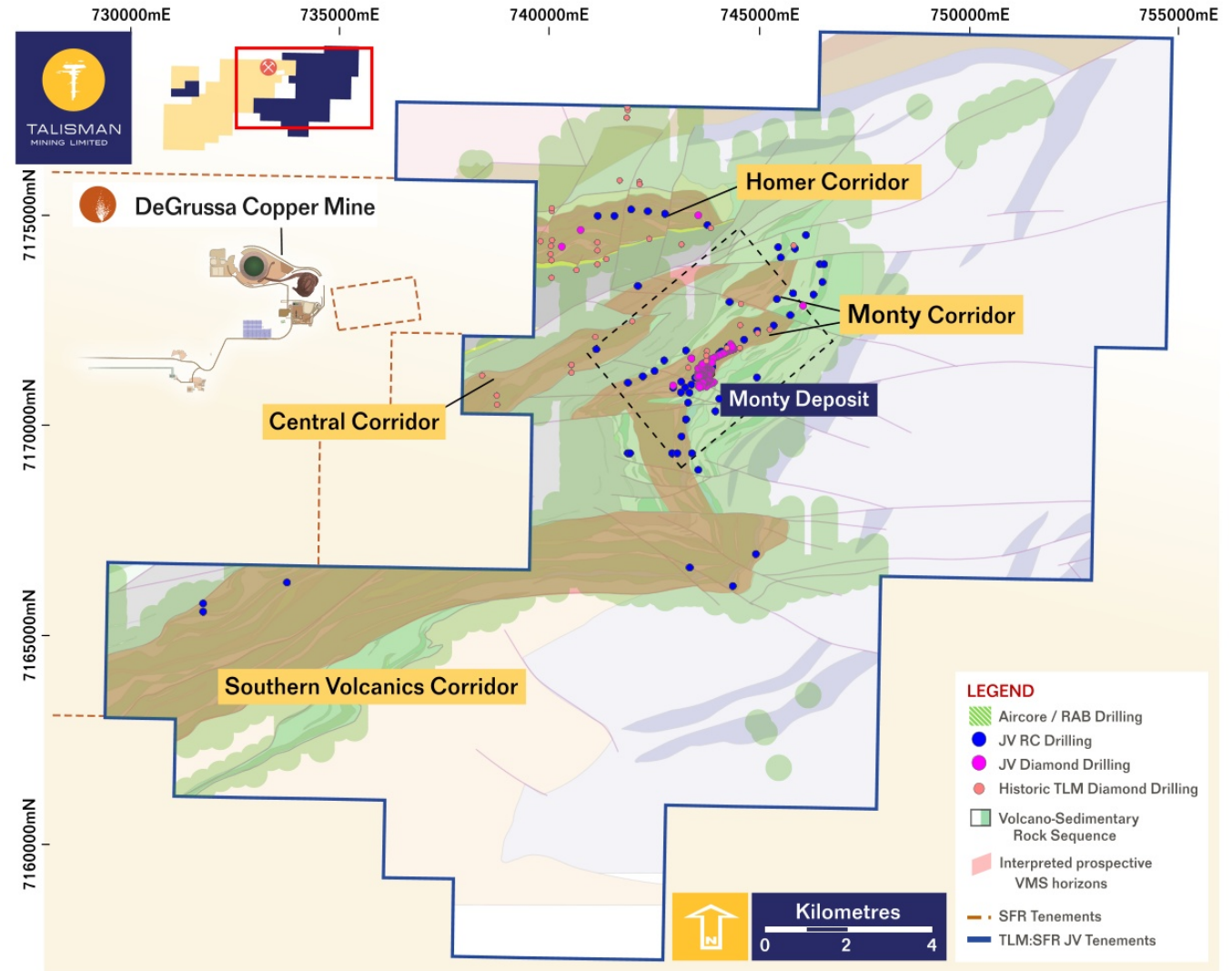


- ◆ VMS deposits can and do occur at multiple stratigraphic levels within the prospective sequence, e.g. Noranda VMS mining camp
- ◆ Bryah Basin VMS Camp now with three VMS Deposits (DeGrussa, Monty, Horseshoe Lights) and four VMS occurrences at different stratigraphic levels within the prospective Karalundi sequence
- ◆ Springfield has potential for multiple host horizons within four prospective corridors; Monty, Homer, Southern Volcanics and Central



## Multiple Prospective Horizons in proven world class VMS province

- ◆ 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 minimal RC holes and no diamond drilling to date
- ◆ Recently identified opportunities and interpretations include Monty NE, Monty East and Homer South Trend:
  - ◆ Monty NE significant intersection of 5m @ 4.11% Cu<sup>1</sup>
  - ◆ IP anomaly at Monty NE
- ◆ Ongoing RC and diamond drilling of selective targets
- ◆ Evolving and improving geological understanding and interpretations
- ◆ Potential remains to increase known mineralisation with further systematic exploration







- Monty is a low risk, high return copper project with outstanding potential upside-*
- Multiple opportunities exist to outperform Feasibility Study estimates-*
- First production from Monty targeted for Q4 calendar 2018-*
- Multiple Prospective Horizons in proven world class VMS province-*
- Active exploration and RC and diamond drilling of selective targets-*







Lachlan  
Cu-Au Projects

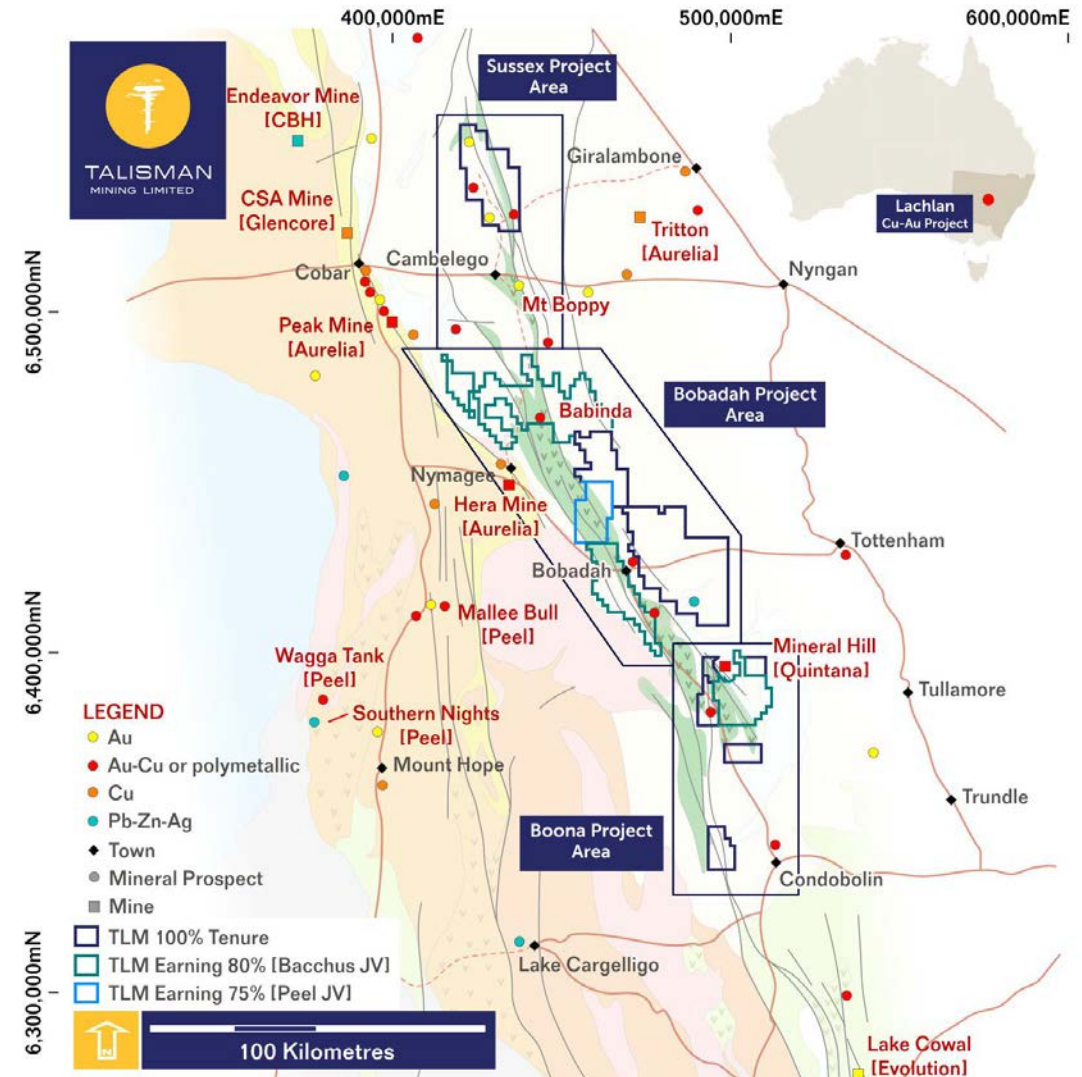
# NSW Lachlan Cu-Au Project

## A New Exploration Focus



## Ramping up activities in a current Australian exploration hotspot

- ◆ Low cost opportunity to move into Lachlan Fold Belt identified in late 2017/early 2018
  - ◆ Combination of Farm-Ins, acquisition and pegging
- ◆ Region is vastly mineralised with highly prospective geology and significant potential for further substantial base/precious metal discoveries
- ◆ Highlighted by historical production and recent exploration success:
  - ◆ Production and current reserves estimate<sup>2</sup> : 20.3Mt Cu, 104Moz Au, 1,193Moz Ag
- ◆ Underexplored tenure – minimal to no recent exploration, historic shallow drilling
- ◆ Nature of the cover, lithology and mineralisation styles amenable to:
  - ◆ Geophysical targeting techniques (EM, IP and gravity surveying)
  - ◆ Soil sampling, auger sampling, geological and structure mapping
- ◆ First year commitments approximately \$0.7M
- ◆ Land Access Agreements signed over key areas of initial interest

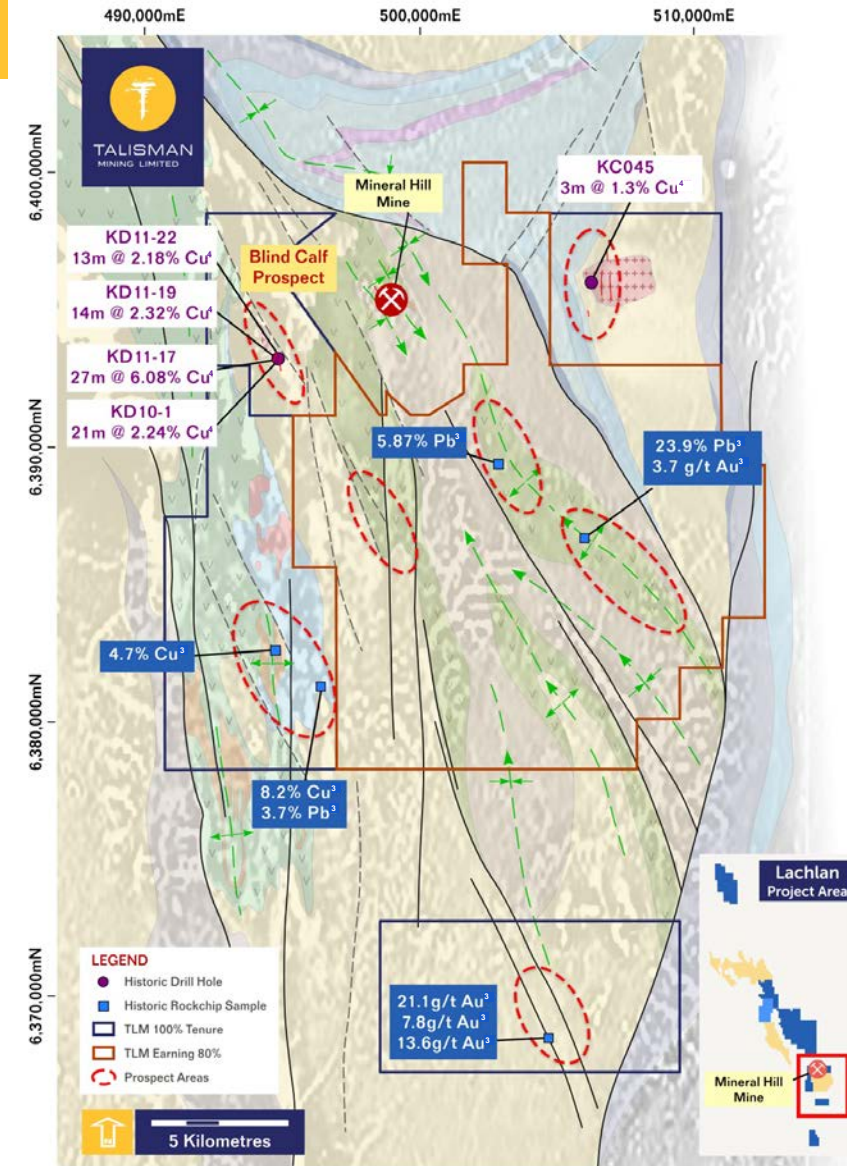






## Boona Project area

- ◆ Southern Extension of the Mineral Hill host volcanic sequence, over a strike length of ~10km
- ◆ Numerous historical mine workings from the early 1900's
- ◆ High-grade gold/copper/lead mineralisation at surface identified in historic rock-chip sampling<sup>3</sup>
- ◆ Previous drilling has been focused proximal to historical workings and has intersected high-grade gold and base metal mineralisation
- ◆ **Blind Calf Prospect**
  - Located within 100% TLM tenure 5km SW of Mineral Hill mine
  - Historic drilling identified near surface high-grade copper mineralisation remaining open along strike and at depth, including:
    - ◆ **27m @ 6.08% Cu, 7.6g/t Ag (from 24m)<sup>4</sup>**
    - ◆ **14m @ 2.32% Cu, 1.98g/t Ag (from 97m)<sup>4</sup>**
    - ◆ **21m @ 2.24% Cu, 2.82g/t Ag (from 41m)<sup>4</sup>**
    - ◆ **13m @ 2.18% Cu, 2.5g/t Ag (from 71m)<sup>4</sup>**
  - High priority area for RC and diamond drilling

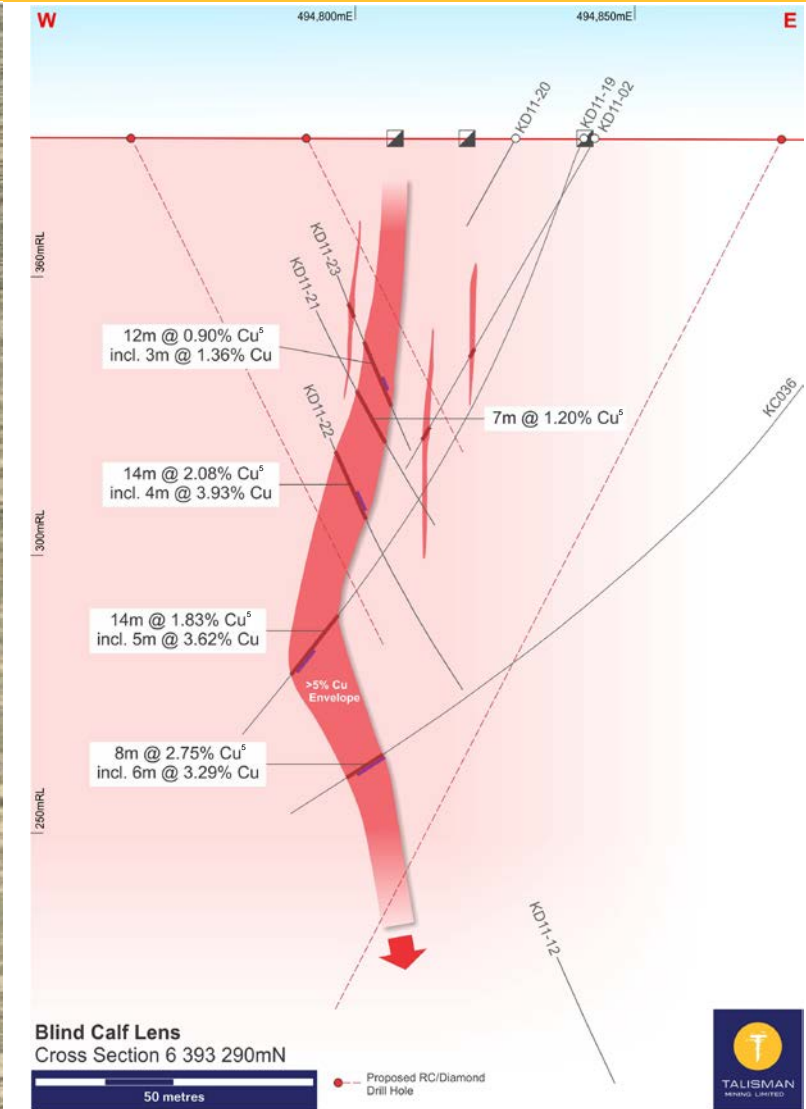
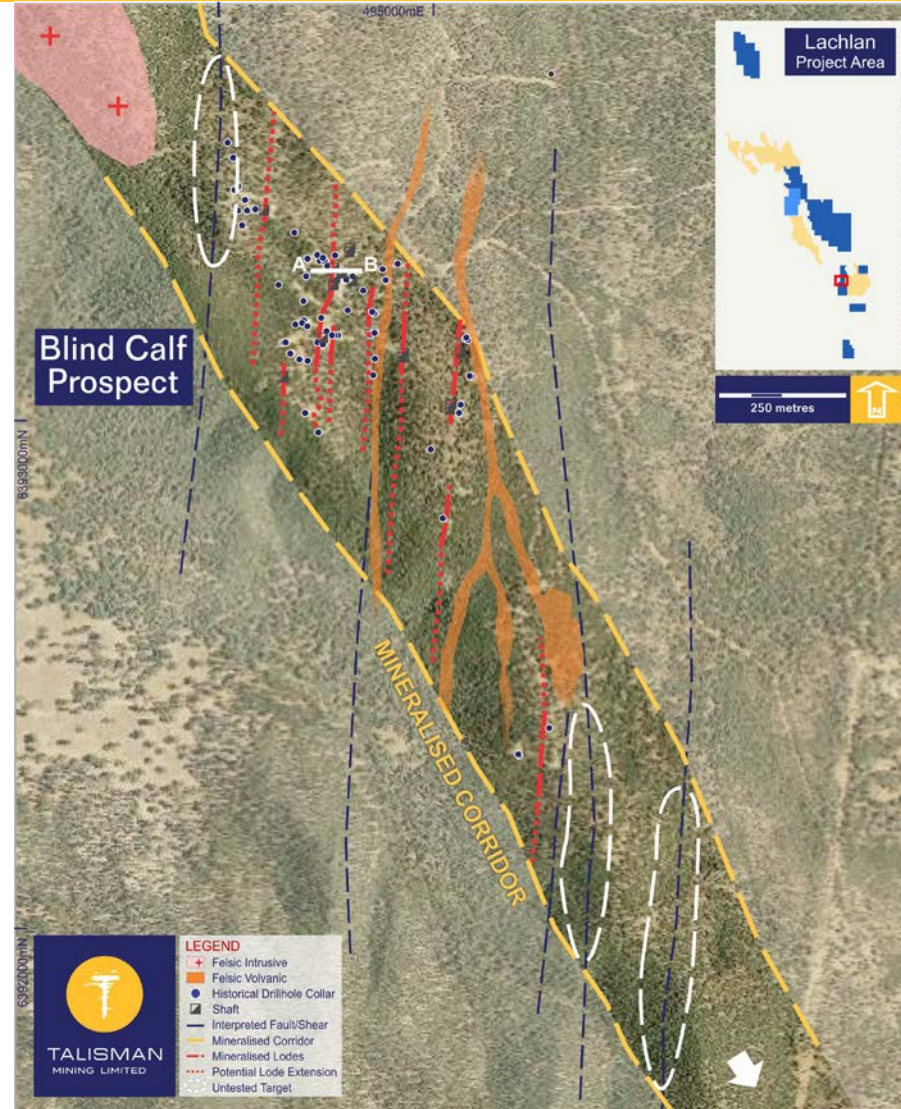




## Boona Project Area – Blind Calf Prospect

### Planned Work to include:

- ◆ RC/ diamond drill testing of known Cu lodes to test for depth and strike extensions
- ◆ RC/ diamond drilling of untested parallel target positions
- ◆ Detailed geological and structural mapping
- ◆ Detailed ground based geophysical surveys (IP, magnetic) over mineralised corridor
- ◆ Systematic geochemical sampling along strike extensions of mineralised corridor
- ◆ Mapping and geochemical sampling within the wider Boona Project Area to highlight potential new mineralised corridors



<sup>s</sup>For full details of drilling results, refer to Kidman Resources (ASX: KDR) ASX announcements dated 07 July 2011, 02 August 2011 and 10 November 2012

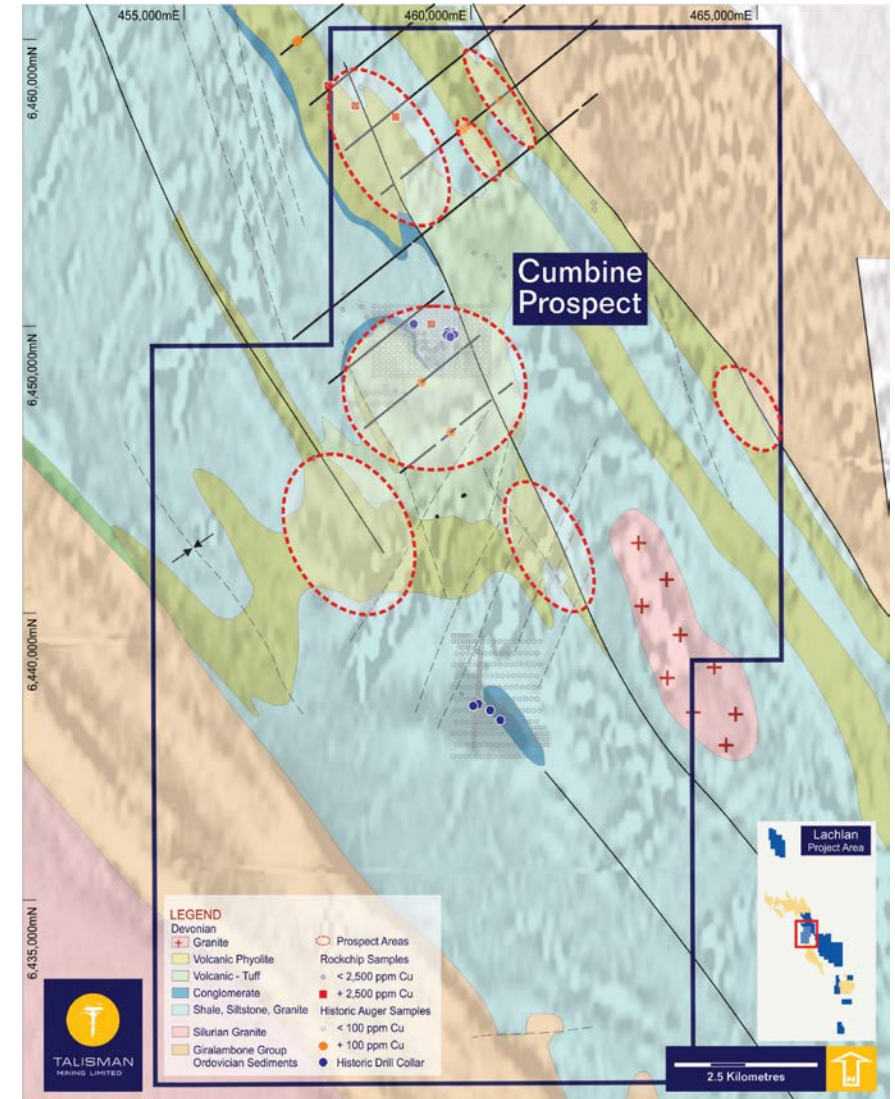






## Bobadah Project area – Peel JV

- ◆ Historic exploration (1970's) included mapping, rock chip sampling, auger sampling and an IP survey
- ◆ Project area straddled the highly prospective Cambelego-Mineral Hill Rift sequence
- ◆ Geological interpretation by TLM compiled from historic mapping, auger sampling and regional geophysical data
- ◆ Low level Cu-Zn anomalism identified in historic auger drilling and rock chip samples
  - ◆ Seven target areas identified by Talisman using historical data and geological interpretation
  - ◆ NW trending faults intersecting volcanic tuff, rhyolite and sedimentary lithologies
- ◆ Cumbine Prospect identified as the first priority area for testing





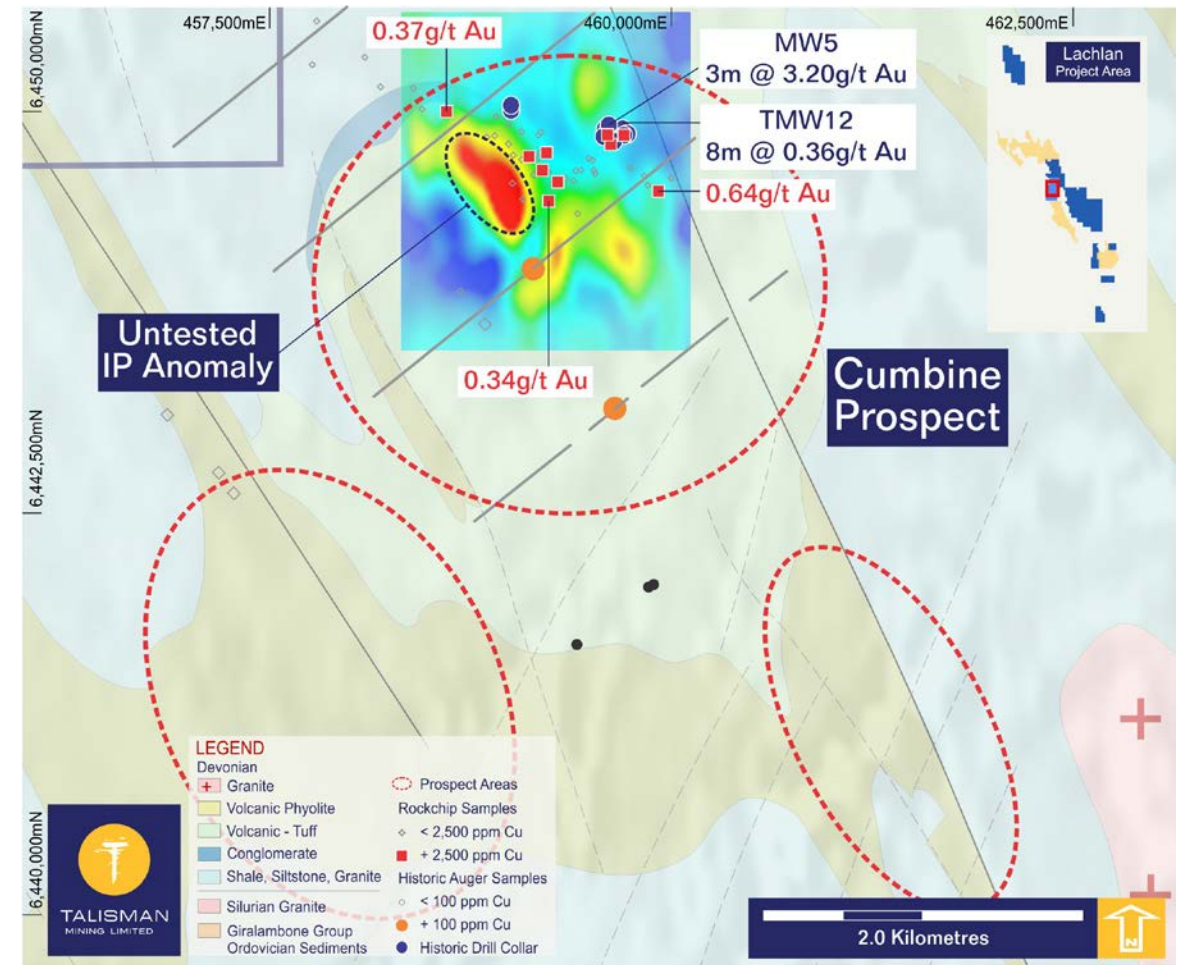
## Bobadah Project Area - Cumbine Prospect

### ◆ Cumbine Prospect Historic Work

- ◆ Historic exploration included soils, rock chip sampling<sup>6</sup>, RC drilling<sup>7</sup> and an IP survey
- ◆ Identification of significant gold mineralisation and an IP chargeability anomaly
- ◆ IP anomaly close to volcanic-conglomerate contact and remains untested by historic drilling

### ◆ Planned work

- ◆ Geochemical drilling over the target areas to better define historic anomalies and test new target areas
- ◆ Follow up infill sampling and new detailed geophysical surveys utilising latest technologies/survey equipment
- ◆ RC/Diamond drill testing of priority targets







• Sinclair Ni Project

# Sinclair Nickel Project

Advanced opportunity with exploration upside in a proven nickel province





## ***A regionally strategic asset with established plant and infrastructure***

- ◆ Located in the world-class Agnew-Wiluna Greenstone belt – 9Mt of historic nickel production
- ◆ 1.58Mt @ 2.44% nickel for 38,599t of nickel from 2008-13
- ◆ Significant existing Infrastructure and asset base:
  - ◆ 350ktpa concentrator, open pit, decline and underground mine, 200-person accommodation village, airstrip
- ◆ Talisman exploration has returned high-grade intercepts in new areas:
  - ◆ 9m at 4.2% Ni from 131m down-hole<sup>8</sup> (Delphi North)
  - ◆ 4m at 4.79% Ni and 154m down-hole<sup>8</sup> (Delphi North)
- ◆ Regional targets identified for future aircore drilling
- ◆ Clear potential for low capital intensity and fast-track to production subject to further exploration success or higher nickel price
- ◆ Regionally strategic asset with established plant and infrastructure
- ◆ Ongoing assessment of value maximising options







## The Talisman Investment Case

Emerging metals producer with exceptional prospectivity





## *Emerging metals producer with exceptional exploration prospectivity*

- ◆ Monty is 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
  - ◆ Pre-production capital fully financed
  - ◆ First production targeted December quarter 2018
  - ◆ Outstanding exploration upside potential to be tested
- ◆ New Lachlan Cu-Au Project is a large position in an Australian exploration hotspot
  - ◆ Low cost entry and limited obligated expenditure
  - ◆ A range of targets at varying stages including advanced, drill-ready prospects
- ◆ Upcoming activities
  - ◆ Testing of exploration targets at Springfield (Q1 CY 2018)
  - ◆ Progression of Monty decline (Q1 CY 2018)
  - ◆ Shallow geochemical drilling at Bobadah within Lachlan Cu-Au Project (early Q2 CY2018)
  - ◆ Targeted RC/diamond drilling at Blind Calf Prospect (Q2 CY2018)
  - ◆ Detailed geophysical surveys over Boona Project area (Q2 CY2018)





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**THANK YOU**

**Discovering and Developing Opportunities in Base and Precious Metals**

Investor Presentation: March 2018





## 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 6 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.

No new information that is considered material is included in this document. All information relating to exploration results has been previously released to the market and is appropriately referenced in this document. JORC tables are not considered necessary to accompany this document.

<sup>1</sup> Refer to Talisman Mining Ltd (ASX:TLM) ASX announcements dated 13 September 2016 for full details and JORC Tables

<sup>2</sup> <http://www.resourcesandenergy.nsw.gov.au/miners-and-explorers/geoscience-information/products-and-data/factsheets>

<sup>3</sup> Result taken from CRA Exploration Pty Ltd report GS1978/259.R00023043 and Result taken from Triako Resources Ltd report R000300065. Geological Survey of NSW DIGS reporting system

<sup>4</sup> For full details, refer to Kidman Resources (ASX: KDR) ASX announcement “Mineralisation Extended at Blind Calf” dated 07 July 2011

<sup>5</sup> For full details, refer to Kidman Resources (ASX: KDR) ASX announcements dated 07 July 2011, 02 August 2011 and 10 November 2012

<sup>6</sup> Rock-chip sampling result taken from Triako Resources Ltd report R000300150. Geological Survey of NSW DIGS reporting system

<sup>7</sup> Drill result taken from Triako Resources Ltd report R000300150. Geological Survey of NSW DIGS reporting system

<sup>8</sup> Refer to Talisman Mining Ltd (ASX:TLM) ASX announcement dated 07 October 2016 for full details and JORC Tables.





**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

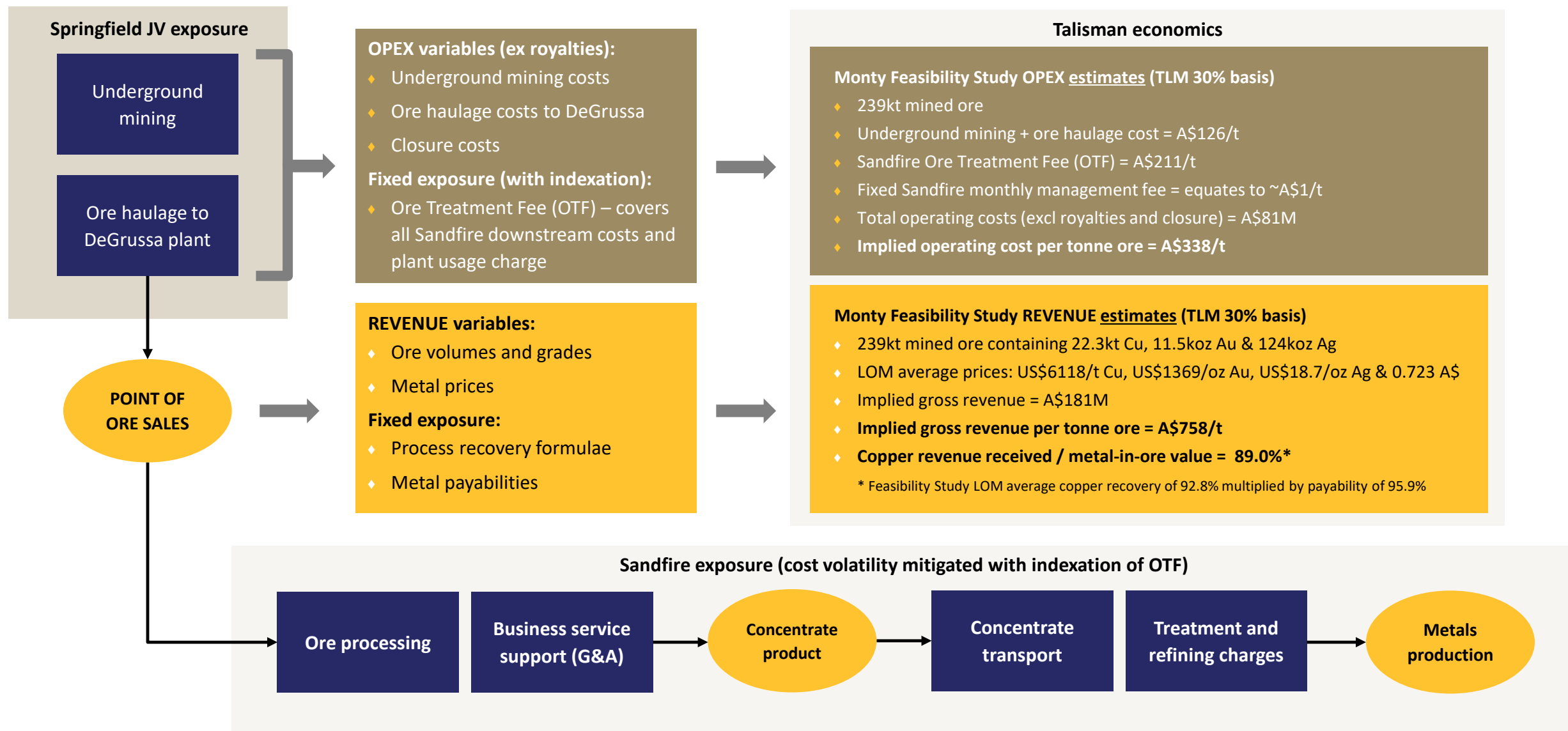
### **Exploration Joint Venture Agreement (EJVA)**

- ◆ 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







## *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

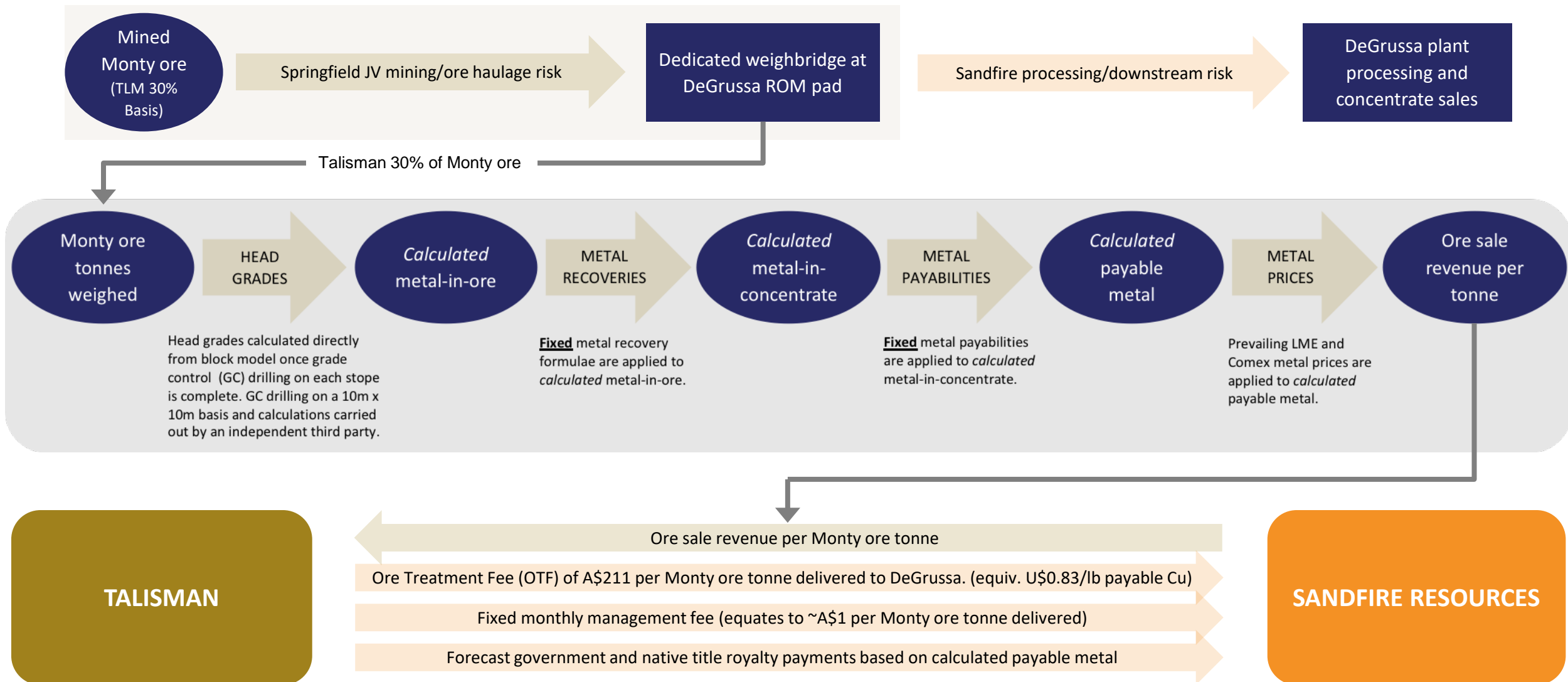


*See Appendix 2 for further explanation of OSA and OTF*

# 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>
<b>OTF components implied by DeGrussa 1HFY17 opex</b>			
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>
<b>Monty: Ore Treatment Fee (OTF)</b>			
OTF (from the OSPA)	211	1.15	0.86
<i>Implied usage charge (based on DeGrussa 1HFY17)</i>	47	0.25	0.19
<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.

# Monty Feasibility Study Operating and Financial Outcomes (30% Basis)

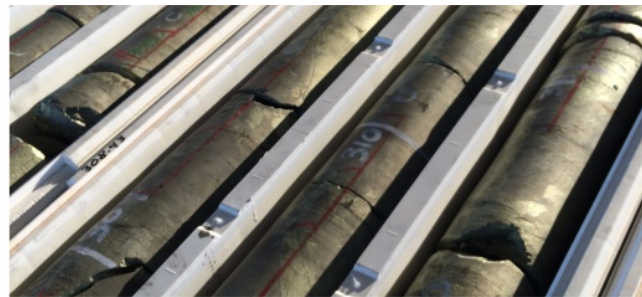


## A technically sound and highly economic underground project

All costs borne by the Springfield Joint Venture under the 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.



# Monty Feasibility Study 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
<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>

Refer Appendix 1 Note i  
 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)

Refer Appendix 1 Note ii  
Figures in this table rounded to the nearest thousand