



04 October 2018

## *Talisman Mining Limited - General Meeting*

### **Chairman's Address**

*To be delivered at the Company's General Meeting being held at 2.00pm, Thursday 4 October 2018.*

Good afternoon ladies and gentlemen,

Welcome to the General Meeting of shareholders of Talisman Mining Limited (Talisman). As you will be aware, today's meeting has been requisitioned in order for shareholders to vote on two important resolutions. These resolutions are:

- 1) the sale of all shares in Talisman subsidiary, Talisman A Pty Ltd, which holds Talisman's 30% interest in the Doolgunna Projects Joint Venture, to Sandfire Resources NL; and
- 2) a return of capital to Talisman shareholders of up to A\$46.5 million.

Shareholders have had the opportunity to review the detail of these resolutions in the Notice of Meeting provided to them in August. Today I would like to provide some context around the strategic rationale for the transaction and the next phase of Talisman's strategy before we proceed to the formal part of the meeting.

Consideration for the sale of Talisman's 30% of the Doolgunna Projects JV has a number of important components:

- A gross headline A\$72.3 million cash payment which is to be offset by debt repayments and other costs. This figure reflects the full realisation of Talisman's share of the Monty copper-gold project's pre-tax ungeared net present value based on the current mine plan.
- Effective assumption by Sandfire of the existing 2.25% gross revenue royalty over Talisman's 30% share of Monty production which formed part of our project financing. This provides significant additional value to Talisman.
- Finally, the sale transaction includes a perpetual 1% Net Smelter Return royalty which enables Talisman to retain leverage to potential metal production upside at Monty and potential future discoveries across the broader Doolgunna Projects JV ground.

Together, we believe this package provides Talisman with certain and immediate fair value for its share of the Doolgunna Projects JV. It also provides exposure to any future upside from production or discovery outside the current mine plan.

By realising this upfront value for shareholders we are able to avoid the risks associated with a start-up mining operation, as well as the continuing administrative and compliance costs for our 30% joint venture interest.





Subject to shareholder approval, we will be able to return up to \$46.5 million to shareholders which we anticipate being done by way of dividend and capital return as soon as practically possible. We will also retain a strong cash balance in order to fund exploration programs at our Lachlan copper-gold project in NSW and Sinclair Nickel Project in WA.

In a little more than 12 months Talisman has amassed control of more than 3,000km<sup>2</sup> in the Lachlan Fold region of NSW in a strategic manner for minimal upfront cost which provides a tremendous opportunity to create value for our shareholders.

We are adopting a methodical approach to exploration of this large area but have already advanced a number of historic targets and also generated multiple new targets of our own. The prospectivity of this highly mineralised area was shown by the results from our first RC drilling program in NSW which returned high-grade copper over very mineable widths at the Blind Calf prospect.

Activities at Blind Calf and across the Lachlan project will gather momentum during FY19.

Our other key asset, the Sinclair Nickel Project, is a valuable strategic asset. In FY18 drilling was completed on selected regional targets and further work is planned, most notably at the recently identified new mineralisation at Skye East which is in close proximity to the Sinclair mine. Sinclair's prospectivity, the extensive mining and processing infrastructure already in place and growing strategic interest in nickel assets ensures Sinclair will receive a greater level of focus in FY19.

The proposed transaction for our share of the Doolgunna Projects JV and our low-cost accumulation of highly prospective ground in NSW highlights our value-driven approach towards business development. We will continue to assess opportunities to create value for our shareholders, both from within and outside our current asset portfolio.

Finally, negotiating and executing this transaction was both complex and time consuming, mainly due to there being three parties involved, so I would like to acknowledge the collective efforts of Managing Director Dan Madden, CFO Shaun Vokes, the Talisman team and our financial and legal advisors in today's achievement.

I will now proceed with the formal part of today's meeting where the resolutions will be considered by shareholders.

Yours faithfully,

Jeremy Kirkwood

## Ends

For further information, please contact:

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## About Talisman Mining

Talisman Mining Limited (ASX:TLM) is an Australian mineral development and exploration company. The Company's aim is to maximise shareholder value through exploration, discovery and development of complementary opportunities in base and precious metals.

Talisman holds a 30% interest in the Springfield Joint Venture with Sandfire Resources NL (70% and JV manager). Springfield is located in a proven VMS province in Western Australia's Bryah Basin and contains multiple prospective corridors and active exploration activities. Springfield hosts the high-grade Monty copper-gold deposit which is located 10 kilometres from Sandfire's DeGrussa operations. Monty is one of the highest-grade copper-gold discoveries made globally in recent decades and a Feasibility Study on its development was completed in March 2017. The Feasibility Study highlighted the strong technical and financial viability of Monty. The Monty deposit is currently under development and Talisman has secured project debt financing for 100% of its share of pre-production capital costs.

Talisman also holds 100% of the Sinclair Nickel Project located in the world-class Agnew-Wiluna greenstone belt in WA's north-eastern Goldfields. The Sinclair nickel deposit, developed and commissioned in 2008 and operated successfully before being placed on care and maintenance in August 2013, produced approximately 38,500 tonnes of nickel at an average life-of-mine head grade of 2.44% nickel. Sinclair has extensive infrastructure and includes a substantial 290km<sup>2</sup> tenement package covering more than 80km of strike in prospective ultramafic contact within a 35km radius of existing processing plant and infrastructure.

Talisman has also secured tenements in the Cobar/Mineral Hill region in Central NSW through the grant of its own Exploration Licenses and through separate farm-in agreements. The Cobar/Mineral Hill region is a richly mineralised district that hosts several base and precious metal mines including the CSA, Tritton, and Hera/ Nymagee mines. This region contains highly prospective geology that has produced many long-life, high-grade mineral discoveries. Talisman has identified a number of areas within its Lachlan Cu-Au Project tenements that show evidence of base and precious metals endowment which have had very little modern systematic exploration completed to date. Talisman believes there is significant potential for the discovery of substantial base metals and gold mineralisation within this land package.

## Forward-Looking Statements

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