



ASX Media Release – 30 October 2017

## *Monty Funding Finalised*

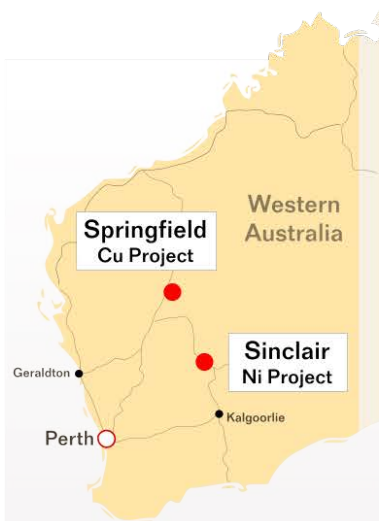
### *Talisman Secures US\$20 Million in Project Debt Funding for the Monty Copper-Gold Project*

#### **Highlights**

- Project debt finance facility of up to US\$20 million entered into with Taurus Mining Finance Fund.
- The facility enables Talisman to fully fund its share of pre-production capital costs for the development of the Monty Copper-Gold Project.
- Key terms of Facility Agreement provide Talisman with a competitively priced funding package.
- Monty portal and decline now commenced with first production forecast for December quarter 2018.



**Figure 1: Construction of the new Monty decline.**



#### Board of Directors

**Jeremy Kirkwood**  
Non-Executive Chairman

**Dan Madden**  
Managing Director

**Alan Senior**  
Non-Executive Director

**Brian Dawes**  
Non-Executive Director

**Karen Gadsby**  
Non-Executive Director

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#### Capital Structure

Shares on Issue:  
185,699,879 (TLM)

Options on Issue:  
9,675,000 (Unlisted)

Talisman Mining Limited (Talisman or the Company) advises that it has executed a Facility Agreement with Taurus Mining Finance Fund (Taurus). The Facility Agreement enables Talisman to fully fund its A\$22 million share of forecast pre-production capital costs for the development of the Monty Copper-Gold Project (Monty or the Project).

The box-cut development at Monty commenced in July 2017 and is now complete. Mining contractor Byrnegut Australia Pty Ltd has mobilised to site and commenced work on the portal and decline. First ore production and delivery from Monty remains on track for the December quarter 2018. When in production, Monty will be one of the world's highest grade copper mines and is expected to deliver strong financial returns.

Commenting on the execution of the Facility Agreement, Talisman Managing Director Dan Madden said:

*“Talisman is very pleased to have executed the Facility Agreement with Taurus in respect of funding for its 30% share of forecast pre-production capital for the Monty Project. Following an extensive review of available financing alternatives, Taurus has provided Talisman with a competitive financing solution. The Company looks forward to continued progress at Monty and first ore delivery in approximately one year’s time.”*

*Michael Davies, Taurus’ Chief Investment Officer stated:*

*“Taurus is delighted to be partnering with Talisman on this important transaction for the Company. Monty is a quality project that we are pleased to be associated with the development of.”*

#### Project Financing Facility (PFF) details

Following a competitive process involving major Australian banks and other typical resource project lenders, Taurus was mandated by Talisman in May 2017 to provide a debt finance facility of approximately A\$23 million for Monty (see Talisman ASX release 5 May 2017). The selection of Taurus was driven by a combination of factors including a competitive overall cost of funding, finance facilities covering the full forecast pre-production cost, no mandatory commodity price hedging requirement and flexibility in relation to early repayment.

Talisman has now entered into the Facility Agreement which is in line with mandated terms. The execution of the Facility Agreement has followed an extensive assessment of available funding options for Talisman’s share of pre-production capital for Monty. The Company also engaged Fivemark Partners and Sternship Advisers to assist in its review of final potential funding options. The Talisman Board views the PFF as the optimum available finance package for Talisman’s 30% minority interest in Monty.

A funding notice for the first drawdown payment of approximately A\$8 million under the PFF has been submitted to Taurus with receipt of funding subject to satisfaction of conditions precedent under the Facility Agreement.

Key terms of the PFF include:

- Borrower is Talisman A Pty Ltd, a wholly owned subsidiary of the Company, which holds a 30% minority interest in the unincorporated Springfield mining joint venture and exploration joint venture.
- Guarantor is the Company.
- Lenders are Taurus Mining Finance Fund L.P. and Taurus Mining Finance Annex Fund L.P.



- Facility amount of US\$20 million.
- Availability period commences on the satisfaction of conditions precedent.
- Interest rate of 6.75% per annum payable quarterly in arrears.
- Principal outstanding is repayable in quarterly instalments commencing 30 June 2019 and ending 30 September 2020.
- Additional quarterly sweep of cashflow available for debt service in certain circumstances
- A royalty of 2.25% of Talisman A Pty Ltd's gross payable copper and gold metal-in-ore sales receipts from Monty. The obligation to pay the royalty ceases once the Company has received revenue from Monty sales containing 29,700 tonnes of copper and 16,500 ounces of gold<sup>1</sup>.
- No mandatory copper or gold hedging requirements.
- Security typical of a project financing facility
- The Facility Agreement contains the following which are typical of a project financing facility:
  - a facility and commitment fee;
  - representations, warranties and undertakings given by the Company and Talisman A Pty Ltd in favour of the Lender; and
  - events of review and default.

Whilst the PFF does not require any forecast production volumes to be hedged by Talisman A Pty Ltd, the Company will continue to regularly assess the appropriateness of undertaking commodity price hedging over select forecast production volumes.

Additionally, as the PFF is in United States dollars, the Company is currently giving consideration to the appropriateness of undertaking currency hedging for selected portions of forecast Monty pre-production cash calls and subsequent interest and principal repayments under the Facility Agreement.

## ENDS

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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% minority 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.

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.

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<sup>1</sup> Royalty cap equates to Talisman 30% share of contained copper and gold metal in the current Monty Mineral Resource.

## Forward-Looking Statements

*This ASX release may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Talisman Mining Ltd.'s current expectations, estimates and assumptions about the industry in which Talisman Mining Ltd operates, and beliefs and assumptions regarding Talisman Mining Ltd.'s future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Talisman Mining Ltd. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Talisman Mining Ltd does not undertake any obligation to update or revise any information or any of the forward looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.*