



8 June 2018

Proposed Sale of Talisman's 30% Interest in the Springfield JV

Talisman Mining Ltd (**Talisman**) is pleased to advise that it has reached in-principle agreement with Sandfire Resources NL (**Sandfire**), its partner in the Monty Mining Joint Venture and Springfield Exploration Joint Venture (collectively the **Springfield JV**), for Sandfire to acquire Talisman A Pty Ltd (**Talisman A**), the subsidiary company that holds Talisman's 30% interest in the Springfield JV (**Term Sheet**).

Key terms of the Term Sheet include:

- Talisman to receive A\$72.3M cash consideration.
- The cash consideration for Talisman A is on a cash-free and debt-free basis. Any debt owed by Talisman A under the Taurus Mining Finance Fund (**TMFF**) facility is to be repaid or discharged by Talisman on or prior to transaction completion. The current drawn amount of the TMFF debt facility is US\$11.5M.
- Provided satisfactory commercial terms can be reached with TMFF, Sandfire will effectively assume, via its acquisition of Talisman A, the existing 2.25% gross revenue royalty held by TMFF over Talisman's 30% share of Monty, which is capped at the contained copper and gold metal in the current Monty Mineral Resource Estimate (**TMFF Royalty**) with such modifications as Sandfire and TMFF agree.
- Sandfire to grant to Talisman an uncapped and perpetual 1.0% Net Smelter Return (**NSR**) Royalty applying to 100% of all contained copper and gold in ore mined and processed from within the Springfield JV above the respective contained metal levels in the current Monty Mine Plan (based on the Monty Feasibility Study released in April 2017) (**NSR Royalty**).
- An effective date of 5 June 2018, resulting in no further capital contributions from Talisman A to the Springfield JV, including for Monty development (subject to transaction completion).

Completion of the proposed transaction is subject to the following key conditions:

- Satisfaction of confirmatory due diligence by Sandfire, with a view to establishing that there are no material, onerous or unusual agreements or liabilities in relation to Talisman A including a review of the TMFF facility agreement and TMFF royalty agreement;
- The preparation and execution of a Share Sale Agreement and NSR Royalty Agreement in a form satisfactory to both parties by 30 June 2018;
- The unanimous recommendation of the Talisman Board and statement of intention to vote shares held or controlled by the Board in favour of the sale at any requisite Talisman shareholder meeting to approve the sale;
- An irrevocable statement of intention from Kerry Harmanis to vote shares held or controlled by him (or his Associates) in favour of the sale at any requisite Talisman shareholder meeting to approve the sale;





- TMFF and certain other Taurus parties providing consent to Sandfire's acquisition of the shares in Talisman A, the grant to Talisman of the NSR Royalty and the TMFF Royalty remaining on foot on appropriate commercial terms satisfactory to Sandfire and otherwise with such modifications as Sandfire and certain Taurus parties agree;
- Any other conditions arising out of Sandfire's confirmatory accounting, tax, legal, corporate and human resources due diligence; and
- Talisman shareholder approval at the requisite Talisman shareholder meeting to approve the sale (including for the purpose of ASX Listing Rule 11.2).

Talisman will now work constructively with Sandfire with the objective of satisfying due diligence requirements and entering into a formal Share Sale Agreement acceptable to both parties. It is anticipated that this can be achieved within the next three weeks.

Talisman considers that shareholders' approval is required under Listing Rule 11.2 on the basis that the sale of Talisman A would likely constitute a disposal of Talisman's main undertaking. It is expected that a General Meeting will be convened to be held approximately one month to six weeks after entering into a binding Share Sale Agreement and NSR Royalty Agreement in relation to the proposed transaction.

Subject to successful execution of all formal agreements, satisfaction of all conditions, receipt of Talisman shareholder approval and completion of the sale of Talisman A, Talisman intends to return a substantial proportion of the cash consideration to shareholders after accounting for anticipated retirement of the prevailing TMFF debt facility balance. Talisman will seek to structure this return in the most efficient manner for all Talisman shareholders.

Commenting on the Term Sheet, Talisman Chairman, Mr Jeremy Kirkwood, said:

"Talisman is very pleased to have reached this agreement with Sandfire. We believe the key terms, as outlined, represent strong value realisation for Talisman's 30% share of the Springfield JV, and are in the best interests of all Talisman shareholders. The upfront A\$72.3 million cash payment crystallises substantial, immediate and certain value while removing exposure to future development and operating risks at Monty. Sandfire's effective assumption of the capped 2.25% gross revenue TMFF Royalty on Monty provides additional value for Talisman. Furthermore, the NSR Royalty retains leverage for Talisman shareholders to potential mineral inventory upside at Monty and future discoveries across the broader Springfield JV. Subject to Talisman shareholder approval and completion, Talisman shareholders are expected to receive a substantial proportion of the cash consideration of the transaction (after retirement of the TMFF debt facility balance) while retaining an investment in a well-capitalised company with exploration and development assets across the Sinclair Nickel Project in Western Australia and the Lachlan Project in NSW, as well as the ongoing Springfield royalty."

The Board of Talisman unanimously supports the proposed transaction. Talisman's largest shareholder, Mr Kerry Harmanis, has also indicated that he supports the proposed transaction.

The key terms for the sale of Talisman's 30% interest in the Springfield JV in the Term Sheet were agreed after discussions between Talisman, Sandfire and their respective advisers.

Sternship Advisers and Fivemark Partners are acting as Talisman's financial advisers, and DLA Piper as legal adviser, in relation to the transaction.

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Forward-Looking Statements

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