



**TALISMAN
MINING LIMITED**

ASX Code: TLM



25 Nov 2013

COMPANY SNAPSHOT

Board of Directors

Alan Senior

Non-Executive Chairman

Gary Lethridge

Managing Director

Graeme Cameron

Technical Director

Brian Dawes

Non-Executive Director

Karen Gadsby

Non-Executive Director

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Capital Structure

Shares on Issue:

131,538,627 (TLM)

Options on Issue:

8,800,000 (Unlisted)

Talisman Mining Limited 2013 Annual General Meeting

Chairman's Address

Please find attached a copy of the Chairman's Address to be delivered at the Company's Annual General Meeting to be held at 10.00am Monday 25 November 2013.

After three years of aggressive and fast-paced exploration within our extensive Bryah Basin portfolio in Western Australia, 2013 has been a year of necessary consolidation and review for Talisman.

While we are no less enthusiastic today about the prospectivity and potential of our key projects – Springfield, Halloween / Halloween West and Livingstone – than we were three years ago, the Company decided to exercise some caution and restraint this year taking into consideration the difficult market conditions confronting the junior resource sector and the overriding importance of protecting the Company's strong financial position.

Exploration activities were progressed selectively at all of our core projects, but with a strong emphasis on carefully de-risking targets before committing significant funds to drilling and winding back expenditure on higher risk, deeper exploration targets.

As part of this approach, we undertook an extensive independent Technical Review of all of our projects, including an assessment of new exploration opportunities and concepts. This work resulted in the identification of the potential for other styles of copper-gold mineralisation in addition to VMS in the Bryah Basin, as well as the development of a potential new Voisey's Bay nickel-copper target at Livingstone.

While final results from much of this work are still awaited and will need to be assessed in detail, we expect they will provide a clear road map for our team to prioritise exploration targets for 2014 which will hopefully lead us closer to an economic discovery. That is the nature of greenfields exploration.



We have always said that persistence and commitment are essential ingredients to being successful as an explorer – as important as a disciplined and scientific approach and having sufficient cash to fund your activities. We are fortunate to have shareholders who are willing to exercise patience and support this approach.

Consistent with our disciplined approach to managing our exploration commitments, activities were scaled back during the year. Simultaneously, we implemented a number of initiatives to reduce our corporate and administrative overheads, regrettably resulting early in 2013 in a significant reduction in staffing levels consistent with prevailing market conditions.

Following on from no increase in fixed remuneration for our managing director and non-executive directors during the 2013 financial year, effective from the start of the new financial year, Talisman's Directors (both executive and non-executive), as well as management, voluntarily agreed to a 10 per cent reduction in their salary and superannuation benefits as a contribution to these cost-saving efforts.

As a result Talisman remains in a strong financial position in a market where investors have largely abandoned new investment in the speculative junior exploration market where Talisman currently resides.

As a reminder, this strong financial position is a direct result of Talisman management strategically engineering the successful sale of the Wonmunna iron ore project for in excess of \$41 million during 2010.

This timely transaction has given rise to an envious position within the junior exploration sector whereby the Company has not undertaken any dilutionary capital raisings in almost 4 years. I am pleased to add that there are no planned capital raisings on the foreseeable horizon for the Company.

Also, last financial year management entered into a transaction with Fortescue Metals Group to pass title of some non-core iron ore tenements (in which we only had a royalty interest, but retained title) to FMG for a cash payment of \$550,000 in addition to retaining the royalty rights.

We believe it is imperative that we take every possible step to protect our current strong cash position of approximately \$18 million, to ensure that Talisman is not only able to continue to explore when many other juniors are effectively withdrawing from any form of active exploration, but also to be in a position to move quickly to secure new quality opportunities should these become available.

In this regard, our business development team has been extremely active during the year, identifying, reviewing and assessing countless projects, corporate opportunities and strategic deals – mostly in the copper-gold space, and generally targeted at advanced exploration projects and, preferably, with a clear pathway to potential production.

While the volume of opportunities has been high, the general quality has not. To date we have not yet found a project or opportunity that meets our stringent criteria in terms of being able to add genuine value to the Company without resulting in excessive dilution.

Several opportunities are currently under assessment and we feel confident that a suitable value adding opportunity will emerge in the coming 12 months, particularly as access to capital becomes increasingly difficult for all juniors.

We still believe that the best way for the Company to achieve success and reward shareholders is through successful exploration; this remains our primary business model, in line with the approach I have outlined today.



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Once the breakthrough comes, it can change the landscape very quickly and deliver returns that eclipse many of the other potential growth avenues currently available to the Company.

In conclusion, I would like to thank my fellow Directors and management team for their hard work during the year. My sincere thanks also to our shareholders for their ongoing support.

For and on behalf of the Board,

Daniel Madden
Company Secretary