



**TALISMAN
MINING LIMITED**

ASX Code: TLM



ASX Media Release – 23 November 2017

Talisman Mining Limited 2017 Annual General Meeting

Chairman's Address

*To be delivered at the Company's Annual General Meeting to be held at
2.30pm, Thursday 23 November 2017.*

Good afternoon ladies and gentlemen,

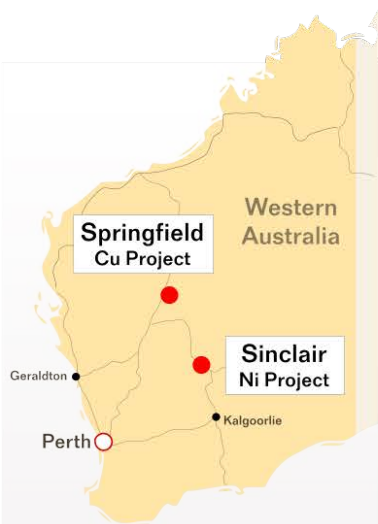
Welcome to the Annual General Meeting of Talisman Mining for the 2017 Financial Year. During the last year Talisman's Board and Management continued to take steps to fortify the foundations of the business and we are now well positioned for potential upside as we move towards first production from the high-grade Monty Copper-Gold Project in around 12 months time.

I expect many shareholders will feel the last year has been somewhat disappointing given the performance of the share price. I believe, however, that there has been considerable progress on several fronts, the success of which has not yet manifested in the share price.

A key achievement in the last period was the release of the Monty Feasibility Study in April 2017. The outcomes confirmed strong forecast cash flows and the technical viability of the project less than two years since the discovery hole was drilled. The study outcomes gave the Talisman Board confidence to approve the development of Monty, subject to final approvals and project financing for Talisman's 30% share of development costs, which have since been achieved.

The Board recognises that the outcomes of the study, while very strong, did fall short of the expectations of some shareholders in certain areas. This can be explained to a large degree by the absence of further extensional or exploration drilling in the vicinity of the Monty deposit beyond the publication of the Monty Resource in April 2016. Another influencing factor is the highly robust approach adopted by Sandfire Resources NL, as the joint venture manager and 70% owner of Monty, in developing the feasibility study.

Talisman's senior management and Board scrutinised the feasibility study and is supportive of the way it was conducted. The study, albeit conservative in its assumptions, outlines a robust set of baseline outcomes and these forecasts have no impact on the ability of Talisman shareholders to fully participate in a range of potential upside scenarios. While all mining operations carry an inherent level of risk, should Monty outperform on the feasibility study estimates for capital costs, operating costs, ore grade or volume for example, then Talisman will share in the benefits for its 30% interest. The Board and Executive are confident that much upside remains at Monty and look forward to seeing this potential realised over the next 12 to 18 months.



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

Contact Details

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Capital Structure

Shares on Issue:

185,699,879 (TLM)

Options on Issue:

8,425,000 (Unlisted)

A key element of Talisman's economics from Monty is driven by the Ore Sales Agreement which we believe is well structured in providing Talisman with appropriate cost sharing whilst removing exposure to processing and marketing risk. This was the most economically viable option for getting our share of the ore to market and your Board believe Management have done an excellent job in negotiating this outcome.

Following the release of the feasibility study, and after running a competitive process involving commercial banks and non-bank financiers, the Company mandated Taurus Mining Finance Fund to provide a debt finance facility for Talisman's full forecast share of Monty's development capital cost of A\$22 million. Taurus was selected due to a combination of factors including the cost and size of the facility, no mandatory hedging requirements and flexibility in relation to early repayment.

The final finance package included a royalty, payable to Taurus, of 2.25% of the value of gross payable copper and gold sales from Monty. The royalty is capped to the current Monty resource and will not apply to any resource expansion or future discoveries at Springfield. The Board considered alternatives and believes the issuance of this royalty was superior relative to a more traditional approach that would have required a very dilutive equity raising. It is a credit to management that we were able to secure this financing package given Talisman's non-operating, minority interest in an unincorporated joint venture at Monty. It is also an endorsement of the Ore Sales Agreement.

Our strategy is to continue exploration at the Springfield Joint Venture and our other projects while continuing to assess the addition of new exploration or development assets into the company's portfolio. Monty's feasibility study forecast pre-tax cash flows, which are estimated to be in excess of A\$60 million¹, will provide a strong funding source for the Company over the medium term.

In the next 12 months, shareholders can look forward to a range of important milestones as development of Monty progresses. Talisman expects to provide regular updates on how the project is tracking against the construction timetable and budget. Grade control drilling of the orebody will begin once orebody access is achieved and platforms will be established for underground drilling of the Monty resource. This will include drilling of the Upper Zone which is not currently included in the mine plan or feasibility study results. We also anticipate that underground exploration drilling targeting extensions to the current Monty orebody will commence once appropriate underground access has been developed.

Exploration activities targeting additional VMS mineralisation beyond Monty are continuing as evidenced by planned drilling across four project areas within the Springfield Joint Venture during the current quarter. Talisman expects to see this continue in the longer term with more thorough drill testing of the prospective horizons identified at Springfield which remain relatively underexplored.

At the Sinclair Nickel Project, we have continued our strategy of generating and testing potentially high value new targets in an efficient manner. This approach has honed expenditure on the asset while providing an opportunity to deliver a significant return in the event of a new discovery in the fertile Agnew-Wiluna nickel district of Western Australia.

Talisman's project generation activities saw the Company apply for new tenements in the Cobar Basin of New South Wales two of which were recently granted. This early stage opportunity has potential for base and precious metals and is consistent with our strategy of evaluating new projects in Australia that we believe represent an attractive opportunity for Talisman to add value for its shareholders. We will continue these opportunity generation and business development programs in 2018.

¹ Refer to *Monty Feasibility Study Results* released to the ASX 6 April 2017



I thank Talisman's management team and my fellow Board members for their considerable efforts throughout the 2017 Financial Year. It was not a period without challenges, however I firmly believe we have steered the business into a position from where it has considerable potential to grow strongly in the coming years. Finally, I would like to thank our shareholders for their support and interest throughout the period and into the year ahead.

Yours faithfully,

Jeremy Kirkwood