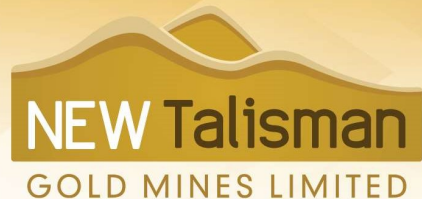


Market Announcement

For Immediate Release



Quarterly Activities Report to 30 June 2018

New Talisman Gold Mines Limited

**Responsible,
Environmentally
Sustainable Mining**

ASX/NZX Code **NTL**

Commodity Exposure
GOLD and SILVER

Board and Management

Charbel Nader Chairman/Independent Director
Matthew Hill Chief Executive/ Managing Director
Murray Stevens Non Executive Director
Tony Haworth Independent Director
Jane Bell Company Secretary
Wayne Chowles Chief Operating Officer
Ash Clarke Chief Financial Officer

Capital Structure

Ordinary Shares at 31/07/2018 2,165m

Share Price

Share Price at 30/07/2018 (NZX) 1.5cps
Share Price at 30/07/2018 (ASX) 1.4cps



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HIGHLIGHTS

- Support works extended to Mystery and Dubbo Zones;
- Updated Pre-Feasibility Study released;
- Updated Ore Reserve Statement released;
- Carrying value review completed.

The quarter to end June 2018 proved to be another busy one for the Company and one during which the robust nature of the Company's flagship project at the Talisman Mine has been clearly demonstrated. Installation and commissioning of the custom built ventilation fan, which is now on its way from Perth, will allow the commencement of production under the company's resource consent for extraction of ore from the Talisman Mine. During the quarter the company completed underground refurbishments ahead of schedule which now see both target areas Mystery and Dubbo in sight. Mystery is currently accessible and recent check sampling of ore exposed at the drive face yielded grades of up to 40 g/t Au as announced to the market on 31 March 2018 (please see <https://www.asx.com.au/asxpdf/20180508/pdf/43tvlpmv420f4f.pdf>) This confirms previous similar results obtained in the area. Work on reopening the Dubbo Zone has commenced which, once completed, will allow access to the high-grade areas identified by borehole BM37, drilled in 1989, which assayed 656 g/t Au over 1.8m including 1154 g/t Au over 1.0m



1.TALISMAN MINE PROJECT

Mine Refurbishment

Progress has been made on refurbishment of the No 8 Level drives with works having been completed through Keillors Crosscut to the face of the drives on the Mystery Vein. Concurrently the team has continued with rehabilitation of the Dubbo Drive which is now nearing completion to the BM37 crosscut. This means that remedial works have now progressed more than 900m into the mine. Services have been extended to the Mystery Vein and telecommunications are in place at Dubbo. The team have faced many geotechnical challenges along the way and have completed the works to date without any notifiable incidents.



The processing options regarding a gravity pilot plant for producing concentrate, as set out in recent annual report, are currently being reviewed by the relevant regulatory authorities.

COO Wayne Chowles said, "We are very pleased at the quality of work that has been attained by the team over the last year and, particularly, in the robust safety culture that has developed. The next exciting phase of this project will bring with it many new challenges, and we look forward to meeting them with the same positive approach that has yielded such excellent results to date"

Ore Reserve Update

The outcome of the PFS supports a 50% increase in the Ore Reserve attributable to the Talisman Mine. Ore Reserves, based on an average in-situ cut-off grade of 2.6 g/t, are 45,000 tonnes at **30.6 grams** per tonne gold equivalent. Reserves are quoted at the point of delivery to the gold processing plant and are derived from and contained within, not additional to, the Measured and Indicated portions of the Mineral Resource.

The study was reviewed by independent experts who found that the proposed mining plan is appropriate for the style of deposit at Talisman, and that determination of Ore Reserves has been attained through reasonable evaluation of mining costs and process recoveries.

Mineral Resource and Ore Reserve categories are tabulated below.

Mineral Resources	Total NTL		Gold Equivalent	
	Category	Tonnes	Grade	Ounces
	Measured	19,600	17.4	57,480
	Indicated	62,900	7.4	23,100
	Inferred	82,500	15.9	389,200
	Total Resources	165000	15.1	469,800

Ore Reserves	Total NTL		Gold Equivalent	
	Category	Tonnes	Grade	Ounces
	Proved	30,294	35.7	34,791
	Probable	14,632	20.1	9,470
	Total Reserves	44,926	30.6	44,260

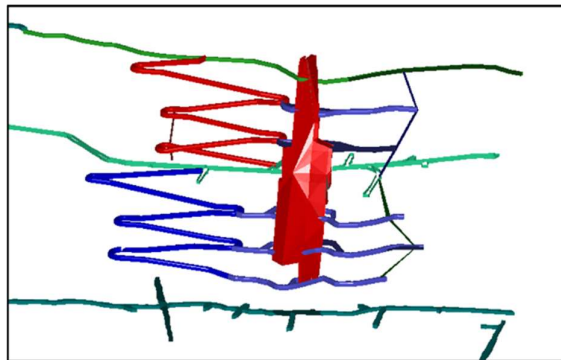
Full details of the Ore Reserve were released to the market on 26/06/2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements [and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement have not materially changed.

2018 Prefeasibility study

During the quarter the Company completed and released a revised Prefeasibility study on the Talisman Project. This study, based on the updated Mineral Resource Estimate, which was released to the market in July 2017 and prepared in accordance with the requirements of the JORC Code by Wayne Chowles, a competent person, has demonstrated an increase in the **Net Present Value of the project, (NPV) from NZD15.4m to NZD35.9m** at a 9% Discount Rate. The updated study proposes a mine plan, focussed on high confidence areas adjacent to No 8 level, based on the production of 45,000 tonnes at 30.6 g/t AuEq with a significant drop in **on mine costs to NZD583 per ounce** and **C2 cash costs of NZD710 per ounce**. The IRR increased significantly to 118%.

The key drivers for this increase in value are discussed below:

- Increased ounces available for extraction – this is a result of the Mineral Resource Upgrade which saw gold equivalent ounces in the Measured and Indicated categories increase by some 18,000 ounces. These are included in the mining plan which has seen an increase in gold production of some 18,800 Oz AuEq.
- Increased mine life – on the back of the increased ounces life of mine is extended by a year giving a current expectation of 6 years;
- Grade – Run of Mine grade, on a gold equivalent basis, has increased from 11.2g/t to more than 27 g/t.
- The USD gold price, based on independent forecasts, is expected to continue trading in a narrow range of between USD1300/Oz and USD1400/Oz;
- Continued USD strength is expected to result in a falling NZD: USD exchange rate over the project life
- Extended mine life has seen an increase in operating costs of approximately \$8m;
- Capital expenditure is reduced by \$1m because of the work already completed towards the Bulk Sampling Project;



Other key project metrics, in comparison with the previous PFS results, are tabulated below

		Unit	2013	2018	Variance
Production	Life of Mine	Years	5	6	1
	Tonnes Milled	ktpa	107	64	-43
	Gold Recovered	Oz Total	32,200	51,000	18,800
Cost	Total Revenue	NZD(m)	68	109	41
	Total Opex (C3)	NZD(m)	34	42	8
	Total Capex	NZD(m)	11	12	1
Financial	Cash Surplus	NZD(m)	23	55	32
	NPV @9% (Pre-Tax)	NZD(m)	15	36	21
	IRR	%	83%	118%	35%
	Payback period	Yrs	3	2	-1
Unit Costs	C1 cash Cost	NZD/Oz	692	583	-109
	C2 Cost	NZD/Oz	904	710	-194
	C3 Cost	NZD/Oz	1,041	985	-56
	Breakeven Gold Price	NZD/Oz	1,075	820	-255

Full details of the Pre-Feasibility Study were released to the market on 26/06/2018. The release can be viewed here <https://www.asx.com.au/asxpdf/20180626/pdf/43w27wyn66hcx8.pdf> .

The Pre-Feasibility Study referred to earlier in this report is a technical study as defined in the JORC Code and can be used for the purposes of defining an Ore Reserve. Because of this the PFS is confined to examining only the higher confidence Measured and Indicated Resources and does not take account of the extensive information available pertaining to the deeper extents of the mine where the Mineral Resources are classified in the Inferred Resource category.

The PFS thus sets out a roadmap for initial development of the Talisman Mine project which has progressed through the traditional methods of mine evaluation and development.

TALISMAN MINE DEVELOPMENT

1992-2009	2009 - 2012	2013-2017	2017/2018	2020
EXPLORATION	SCOPING STUDY	PREFEASIBILITY STUDY	MINING ACTIVITIES	Bankable Feasibility Study
<ul style="list-style-type: none"> Exploration Permit Granted Chanel sampling throughout Level 8 Sampling of stockpiles Drilling undertaken in Dubbo Chip samples discover bonanza grades at Taukani Hill Delineation of a JORC 2004 resource totalling 204,000 oz AU 	<ul style="list-style-type: none"> Mining one completes Scoping study Further exploration on Permit Application and granting of 25 year Mining License Access agreement granted under ML Further technical studies 	<ul style="list-style-type: none"> Maiden Reserve Declared on resource Maiden PFS encompassing mining at Talisman Application for Resource consent sought Authority to Enter and Operate granted Acquisition of further Historic Data First ore processed at Waihi Resource consent to extract 20K cubic metres per annum granted 	<ul style="list-style-type: none"> Certificate of compliance granted Refurbishment and rehabilitation commenced Resource estimate upgraded to JORC 2012 Prefeasibility Study Updated Mystery Vein and Dubbo target areas accessed Ventilation installed 2H 2018 Blasting, Extraction, Production of gold 	

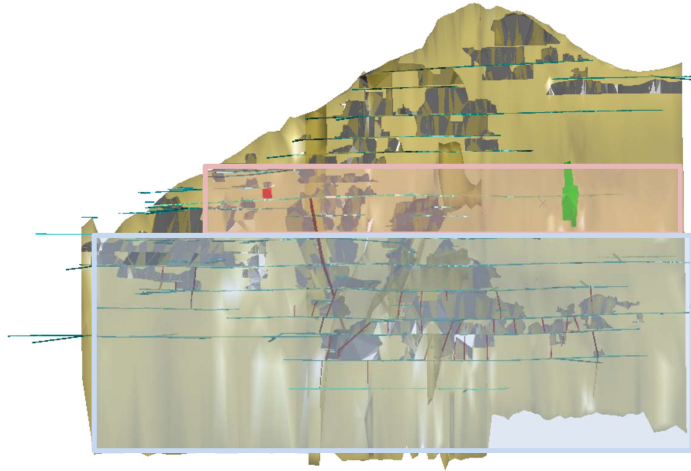


Figure 1 - Long section of the Maria lode showing the location of the Talisman Project area (pink) and the Talisman Deeps Project Area (Light Blue)

2.TALISMAN DEEPS Development-Early Stages

In contrast to the above, the Talisman Deeps project is in its very early stages of development. This standalone project was conceptualised primarily as a result of the upgraded mineral resource estimate which was released to the market in the latter part of 2017. This estimate, which substantially increased the overall mineral resources available within the Company's lease area, identified a substantial inferred resource occurring at depth within the Talisman Mine. These inferred resources fall outside the scope of works delineated by the Talisman Project but nevertheless offer the potential for considerable upside to the company. In order to gain an understanding of the possible impact of developing the Talisman Deeps Project NTL commissioned a Scoping Study.

The scoping study referred to above was completed in June 2018 and, following an independent review of the outputs, which was reviewed as part of the Valmin compliant valuation discussed in the 2018 Annual Report, the results were released to the market on 27 June 2018. However, under the ASX listing rules, where inferred resources form a majority of the mineral resources on which a scoping study is based, the study must meet a number of requirements over and above those set out in the JORC Code. These requirements are set out in the ASX guidance note which can be viewed here <https://www.asx.com.au/documents/asx-compliance/asx-guidance-on-reporting-scoping-studies-with-checklist.pdf>.

Following discussions with ASX the release containing the results of the scoping study was retracted and the study is currently being reviewed so that it can be released in a form suitable for market.

It is important to note that the scoping study is the next step following the completion of the Talisman Deeps mineral resource upgrade as is a broad evaluation of the economics (traditionally +/-30%).

3.OVERALL PROGRESS

CEO Matthew Hill stated

"We are now nearing commencement of mining activities at the Talisman mine. The recent PFS demonstrated the significant returns from the exploitation of this world class resource. The ventilation fan is currently on its way to NZ following assembly in Perth. Once the ventilation fan is installed, underground machinery, blasting, ore extraction and subsequent processing activities can commence. This is in line with the extraction volumes agreed with the regulators under the existing resource consent and mining permit."

About New Talisman Gold Mines Ltd

New Talisman Gold is a dual listed (NZSX & ASX: NTL) with over 2250 shareholders who are mainly from Australia and New Zealand and has been listed since 1986. It is a leading New Zealand minerals development and exploration company with a mining permit encompassing the Talisman mine, one of New Zealand's historically most productive gold mines. The company has commenced prospecting and upgrading activities at the mine and advance the exploration project to increase its considerable global exploration target into JORC 2012 resources.

Its gold properties near Paeroa in the Hauraki District of New Zealand are a granted mining permit, including one of New Zealand's highest-grade underground gold mines, a JORC 2012 compliant mineral resource of over 469,000 ounces AuEq at an average above 15 g/t AuEq and a JORC compliant reserve statement. The Company owns 100% of the Rahu exploration permit, which lies along strike from the Talisman mine of which 80% was recently acquired from Newcrest Mining. The company will shortly commence exploration activities at Rahu.

Cautionary Statement for Public Release

Certain information contained in this public release may be deemed "forward-looking" within the meaning of applicable securities laws. Forward-looking statements and information relate to future performance and reflect the Company's expectations regarding execution of business strategy, business prospects and opportunities of New Talisman Gold Mines and its related subsidiaries. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions and inherent operating risks. There are no assurances the Company can fulfil forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially as a result of risks facing the Company, some of which are beyond the Company's control. Although the Company believes that any forward-looking statements and information contained in this press release is based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information, whether as a result of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.