

14th September 2016

ANNOUNCEMENT BY NEW TALISMAN GOLD MINES LIMITED (NTL, NTLOA or NTLO)

CHAIRMAN'S ADDRESS

ANNUAL MEETING 14 SEPTEMBER 2016

Introduction. The Directors' report for the year to 31 March 2016 was circulated with the Annual Report. Before I ask you to formally receive the Annual Report together with the Financial Statements and the report of the Auditors I would like to speak briefly to several of the issues raised in the report.

Shareholder Support. At the time we were in the process of finalizing the text of the annual report the Rights Issue was still open. So first of all may I express the directors' appreciation of the extraordinary support the Company's shareholders showed us during the course of the recent rights issue. All up the company received close to \$6.5 million in subscriptions. Today the company stands better capitalized than it has been at any time in its entire history. That represents a very strong vote of confidence in the strategic direction your directors have followed since late 2012.

In the intervening period since 2012 we have had to endure some of the worst conditions resource stocks in general and junior mining companies in particular have had to face in the capital markets for the last 50 years. Many of the junior mining companies on the Australian, Canadian and London markets quite simply didn't survive the post-GFC resource crash. The mid-caps and majors also suffered major reversals in their fortunes during this period and the equity markets have marked their values down severely. Even the state owned mining companies were not insulated from the brutal realities of the market as we know from local experience.

Against that gloomy background we are extremely grateful for the extraordinary support received over the last few months. But we also have to say we are also very conscious of the need to deliver on your expectations – of the responsibility on us to ensure every dollar of subscription money is applied to the best possible effect. In the past we have never quite raised sufficient funds to commit unreservedly to the bulk sampling / trial mining project. As you know in order to commence the project some initial capital expenditure is required on plant and equipment to refurbish the mine road and the underground access ways, install utilities and ventilate the workings. We took the conservative but responsible view that we shouldn't start that capital works program until we had secured all of the funding required to carry it through to completion.

Well, now we have the funds to do just that and it is up to us to get on with it. We will have more to say about that in the briefing after I close the formal part of this meeting.

The Changed Landscape. There are two other aspects of the positive change in our cash position that I want to briefly comment on. Firstly, I think it is fair to say that over the years since 2012 we have learned to run a very lean operation. By way of example for all of the year under review executive staff and directors were on substantially reduced remuneration rates. They were prepared to accept that uncomfortable position because of their commitment to and belief in the Talisman mine project. As part and parcel of our approach to conserving cash, our staff and directors also took on a broader range of responsibilities than would normally be the case. For example much of the documentation and compliance for the recent rights issue was prepared in house - a function that would normally be outsourced.

Now that we are fully funded it would be tempting to revert to a more relaxed corporate culture. We have resisted that temptation and are adamant that the cash conscious culture of the last few years must be maintained into the future. Yes, we have restored remuneration to market rates but there was no backdating and no catch up. Yes, we seek to increase the director's remuneration pool but that is primarily to broaden the expertise and experience around the board table (given the commencement of operations at Talisman) and to make it easier to comply with the requirements of the Australian and New Zealand exchanges with respect to the number of independent directors and local residents.

Secondly, I want to say that there are many attractive resource exploration and development opportunities out there at present crying out to be funded. Again it would be tempting to pursue some of these opportunities given our funding position. But again we have taken the disciplined and orderly approach of saying no to other distractions at this time. In short we want to be very clear that the funds raised were to advance the Talisman project through the bulk sampling project and beyond. Following the closure of the formal part of the meeting we will brief you on the Talisman Deeps to give you a sense of the longer term opportunities – of the potential beyond the bulk sampling project. But in the meantime our focus is on the immediate commencement of operations at Talisman.

Update. The annual report sets out in detail progress against the three legs of our strategy to grow the value of the company. I don't propose to go over that material again but would like to update you on each very briefly.

At Talisman we are working very hard to finalise the terms of the Traffic Management Plan. As you know we already have approval in principle for the plan. We are currently negotiating the technical details of the plan and expect to report progress shortly. Wayne will have some further information on the road upgrade in the informal session later.

At Rahu the exploration permit is held in Newcrest's name but they hold 20% of it in trust for New Talisman (pending the expenditure of \$5 million on the permit). Newcrest is currently re-evaluating

New Talisman's geological data to develop deep drill targets which we anticipate they will drill in the near future. This represents a very significant milestone and subject of course to the results of those wells could have a material effect on the value of the company.

Amer. We continue to discuss co-operation and both parties remain keen to pursue a co-operation arrangement that makes commercial sense. From our perspective the success of the rights issue and the fact that the bulk sampling / trial mining project is fully funded has changed the landscape here too..... at least with respect to shareholders' willingness to entertain an offer. Of course we also have many more shares on issue now which has implications for Amer of the overall cost of any transaction to acquire control. So we have started to discuss with Amer and their representative the need to revisit both the framework and the elements of their offer. This afternoon and tomorrow the Directors have scheduled a strategic planning session during which this issue will be considered further. Without pre-empting tomorrow's discussion I can say we remain open to advancing a closer relationship with Amer but only on the basis of that relationship offering current shareholders tangible value.

The Journey from Explorer to Producer. In 2013 we set out our vision to move the company from Explorer to Producer. The Report for the year 2016 reflects the very real progress the company has made on its journey from explorer to producer. I freely acknowledge my frustration at some of the delays we have experienced – principally in the consenting area - but also in other areas. We have had to address the changes to the health and safety at work regime following Pike River and we have had to engage closely with neighbours and other affected stakeholders at Talisman to ensure they are supportive of our plans. But all that said I am confident we are on the right track, that this year will see us in production and that shareholders will enjoy the uplift in value they have anticipated.

Gold Price Forecast. For those of you who are regular attendees at our AGM's you will recall it is my practice to conclude my address to shareholders each year with an analysis of the gold price and its forecast range for the year ahead. How much value you should place on this analysis is questionable given I was recently reminded that in 2013 I quoted some expert analyst from Citibank who forecast the price of gold to exceed US\$3,500 within two years. So today the price of gold hovers in a range between US\$1320 and US\$1340.

Two contrary pressures will drive the gold price over the next few years. In the US the economy looks reasonably robust and the Head of the Federal Reserve is talking about raising interest rates. That obviously drives investors into bonds and other interest bearing instruments and out of physical gold since as everyone knows physical gold pays no interest.

On the other hand the European central Bank, Japan, China and Britain are all looking to stimulate their depressed economies with quantitative easing measures. In effect these amount to printing money but as everyone knows you can't print more gold. So the value of gold goes up in relation to the value of cash. Or put another way gold represents a constant source of value and serves as a hedge against the diminishing worth of cash.

So how will these contradictory forces play out? My guess is a mid-range of US\$1,700 over the next 24 months. Which at current NZ Dollar / US Dollar cross rates remains very favourable relative to the rates in force at the time the original prefeasibility studies for Talisman were undertaken.

Please come back next year to applaud or bemoan my forecast.

Conclusion. That concludes my address. Thank you again for your interest in and ongoing support for the company.

About New Talisman Gold Mines Ltd

New Talisman Gold is a dual listed (NZSX & ASX: NTL) with over 1950 shareholders who are mainly from Australia and New Zealand. It is a leading New Zealand minerals development and exploration company. Its gold properties near Paeroa in the Hauraki District of New Zealand are a granted mining permit, including a JORC compliant mineral resource within the original Talisman underground mine, and a Heads of agreement with Newcrest over an adjacent exploration permit along strike from the mine. The company is now advancing its plans to develop the mine, and advance an agreement with Newcrest over the exploration project.

More about New Talisman Gold at www.newtalismangold.co.nz