

## **ANNOUNCEMENT BY NEW TALISMAN GOLD MINES LIMITED [ASX, NZSX: NTL, NTLOA]**

### **FOR PUBLIC RELEASE**

#### **Quarterly Activities Report to 30<sup>th</sup> June 2016**

New Talisman Gold Mines Limited (NTL) is pleased to present the report on activities for the quarter ended 30<sup>th</sup> June 2016.

#### **HIGHLIGHTS**

- **Newcrest enters binding agreement over Rahu**
- **Rights issue successfully raises 4.7M NZD**
- **Murray Stevens appointed to board**
- **Historic data shows increased potential in Dubbo and other targets**
- **Amer International Group**

The development of the funding required for the Talisman mine remained the focus of directors and management during the quarter. Significant effort was also applied to completion of a binding agreement with Rahu. The Annual Report was released during the quarter.

As set out in the accompanying financial report the company's cash position is healthy and sufficient funds have been raised to initiate the bulk sampling plan at Talisman. Subject to a number of key financial and statutory requirements being met the company remains on target to meet its goal of producing the first ore from the Talisman permit.

#### **CORPORATE**

During the quarter the board of NTL welcomed Murray Stevens to its board. Mr Stevens has over than 35 years of experience as a geologist and has provided consulting services to NTL since 2002.

Mr Stevens has extensive expertise exploring for epithermal gold deposits in the Coromandel and the wider Asia-Pacific region. He has held senior management and consulting roles in a number of public and private companies and was NTL's (formerly Heritage Gold Ltd) first exploration manager from 1987 to 1996. He was instrumental in recognising the potential for the Talisman mine and the Rahu area when NTL acquired these areas in the early 1990's. Murray played a key role in the original discovery made at Rahu and was the exploration consultant for NTL when the work undertaken between 2003 and 2006 delineated the current resources at Talisman.

#### **Amer International**

As announced during the period the Company accepted a non binding MOU from Amer international which contemplates Amer seeking a 70% interest in the company. Amer has recognized the successful rights issue and the company's significant progress since the MOU. The 50K NZD non-refundable deposit was received during the period and detailed agreements are currently being drafted which will require shareholder approval and will be required to meet all regulatory requirements of both the ASX and NZX. Amer international has recently been awarded the rank of 190 in Fortune Global 500 companies with over 14,000 employees, assets of 18.5 BN and profits of 1.1BN in the current financial year. Further information can be found at <http://www.amer.com.cn>.

## Rights Issue

The company completed a rights issue raising a total of \$4.7M NZD before expenses which is being applied to the Talisman mine bulk sampling/trial mining operation which has been initiated. The rights issue was solidly supported by its NZ and Australian shareholders. Given the difficult climate junior mining companies around the world face raising capital for development the outcome of the rights issue was seen as a very strong vote of confidence in the direction of the company and the Talisman project.

## Shortfall

As per the announcement dated 20<sup>th</sup> July 2016 the company has offered to new and existing shareholders the ability to subscribe for shares at .005 cents per share from the remaining shares available under the shortfall. Application forms are available on the website and attached to the above dated announcement.

## TALISMAN GOLD PROJECT (100%) – Hauraki District, NZ

### Bulk Sampling Project

This has been a very significant quarter for the company which is rapidly progressing plans to expedite commencement of operations at the Talisman Mine. Amongst the items being addressed are the following:

**Finalisation of the scope of works for construction of the mine road** - Modifications to the mine road, which are specified broadly in the company's traffic management plan, are required in order to ensure the safety of pedestrians and vehicle traffic and will involve widening some areas of the road, providing passing bays and easing of some tight corners to provide line of site and safe passage for heavy vehicle traffic. Detailed design for construction purposes is now underway.

**Sourcing of underground mobile equipment** – While equipment of the size required to operate within the confined spaces of the Talisman Mine is readily available modifications are required to make them fit for underground operations. Items such as automatic fire prevention systems and exhaust scrubbers, which are not standard for vehicles operating on the surface, must be retrofitted to any equipment selected for underground use.

**Mine Ventilation** –Design of the ventilation infrastructure is progressing well and the focus is now on sourcing an appropriate sized exhaust fan to provide the primary air flow through the mines workings and create a safe and respirable environment underground, while minimising external noise levels in keeping with the environment in which the mine is situated.

**Electrical systems design** - Design of the electrical reticulation system has been commissioned and will consider options of restoring mains power to the site versus relying solely on generator power although, generator power is considered the most likely option in the short term owing to the short commissioning time.

Sourcing of other equipment, accommodation and recruitment of staff is also underway.

Based on the actions above the company expects to make rapid progress towards initiating underground operations. This process will begin with a refurbishment phase during which the underground workings will be rehabilitated and underground services and reticulation systems installed. It is expected that this phase will take approximately six months to complete by which time the company will be in a position to begin extracting ore from the face of the Mystery drive. Production volumes will begin at approximately 200tpm and, based on current planning, are expected to stabilize at approximately 700tpm (average) as additional areas are brought on line.

The company has spent considerable effort in identifying additional exploration and production targets (discussed below) and is evaluating options to access some of these areas with a view to increasing production levels in the medium term.



## **Talisman Exploration Potential**

The Company determined significant upside to the whole Talisman project during the quarter, (see release dated 8 June, 2016, <http://www.newtalismangoldmines.co.nz/wp-content/uploads/2016/06/160608-Talisman-exploration-data-update.pdf> for full text).

This upside was based on further analysis of the company's own exploration data and incorporated preliminary extremely encouraging analysis of historic data acquired in 2015, where opportunities to focus exploration on areas near to the current planned bulk sampling project are likely to increase gold resources, production and mine life.

These target areas include:

- Extensions to the Dubbo Zone, mainly at depth
- The Mystery Vein and its possible northward extensions in the Roderick Dhu workings around 600m north.
- The Crown Mine above 5A Level
- The Sutro workings to the east of the Crown Mine

A number of other exploration targets exist namely, Talisman Depth Extensions, Talisman South, Taukani Hill, Crown-Welcome Depth Extensions, the Comstock workings, Dominion Knoll.

Reference in the preceding and following text to targets, exploration targets, mineralisation, extensions to resources, exploration potential are defined as Exploration Targets in the 2012 JORC Code and that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The historic data being cited here is based on examination of old mine plans, drawings and digital data. Information on quality control procedures, analytical methods, sampling methods are not yet known and have not been verified.

### **Exploration Targets**

#### ***Dubbo Zone***

The Dubbo zone occurs on the Maria Vein some 800m inside the mine along No 8 Level and contains some 145,000 oz gold of the mines 204,600 oz mineral resource at an average gold grade of 10.1 g/t Au.

Of particular significance to immediate extensions to the current resource is that the historic data acquired in 2015 includes plans that suggest potential depth extensions of the Dubbo Zone.

One such plan, thought to have been compiled circa 1919, is a long section of the Talisman Mine showing the results and location of approximately 2142 channel samples that were taken up rises and winzes within the mine. As was the convention of the day, the grade of these samples is presented as the cash value of bullion (combined gold and silver) contained in a ton of ore based on a gold price of £4.25 per troy ounce. In analyzing the data this price has been used as the best method to convert the cash values to equivalent gold ounces.

The data shows the results of 541 samples taken in raises from 10, 11, 12 and 13 Levels immediately below the occurrence of the Dubbo zone on No 8 Level. Analysis of all these samples yields a mean of 13.26 g/t gold equivalent. Using a 3.0 g/t Au lower cut off to these samples yields a mean of 28.61 g/t Au equivalent within a sample range of 125.17 g/t. This lower cutoff is the same as applied in the company's ore reserve estimates.



This grade is significantly higher than the 10.1 g/t Au value in the company's mineral resource estimate for the Dubbo and demonstrates potential upside for production planning.

While the quality control and assurance procedures in place at the time that the samples were taken cannot be verified and the data cannot currently be used to generate mineral resource or reserve estimates that will comply with the requirements of the JORC code, the information certainly confirms the company's view that the Dubbo Zone extends further to depth and that this zone will play an important role in the future operational plans of the mine.

### ***Mystery Vein***

The Mystery Vein is a high priority target for development and will be tested as part of the bulk sampling phase.

NTL have channel sampled and drilled 3 diamond holes. There is currently a small resource of 10,300 oz Au and 17,100 oz Ag. The vein lies between the Maria and Welcome/Crown Veins approximately 200m east of the Maria Vein. Its orientation, width and character are consistent with the two main veins mined historically.

Examination of surface and underground geochemical sampling results from the newly acquired historic data shows the possibility that the Roderick Dhu veins that occur around 600m north of the Mystery vein may well be the same vein system.

The grades recorded in the historical data set from 39 surface outcrop and underground channel samples range from below detection to 84.0 g/t gold with an average of 11.89 g/t Au and 107.4 g/t Ag. Sample **widths** range from around 10cm to 1.8m and average 0.4m.

### ***Crown Mine above 5A Level***

The Crown Mine which historically extracted gold from two main veins, the Welcome and the Crown has JORC 2004 compliant measured, indicated and inferred resources of 29,500 oz gold and 59,400 oz silver delineated based on channel sampling carried out by NTL in 2004 on the 5A level. Most historic mining occurred below the 5A level with limited prospecting drives on the surface. NTL have seen the continuation of the Crown Vein between this level and the surface approximately 180m above as an exploration target that if results warrant could be accelerated into production.

Examination of the historic data from 123 surface or near surface samples of the Crown Vein show that what appear to be mainly channel samples, to be averaging 10.47 g/t gold, 19.0 g/t silver with an average sample width of 0.86 metres. Sample widths ranged from 0.1m to 3.0m, while gold grades range from 0.05 g/t to 147.5 g/t.

### ***Sutro Workings***

The Sutro workings lie approximately 100m east of the Crown Mines surface outcrop. These appear to be a southward extension of the north east trending Imperial veins. Their significance is now apparent from the historic data and they require further work to develop the target.

Preliminary observations of the historic data set are that the veins in the Sutro workings from which 39 channel samples were taken range in gold grades from below detection to 94.0 g/t gold, averaging 8.46 g/t gold and 22.8 g/t silver. Sample widths average 0.5m and range from 0.1m to 1.2m.

## **Rahu Gold Project (100%) – Hauraki District, NZ**



During the Quarter the Board of New Talisman Gold Mines Limited (NTL) announced that it executed a binding agreement over the Rahu Project with Newcrest International Pty Ltd a wholly owned subsidiary of Newcrest Mining Limited (ASX:NCM) following the signing of a non-binding Heads of Agreement on 19 May, 2015.

Key terms of the agreement include:

- Should Newcrest spend NZ\$5.0 million on the Rahu Project a Joint Venture will be established at that time and a direct 20% interest transferred to NTL.
- In the interim 20% of the Rahu project will be held on Trust by Newcrest on behalf of NTL subject to Ministerial consent.
- Newcrest will manage the exploration activity on the Rahu Project.
- If a joint venture is not established 100% of the project would be transferred to NTL subject to Ministerial consent.
- Upon formation of a joint venture each party will be required pay their respective exploration and development costs on a pro-rata basis.
- If NTL dilutes to below 10% equity, this equity would convert to a Net Smelter Return, (NSR) of 2.5%

Matthew Hill Said "It has been a strong quarter for the company. Following the successful rights issue raising 4.7M NZD the company has initiated bulk sampling at its flagship Talisman mine. NTL are well on the way now to reopening the Talisman mine and progressing the company toward production."

Matthew Hill  
Executive Director  
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#### **About New Talisman Gold Mines Ltd**

New Talisman Gold is a dual listed (NZSX & ASX: NTL) with over 1900 shareholders who are mainly from Australia and New Zealand. 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. Its gold properties near Paeroa in the Hauraki District of New Zealand are a granted mining permit, including a JORC compliant mineral resource a JORC compliant reserve statement within the original Talisman underground mine, and a binding Agreement for Newcrest to spend up to 5M on an adjacent exploration permit along strike from the mine, Rahu. The company is now advancing its plans to develop the mine, and advance the exploration project.

#### **Competent Person Statements**

The information in this report that relates to Exploration Targets, Exploration Results, and Mineral Resources is based on information compiled by Murray Stevens, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Stevens is employed by Stevens and Associates and is an independent consultant engaged by New Talisman Goldmines Limited from time to time on a consulting basis. Mr Stevens has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stevens consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to the Talisman Project Pre-Feasibility Study and the Ore Reserve estimates was prepared by Mr Wayne J Chowles, a Mining Engineer and member of the AusIMM. Mr Chowles is a full time employee of New Talisman Gold Mines Limited and the author of the Talisman Prefeasibility Study referred to in this release. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chowles consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

