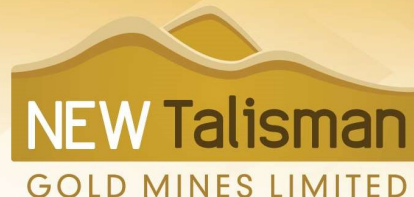


Market Announcement

For Immediate Release



Quarterly Activities Report to 31 December 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

Capital Structure
Ordinary Shares at 20/06/2018 2,164m

Share Price
Share Price at 30/01/2019 (NZX) 1.5cps
Share Price at 30/01/2019 (ASX) 1.5cps



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HIGHLIGHTS

- Sampling results from Mystery Vein show extension of high-grade gold and silver mineralisation
- Auxiliary fan commissioned and loading at Dubbo Zone underway
- Development of the Keillors 8A return airway commences
- Blasting Extraction and stockpiling continues
- Access to Dubbo Zone advances

Following on the September quarter, which saw the resumption of mining activities at the Talisman Mine for the first time since 1992, the board of New Talisman Gold Mines is pleased to announce the results of yet another very productive quarter which has seen the achievement of a number of objectives as the company progresses towards production.

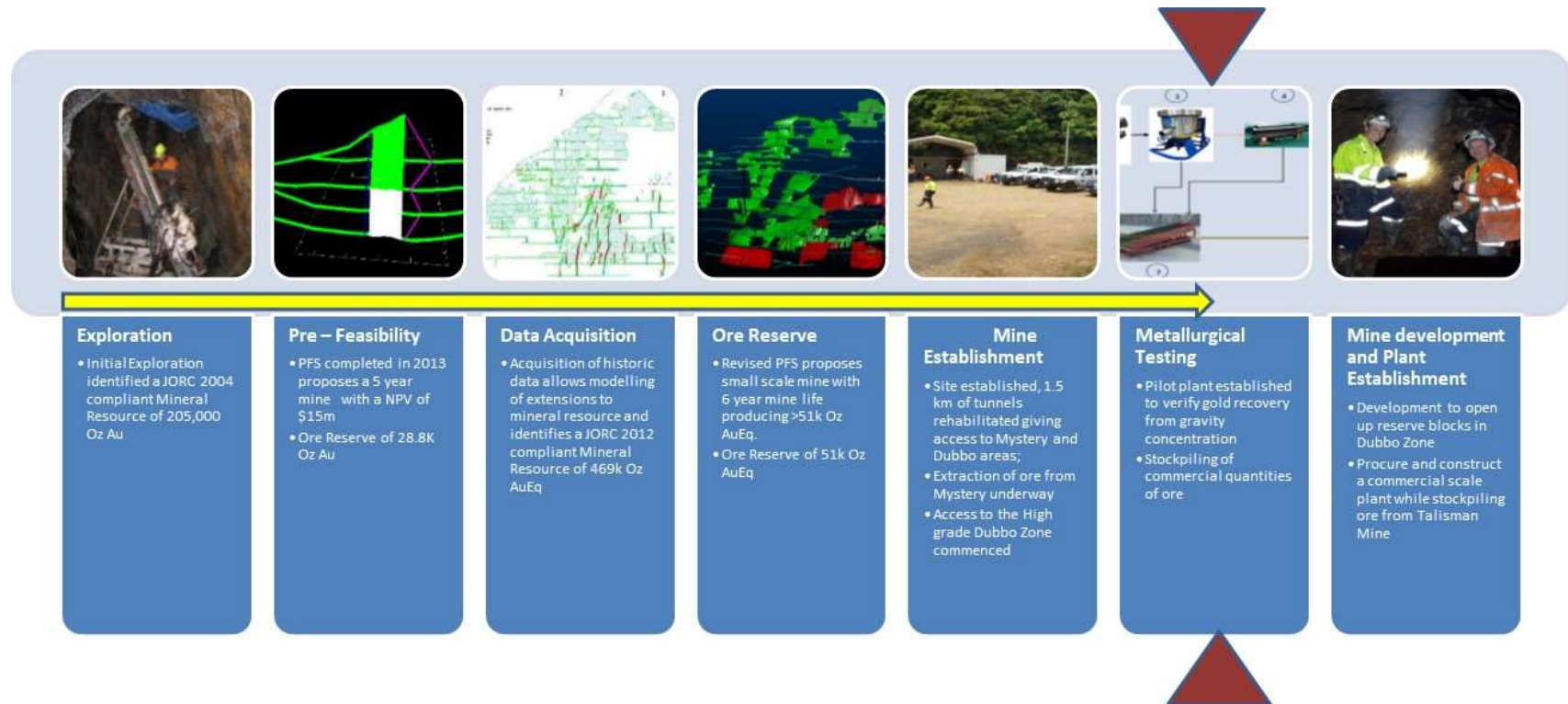


Figure 1 - The auxiliary fan and controls in place in No 8 Level Drive

With the NZD gold price reaching \$1940 NZD per ounce, levels not seen since March 2013 at a time when USD gold price was at \$1600, the commercial returns for both the short term and the long term mine plan continue to improve.

TALISMAN MINE PROJECT

The Diagram below shows the stages of development and evolution the mine has taken since Heritage commenced exploration activities through to mine development and planning.



The key milestones achieved at the Talisman mine during the quarter include: -

Mystery Vein

The Mystery Vein was discovered in the 1980's, by then operator Cyprus Mines Corporation in joint venture with New Zealand Gold Fields Ltd, when developing Keillors Crosscut to connect the Talisman Mine with the adjacent Crown Mine. This cross-cut intersected a previously unidentified vein, now called Mystery Vein, approximately mid-way between the historically productive Maria and Crown vein systems. It is believed that this vein had not been identified previously because of its location on the boundary between the two historic mining permits, although there is evidence that the vein may have been encountered in the lower levels of the Talisman Mine. The vein has been exposed over a strike length of some 50m and regular sampling carried out by New Talisman (then called Heritage Gold) identified samples on the face of Mystery with grades of up to 50 g/t. Recent check sampling of ore exposed at the drive face yielded grades of up to 40 g/t Au (please see <https://www.asx.com.au/asxpdf/20180508/pdf/43tvlpmv420f4f.pdf>.)

The Mystery vein shows similar geological characteristics to the adjacent veins and follows a similar north south strike direction, suggesting that this may be the same vein system worked at the historic Rhoderick Dhu Mine which is located roughly mid-way between the Talisman and Crown Mines around 100m below the current exposure on No 8 Level. Current activities at the Talisman prioritize enhancing the Company's understanding of this vein given its potential to be a major contributor to mine life.

Regular extraction activities are taking place on the northern extension of the Mystery Vein. The face of the drive has now been advanced a further 6.1m, on vein which averages 0.9m in width. Eight tonnes of ore have been removed from the drive and the results of regular in stream sampling show gold grades ranging from 6.2g/t Au to 18.2g/t Au for an average of 11.9g/t Au. Silver ranges from 23.0g/t Ag to 37g/t Ag for an average of 28.3g/t Ag. For more information please see the announcement of 24/01/19 (<https://www.asx.com.au/asxpdf/20190124/pdf/44225sh0bby4c4.pdf>)

Testing of the rescue mining method, where the vein and associated waste material are extracted in separate cuts, is proving successful with the primary extraction of the vein achieving a clean break on the contact between the vein and host rock. This enables the vein material to be loaded separately from the waste, maximising the grade of ore trammed to the run of mine stockpile. Successful long-term implementation of this mining method will hold significant commercial advantages for the mine through reducing the tonnage of ore to be transported and milled, and correspondingly reducing the costs involved, while at the same time increasing the feed grade of the milled material as very little waste would be included.



Figure 2 - the face of the Mystery Drive showing the extension of the vein before sidewall waste is removed

Dubbo Zone Access

Installation of the underground auxiliary fan is complete, and the fan has been commissioned. Air ducting is in place through the single-entry Dubbo extension of No 8 Level. This allows deployment of diesel-powered machinery to the BM37 zone and loading of waste rock so that clearing access to the BM37 rise can get underway.

Clearing of this rock will provide access to the high-grade Dubbo Zone of the Maria Vein. This zone was identified by borehole BM37 which assayed 656 g/t Au over 1.8m including 1154 g/t Au over 1.0m and was the location of the last mining activity to take place under the mines previous owners in the late 1980's. Sampling in this area has previously yielded results exceeding 1% gold (over 10,000g/t), please see <https://www.asx.com.au/asxpdf/20130705/pdf/42gx44jq96lrs.pdf>

There is little information available regarding the condition of the BM37 rise, and timing of access is uncertain. Nevertheless, NTL have a number of options available to open up this very important area and remove ore for process testing. If the rise is stable the objective of removing 5+ tonnes of the bonanza grade material could be completed near the end of Q1. An update of progress in this area will be provided to shareholders in the next few weeks.

Dubbo Return Airway and Second Escape

Development of an incline drive to connect Keillors Cross cut with the BM37 rise has commenced. This incline is targeted to intersect the Maria vein approximately 15m above the existing Dubbo extension and, from that point, will follow the vein to the intersection of the BM37 rise. This drive is an important development for the project as it creates a return airway for mining in the Dubbo Zone as well as creating a second escape way from that section of the workings.



Figure 3 - Muck pile and face following the initial blast on the Keillors 8A Incline

Completion of No 8 Level Drive Refurbishment

Final clean-up of the 8 Level drive, including securing vehicular access through the “Bandaidd” and “Viaduct” was completed. There was considerable uncertainty regarding the quantity and quality of ore present in the area and thus timing was uncertain. Loading operations were carried out for two weeks with no sign of slow down before the decision was made to barricade the area and build a stopping to retain remaining ore in the stope. A reinforced retaining wall was constructed incrementally from the hanging wall of the drive and is fitted with drain pipes to ensure adequate drainage.



The viaduct, the area where the historic fall of ground occurred, has been cleared of waste rock left over during construction.



Stockpiling of Broken Ore

Stockpiling of ore underground has continued successfully. In total approximately 110 tonnes of ore from the Maria vein have been loaded and transferred to the Run of Mine stockpile. Regular interval in stream sampling was carried out with 44 samples yielding grades that are characteristically variable and range from trace to 66.0g/t Au for an average of 4.5g/t Au, silver grades assayed in a range of 7.1g/t to 633g/t for an average of 68g/t Ag (please see <https://www.asx.com.au/asxpdf/20181214/pdf/44173qv872f6cz.pdf>). This is supplemented by the ore removed from the Mystery vein discussed above.

Metallurgical Testwork Pilot Plant

All components of the pilot processing plant have arrived and are being assembled off site. It is anticipated that commissioning will take place during late February with completion of an initial test batch completed by end April. One aim of this test batch is to prove that the required precious metal recovery rates can be achieved and any potentially acid forming minerals can be removed from the waste material leaving a chemically inert commercially viable by-product.

While the capacity of the pilot plant is relatively low the aim is to replicate the recovery rates which were achieved using a similar flowsheet in the testwork carried out in South Africa in February 2018 (please see <https://www.asx.com.au/asxpdf/20180322/pdf/43sn63s00fjnz6.pdf>). Once recovery rates are confirmed a larger plant, suitable for the longer-term needs is planned, dependent on other options as the company continues to assess enquiries regarding alternative potential treatment options.

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.