

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

FOR PUBLIC RELEASE

Quarterly Activities Report to 30th June 2014

New Talisman Gold Mines Limited (NTL) is pleased to present the report on activities for the quarter ended 30th June 2014.

HIGHLIGHTS

- **Net tangible assets increased significantly**
- **\$634,069 raised by way of rights issue**
- **Talisman mine funding offer signed**
- **Health and safety management plan progressed**
- **Application for authority to enter and operate submitted**
- **Test work with potential toll treatment facilities nearly completed**
- **Rahu application underway**

The development of the Talisman mine remained the focus of directors and management during the quarter. Significant effort was also applied to raising capital to support that development.

The Annual Report was released during the quarter. The highlight of the report was a sharp increase in tangible assets. Previously the only significant asset on the balance sheet was the intangible value attributed to the company's mining and exploration permits. That value was derived from the capitalized cost of geological exploration and evaluation on the permits over the preceding years, less any impairment or reduction in fair value as determined by an independent valuation.

In 2013/14 the Company's operations shifted from exploration and evaluation to development of an income generating asset. Consistent with the relevant international accounting standard, expenditure incurred in developing the Talisman mine was accounted for as tangible asset in the 2013/14 Annual Report.

Group tangible assets increased from \$1,384,170 in 2013 to \$7,946,119 in 2014. On a NTA per share basis this represented an increase of over 700% (from 0.15 cents per share to 1.5 cents per share). This is a significant improvement given the value of other permit write downs and the dilution effect from raising capital during the period.

As set out in the accompanying financial report the company's cash position is healthy. Nevertheless, additional funds are required to bring the Talisman mine into production. 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 by the end of 2014.

CORPORATE

Rights Issue

The company completed a rights issue raising a total of \$634,069 before expenses which is being applied to the Talisman mine bulk sampling/trial mining operation. The rights issue was solidly supported by its NZ 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 vote of confidence in the direction of the company.

Converting note

During the quarter negotiations on alternative financing arrangements for the Talisman mine development progressed. In late April NTL signed a formal offer from Direct World Capital (DWC) to fund the development of the mine by way of a converting note facility.

On the 28th July DWC formally advised that they were unable to secure funding under the structure they had in place at the time of the offer being made. DWC propose to extend the offer on the same terms for a further period of 45 days in an endeavour to secure the funding. NTL is currently taking advice on the matter.

New Talisman is currently exploring with a number of investor groups various financing options including direct investment in the company, joint venture and direct farm in. At this stage discussions are preliminary in nature and an update to shareholders will be provided in due course.

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

Health and Safety Management Plan

The Health and Safety in Employment (Mining Operations and Quarrying Operations) Regulations 2013 were promulgated on 16 December 2013. Foremost amongst the requirements of the revised New Zealand mining regulations is a Health and Safety Management System (HSMS) supported by a comprehensive hazard appraisal and risk assessment process and underpinned by a series of prescribed Principal Hazard Management Plans. Taken together these set out all the processes that the company will follow to ensure the safety of employees. It is a further requirement that a draft of this HSMS must be provided to the High Hazards Unit (HHU) two months prior to commencing operations at the mine.

NTL is committed to ensuring the safety of its workforce and is fully supportive of the new regulations.

The Principle Mining Engineer is currently reviewing the final draft which has been the result of many hours of work by a specialist team formed for this purpose. It is expected that the final plan will be lodged with the High Hazards Unit by 15th August which will allow the start of underground works to commence 8 weeks from that date. NTL will start preparatory work on surface prior to this date once the notice of intention to enter and operate as set out below is complete.

Authority to enter and operate the Talisman mine

During the period NTL prepared the necessary documentation for the application to the Department of Conservation for the company to enter and operate the Talisman mine pursuant to the proposed bulk sampling project plan outlined at the 2013 AGM. New Talisman Gold Mines Ltd has compiled an annual work programme and lodged this, together with other required documentation, with the Department of Conservation. The company is seeking authority to enter and operate on the access road leading to, and land adjacent to, the Talisman Gold Mine. This authority will allow free access to the road with the equipment to carry out modifications in preparation of heavy vehicle movements, and to the hardstand to begin construction of surface facilities in preparation of commencing underground operations. This is a significant step in the process of delivering ore from the Talisman Mine.

Toll Treatment discussions



A final series of simulation tests regarding the various grind sizes which would determine whether the Talisman ore would definitively suit the plant are near completion. The Company expects to be in a position to start commercial discussions on a toll treatment agreement once these technical simulations and reports are completed.

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

The Company is currently preparing an application to extend the area of land of its Mining Permit 51 326 at Talisman to include the highly prospective Rahu Exploration permit. Extending the area of the Talisman mining permit over Rahu is part of the Company's strategy to ensure the future growth and expansion of the Talisman Project. The Company has long recognised that the gold mineralised vein system at Talisman extends into Rahu where less erosion has preserved the upper levels of the mineralisation and the likelihood of high grade veins at moderate depth.

SUBSIDIARY COMPANY – COROMANDEL GOLD LIMITED (CGL) (100%) [Not Listed]

The strategy established in 2012 provided for the separation of the exploration and production activities of the group. As noted in the recent Annual Report various structures are being considered which would allow for a greater degree of separation of CGL from NTL. CGL holds a portfolio of highly prospective exploration assets both directly and indirectly and will be expected under a new structure to fund and manage their exploration independently of NTL.

Golden Valley Gold Project (100%) - Hauraki District, NZ

The proposed work programme is under review while targets identified are being verified.

Northland Base and Precious Metals Project (100%) - Northland region, NZ

Exploration planned for the current year is being based on results of previous prospecting work by the company and the literature and data review in 2013.

BROKEN HILL PROSPECTING LTD 'BPL' (20.29%) – NSW, AUSTRALIA [ASX/NZSX: BPL]

Thackaringa Cobalt Project, Heavy Mineral Sands Project, New South Wales AUSTRALIA

Ti and Zr projects – New Exploration Licence Applications

During the quarter BPL assessed historical mineral sand exploration in NSW with a view to establishing a foothold in the heavy mineral sand ('HMS') industry where emerging technology is making significant advances in processing and recovery of titanium (Ti) and zirconium (Zr) minerals (ilmenite, rutile, leucoxene and zircon) from fine-grained, large-tonnage HMS deposits.

The review identified five areas south of Broken Hill, which contain twenty known HMS prospects, all of which have been investigated by other mineral explorers including Iluka Resources Ltd, Bemax Resources Ltd (now Cristal Mining) and Westralian Sands Ltd. Several of the prospects have been shown to be of considerable size.

Broken Hill Minerals Pty Ltd, a wholly owned subsidiary of BPL, lodged applications for the five Exploration Licences ('ELA') (group 10, mineral sands) which have a combined area of 858 square kilometres.

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About New Talisman Gold Mines Ltd

New Talisman Gold is a dual listed (NZSX & ASX: NTL) leading New Zealand minerals development company with 1890 shareholders who are mainly from Australia and New Zealand.

The company's flagship asset the Talisman mine holds a JORC compliant mineral resource, a JORC compliant reserve and has been granted resource consents and access arrangements for the initial phase of the project. The company is currently initiating bulk sampling at Talisman and continues to advance the development of the mine. New Talisman's wholly owned subsidiary Coromandel Gold Limited holds a portfolio of high quality mineral interests and gold properties in the Hauraki and Northland Districts of New Zealand.

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

Competent Person Statement

Exploration activities and results contained in the Broken Hill Prospecting Ltd section of this report are based on information compiled by Dr Ian Pringle, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is the Managing Director of Broken Hill Prospecting Ltd and also a Director of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. Dr Pringle has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Pringle has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Potential: H&SC quantified a potential target size within the modelled Thackaringa pyrite mineralisation envelope. This Potential lies outside of the Inferred Mineral Resource because of the absence of nearby drilling. By extending the search distance within the 3D mineralisation the model target size is between 37Mt and 59Mt at a grade between 600ppm and 900ppm cobalt. The Potential is conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource.

