

Monday 16<sup>th</sup> November, 2015

### Talisman Mining – Amazing 34% Cu Massive Sulphides Assays – Portfolio Stock

Talisman Mining (ASX: TLM, Share Price: \$0.54, Market Cap: \$74m) is one of our favourite exploration plays. Its flagship exploration project involves a potentially company-making farm-out JV with Sandfire Resources (ASX: SFR) with respect to its flagship Springfield Project in WA, under which Sandfire can earn up to a 70% stake in three of Talisman's projects by spending at least \$15m over a 5½-year period.

*After advising in our prior coverage of Talisman intersecting three horizons of massive sulphides in step-out drill-hole TLDD0026 (including variable amounts of bornite) the JV has just advised that assaying has returned a spectacular intercept that comprised 21.6 metres grading 34.4% Cu and 0.4g/t Au.*



### Market Significance

Talisman's share price has performed strongly over the past six months as the market digests the commercial significance of the massive sulphide hits being generated by its ongoing Monty drilling campaign - the first significant high-grade massive sulphide copper-gold discovery outside of Sandfire's DeGrussa copper deposit. The geological significance of the new bornite occurrences are yet to be determined, but in terms of project economics they are a very positive signal - as they reflect richer copper ore (containing more copper per tonne) that could produce a higher-grade copper concentrate.

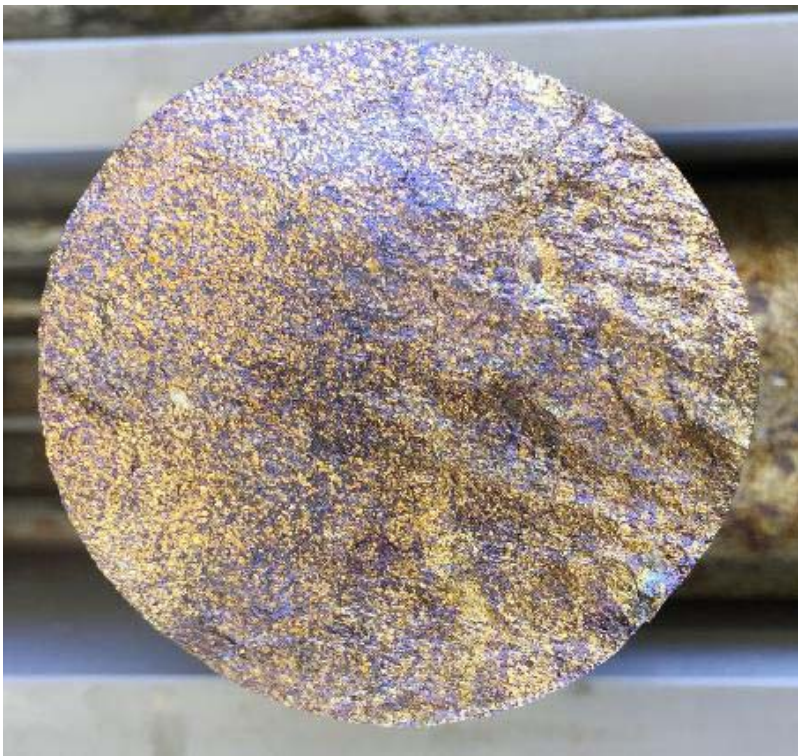
## Announcement Detail – Spectacular Copper Grades

In our most recent coverage on 16 October, we highlighted the potential significance of the Talisman – Sandfire joint venture’s reporting of bornite mineralisation from the latest drill-hole on its Monty prospect.

Hole TLDD0026 is a step-out hole that successfully intersected three horizons of massive sulphides, 45 metres along strike from recently-reported hole TLDD0021 (7.3 metres of massive sulphides from 286.2 metres down-hole).

*What was particularly significant about TLDD0026 was that within its 19.9-metres thick zone of massive sulphides from 340.2 metres down-hole there was bornite - a copper mineral not previously encountered by Sandfire in any significant quantities at Doolgunna.*

*Bornite typically has a copper content of ~63% by mass, which means it has twice the copper content of the typical Monty copper host rock - chalcopyrite - that has ~35% by mass).*

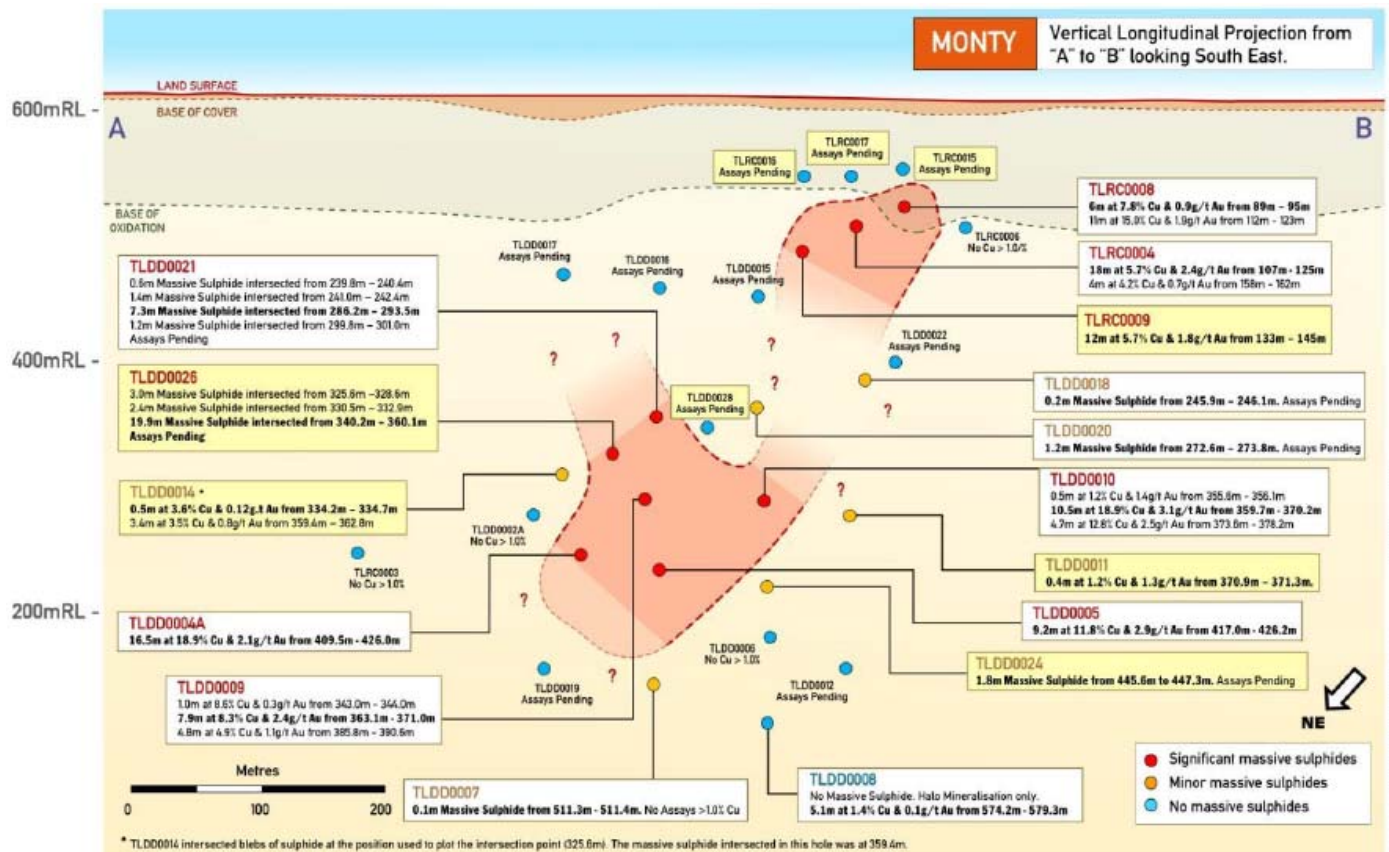


***Cross-section through TLDD0026 NQ2 drill core showing bornite disseminated in the matrix of the sulphides (359.3 metres down-hole).***

The joint venture has just advised assaying of core from hole TLDD0026 has returned exceptional assay grades comprising:

- 7.3 metres grading 6.2% Cu and 2.8g/t Au from 325.6 metres down-hole (*down-hole width, top of intercept is 275 metres vertically below surface*); and
- 21.6 metres grading 34.4% Cu and 0.4g/t Au from 339.4 metres down-hole (*down-hole width, top of intercept is 286 metres vertically below surface*).





## Others' Views

I note with great interest recent research from analyst, Peter Arden, from brokerage house Bell Potter in Melbourne. I used to work with Peter in my broking days when we both worked with Intersuisse.

"This is the best ever drilling result returned from primary-style sulphide mineralisation on the DeGrussa or Springfield Projects. We have applied what we consider are several conservative assumptions to the calculation of the in-situ value of the copper in ore that will likely be attributed to TLDD0026. We estimate there could be at least 41.4kt of ore grading 34.4% Cu and containing 14.3kt of copper in a close area around that drill hole. At current spot copper prices and exchange rates that equates to around A\$103.1m of in-situ value: more than enough to fund the capex of a satellite project."

"We have increased our 12-month forward NPV-based valuation by 37% to \$1.23/share, reflecting the recent outstanding results at Monty."

## Summary

Talisman has put enormous effort over the past five years into its overall exploration strategy, its review of exploration models and prioritisation of exploration targets. A lot of hard work and money has been invested by Talisman into its Doolgunna project acreage. Whilst some might describe Monty as an 'overnight success', the reality is that it's the end-result of meticulous exploration and appraisal activity. The results being generated by the current diamond drilling program at Monty are outstanding and accordingly, Talisman Mining will remain in our Portfolio.

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