

Market Announcement

ASX:NTL, NZX:NTL

For Immediate Release



TALISMAN PROJECT UPDATE

Commodity Exposure

GOLD and SILVER

Board and Management

Charbel Nader
Chairman/Independent Director

Matthew Hill
Chief Executive/Managing Director

Murray McKee
Independent Director

Murray Stevens
Non executive Director

Tony Haworth
Independent Director

Jane Bell
Company Secretary

Wayne Chowles
Chief Operating Officer

Ash Clarke
Chief Financial Officer

Capital Structure

Ordinary Shares on issue -
2,157,271,250

Share Chart



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HIGHLIGHTS

- **Rehabilitation reaches 540m underground;**
- **Services extended to Level 8 Bypass;**
- **200kg extracted for pilot plant met testing**
- **Over 55 samples taken during prospecting to date**
- **Economic grade samples returned to date**
- **Mains power currently being connected**
- **Ventilation survey complete and vent fan being installed**
- **Takani Hill prospecting has commenced**

New Talisman is pleased to announce that progress on refurbishment of the mine workings has now reached the 540m mark inside the No 8 level Drive and access to the Mystery vein is now possible. A 200kg sample of vein material, to be used in metallurgical testwork for the underground concentrator plant, has been taken from the face of the Mystery Vein Drive.

Inside the level 8 adit, reconstruction of the underground bridge, which will allow vehicle movements over the old stopes, is now all but complete. The historic support that was constricting the drive has been dismantled and replaced with rock anchors and mesh. This has significantly widened the drive and there is now sufficient space for the mini loader to pass safely through the area.

The bridge itself, which traverses an old stope, has been dismantled and the void below backfilled with waste rock. A reinforced concrete capping is now being constructed over the top which increases the available height over the bridge.

Approximately 70 tonnes of waste material was drained from an old interlevel travelling way, which is now empty. The surrounding timber chute structure has been removed and permanent support installed.

Sealing off the old shaft bank area is in progress and a ventilation stopping is under construction to prevent air being drawn through the old stoped out areas beyond the shaft and manage the flow of ventilation.

Geological conditions have required the installation of 1.5m and 2m, fully encapsulated rock bolts to address jointing and fractures in the area. This work is progressing well.

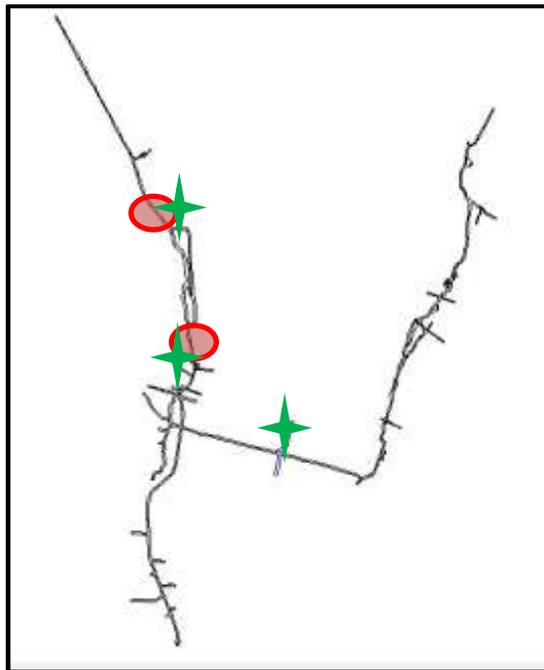


Figure 1 - Plan view of No 8 Level showing location of current activities (red circles) and the locations from where economic grade samples have been recovered (green star).



Figure 2 – Before and after photos of rehabilitation work at the old ore pass

In order to check the quality of support installed underground pull testing was carried out on rock bolts underground with very positive results indicating that the materials and installation are of good quality.



Figure 3 - Rock bolt undergoing pull tests after installation. A hydraulic jack is attached to the anchor and load applied to the bolt. This tests the performance of the contact between the bolt, the resin and the ground being supported .



Figure 4 – Work in progress in the second bypass

Underground Sampling

To date 55 samples of historic fill material have been extracted from the permit area with , on average, economic grades being returned. This bodes well for the future project as it attests to the hypothesis that there are sources of cheap, economic grade ore within the historic workings.



Figure 5: Work continues 540 metres underground

Underground Processing

Investigations into possible methods for processing ore to concentrate underground are continuing. Several potential sites for the concentrator have been identified which will be further informed by the final equipment dimensions. A 200kg sample from the face of Mystery has been extracted for sending to the group who are investigating the options for concentrator in the tight confines of Talisman. The circuit will, as with all NTL systems, use a closed loop water system ensuring that no contamination of natural water ways will take place. The ore extracted under the resource consent will hold all materials for safe processing offsite. NTL have been approached by interested parties regarding the potential for purchase of high grade concentrate which, with feedstock of such high grades to begin with of up to 23 grams per tonne, could provide concentrate as high grade as 100 grams+ per tonne. Further test work will need to be carried out on the Talisman ore prior to the board making a final decision on the type and number of concentrator units for initial pilot work.





Figure 6 - Modular crush grind and concentrate circuit suitable for Talisman under review

Project Schedule

The Prospecting project remains on schedule for completion in December although prospecting may continue while extraction commences at Mystery. This will allow the company to develop the data required to establish the viability of a second bulk sampling program specifically on Dubbo deeps in parallel with the current bulk sampling program.

Prior to the commencement of prospecting works the preparations of underground adits needs to be completed. The work to date has been inspected by Worksafe and the feedback has been positive.

Mystery Vein open at face

We are delighted to announce that the Mystery vein is now open at the face and fully accessible and over 200kg has been extracted for metallurgical testwork as part of the requirements for underground concentrator to be finalised. We anticipate being in a position in the next 6 weeks to begin investigations to gain access to the lower levels of the mine. The results of this activity will greatly inform the way forward for the Bulk Sampling Programme.

Project Development

Mine design based on the upgraded Mineral Resource estimate is well underway, initial target areas for stoping have been identified and options for accessing these areas is being evaluated. The Prefeasibility Study which was completed in 2013 has been upgraded and will be complete by January with the inclusion of the data acquired in prospecting and the refined mining methods being reviewed currently.

Mining methods

The company is currently investigating a number of technologies, including non-explosive rock fragmentation methods, which have the potential to increase productivity. Some of these are discussed below.

Robotic Equipment

Robotic Equipment, including a specialist remote controlled robotic digger which can fit in very tight confines is being reviewed in line with the company's risk assessment practices. The machine is operated via a cable control and allows the operator to be situated in a safe location away from the working face and may be suitable for use in the Dubbo and Mystery

areas. The Brokk 180, pictured below, is an example of the type of equipment under consideration which allows multiple attachments, including rock drill and buckets, and can be easily controlled by one person. As far as we are aware this will be the first time that this type of technology has been deployed in the NZ underground mining environment.



Figure 7 - A Brokk 400D being used in underground narrow vein operations

Specialist pressure products

A variety of high pressure expanding products are being considered as alternatives to explosives. These products are mixed to form a cement like slurry which is pumped into holes drilled into the rock face. The product expands rapidly exerting a pressure of 20,000psi on the sides of the hole causing the rock to fragment. The advantages of this sort of product lie in the fact that there are no blasting fumes and the fragmentation can be better controlled. The products will be tested for effectiveness as well as cost efficiency before a proposal is made.

Thermal fragmentation

This rock fragmentation technology utilises a diesel powered thermal lance inserted into a pilot hole drilled ahead of the face to spall the quartz vein into sub 13mm fragments. This equipment may carry several advantages to the Talisman project as dilution of ore can be better controlled, there is minimal damage to the surrounding rock and the broken ore is of ideal size to feed the underground concentrator. The equipment appears well suited to the geometry of the Maria and Mystery veins.

Matthew Hill said “The team is currently ahead of timelines and have made excellent progress to refurbish and open up the mine. We are through to the Mystery vein where previous samples were in excess of 50gt gold and is targeted for first blasting and extraction. Ventilation is now being installed which will allow the team to increase vehicle activity in the mine as we push through to the high grade Dubbo area and accelerate prospecting activity prior to bulk sampling commencing.

Matthew Hill
Chief Executive Officer
New Talisman Gold Mines Limited

About New Talisman Gold Mines Ltd

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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 and 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 New Zealand's highest-grade underground gold mine, a JORC 2012 compliant mineral resource of over 427,000 ounces au/eq at an average above 17 gt AU/eq and a JORC compliant reserve statement. The company owns 100% exploration permit Rahu which holds a 2012 JORC resource and a significant global exploration target. The project lies contiguously along strike from the Talisman mine of which 80% was recently acquired from Newcrest Mining. The company will shortly commence exploration activities at Rahu.