

REGISTERED (HEAD) OFFICE

New Talisman Gold Mines Limited – Incorporated in New Zealand
541 Parnell Road, Parnell, Auckland, New Zealand
Phone: (+64 9) 303-183 • Fax: (+64 9) 303-1612
Email: office@newtalismandgold.co.nz

AUSTRALIAN OFFICE

New Talisman Gold Mines Limited – ABN 009 474 702
1st floor, 25 Richardson Street, West Perth, Western Australia
6005
Phone: (+61 8) 9481-2040 • Fax: (+61 8) 9481-2041

ANNOUNCEMENT BY NEW TALISMAN GOLD MINES LIMITED [ASX, NZSX: NTL] FOR PUBLIC RELEASE

Quarterly Activities Report to 30 June 2012

New Talisman Gold Mines Limited is pleased to present its quarterly report for the period ended 30 June 2012.

SUMMARY

- New approaches developed to lower environmental impact and reduce costs using new technology in the development of the New Talisman Mine.
- All conditions have been accepted for processing of the Rahu Exploration Permit appraisal extension, and it is anticipated in due course.
- Northland base and precious metals Exploration Permit granted
- Fund raising progressing.

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

New Mining Concepts

The mine development planning and evaluation work currently underway has advanced to include evaluating new technology that has both lower environmental impact and lower costs.

The New Talisman mine will be a small-scale underground operation, with mining rates of around 150,000 tonnes per year. Tunnel sizes will be 3m x 3m with small loaders and trucks to suit. The development tunnels will be located wherever possible on the many vertical gold-bearing reefs in the mine, minimizing the non-payable development. Cemented backfill will be integral to the mining method, and will also be used to restore haulage access where the ore is mined.

The high grade shoots will be identified and prioritised for production, and the mining plan being developed is to target the best zones for primary stopes in the first stage of production. After a primary stope is mined, the resulting void will be back-filled with cemented materials so the next adjacent secondary stope zones can be efficiently mined.

For processing, the plan is now to use gravity and flotation concentration with a gold and silver rich sand concentrate produced (about one third of the tonnage mined) to be transported elsewhere for sale or further toll based processing. This approach avoids cyanide based processing and apart from perceived environment benefits, it saves the capital and operating costs of fine grinding and attendant tailings storage. The remaining two thirds of non-valuable residue will be returned underground using concrete pumps as cemented backfill. These processing options are possible because of the low tonnage and high grade being planned.

The processing plant will have a throughput of approximately 20 tonnes per hour using transportable modules housed in a single storey shed, which will be a secure facility because of the high grade being processed.

Some novel cost saving options will also be investigated including;

- Using renewable and biodegradable 100% biofuel in the small underground equipment for benefits of lower fire hazard, lower exhaust toxicity, and zero carbon emissions.
- Underground monorail train haulage, compatible with the small truck haulage, which has productivity suited to the mine output, and can provide economic vertical haulage capacity using a rack and pinion drive.

Rahu Exploration Permit - Minimum Work Program Agreed (after 30 June)

The Company has agreed the terms of the next work program for the Rahu Exploration Permit (EP40117) with New Zealand "Petroleum and Minerals" and extension of the Permit is anticipated in due course.

The two-year program of work includes as a minimum:

- Completing at least 2500m of drilling to verify the 3D resource models
- Updating resource estimates to a standard suitable for independent verification
- Completing a mine pre-feasibility study;

Assuming the results and outcomes of the program are satisfactory, the Company will then apply for a Mining Permit, thus establishing an additional and longer term basis for on-going gold production.

SUBSIDIARY COMPANY - COROMANDEL GOLD LIMITED (100%) [NOT LISTED]

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

New Zealand Petroleum & Minerals confirmed the granting of the Exploration Permit (EP 53706) for a 5 year term, shortly after the end of the quarter. Northland Minerals Limited, a wholly owned subsidiary of Coromandel Gold Limited, holds the tenement.

The permit, for both base and precious metals, covers 1188 hectares and is situated about 30 km west of Whangarei.

Known copper mineralisation in the permit has been mined in the past for farm fertilizer purposes. It has attracted very little exploration interest over the past 30 years, but has significant base metal (and some precious metal) potential which the company plans to investigate.

Broken Hill Prospecting Ltd (21.7%) – NSW, Australia [ASX/NZSX: BPL]

A maiden Mineral Resource Estimate was calculated for the Railway Cobalt Deposit near Broken Hill and this work has increased the size of the combined Inferred Mineral Resources (Pyrite Hill, Big Hill and Railway) from 20.8 million tonnes of 1.87 pounds per tonne of cobalt to an Inferred Mineral Resources total of 35.7Mt of 1.85lb/t Co, a 70% increase in contained cobalt.

The Railway Cobalt Deposit study also defined additional Potential* for between 23 and 35 million tonnes of cobalt mineralisation of similar grade peripheral to the new Railway Resource. The Railway Cobalt Deposit Inferred Mineral Resource and Potential mineralisation occur from near surface to 250m deep and are open at depth and along trend.

The study, which was undertaken by H&S Consultants Ltd is reported in accordance with JORC Code (2004) standards and assumes continuity of mineralisation along trend. Considerably more in-fill and step-out drilling is required to define the extent of the mineralised system. The estimated Potential mineralisation is conceptual in nature. More drilling is required to further define it and there is no certainty that this will result in a Mineral Resource.

A scoping study to investigate the parameters of producing cobalt-pyrite concentrate is being undertaken by GHD Pty Ltd. This work will provide preliminary capital and operating cost estimates and a concept report

which will assist in project planning. The results of this work are expected in late August.

Deeper diamond core drill testing to evaluate the extent of anomalous zinc intersections beneath the central portion of the Railway Cobalt Prospect in BER004 is planned and this drilling will also provide cobalt mineralised samples for metallurgical test work."

*This potential lies outside of the Inferred Resource because of the absence of nearby drilling. This target 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.

***Competent Person Statement**

*The cobalt exploration drilling and results contained in 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. He 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.*

CORPORATE

Share Purchase Plan

During the quarter the Company announced a Share Purchase Plan (SPP) to raise capital. The SPP gave each shareholder resident in New Zealand or Australia the option of subscribing for shares in total value of up to NZ\$15,000, or Australian \$11,800, with an issue price of NZ 1.9 cents and A 1.5 cents.

The SPP offer closed on Wednesday 16 May 2012, and raised NZ\$240,000 after costs.

Fund Raising

Subsequent to the SPP, the Directors have been actively working to secure additional sources of finance to fund the short-term development of the Talisman Gold Project.

The funds raised will be used to:

- advance the Talisman project through prefeasibility, including a project development study to include mining and processing options, safety and environmental requirements; and
- fund general working capital.

The new mining concepts and other developments have been favourably received in discussions with a variety of parties, and the Directors can advise that as at 31 July, negotiations are well advanced with an announcement on funding imminent.

About New Talisman Gold Mines Ltd

New Talisman Gold is a dual listed (NZSX & ASX: NTL) company with 1800 shareholders who are mainly from Australia and New Zealand. It is a leading New Zealand, minerals development and exploration company with a portfolio of high quality mineral interests. Its attractive gold properties near Paeroa in the Hauraki District of New Zealand are a granted mining permit, including a JORC compliant mineral resource within the original Talisman underground mine, and an adjacent exploration permit along strike from the mine. The company is now advancing its plans to develop the mine, and advance the exploration project.

Through a subsidiary company, New Talisman Gold owns 21.7% of Broken Hill Prospecting Limited (ASX:: BPL), which is planning to develop a cobalt project at Thackaringa, about 25 kilometres south-west of Broken Hill in Australia. BPL is listed on both the ASX and NZSX (Code: BPL).

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