



New Talisman Gold Mines

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New Talisman Gold Mines Ltd to enter cash generating bulk sampling phase

New Talisman Gold Mines Ltd (ASX:NTL, NZX:NTL) is ready to initiate a lucrative bulk sampling program at the 100% owned Talisman gold mine in New Zealand.

Based on the average ore reserve grade of 10.8 g/t gold and the strong gold price, New Talisman has the potential to generate NZ\$30 million per annum during the bulk sampling phase.

The company is currently in the process of raising up to NZ\$12.3 million through a rights issue to fund the Talisman gold mine into the bulk sampling phase.

The successful development of the Talisman gold mine has enabled the company to attract institutional interest from globally significant entities such as Newcrest Mining Ltd (ASX:NCM) and Amer International.

The company is expected to soon finalise an agreement with Newcrest over the Rahu tenement, which lies immediately to the north and along strike from the Talisman Mine.

Amer International, a Fortune 500 major Chinese group with expertise in the manufacturing and metals industry are also potentially taking a significant stake in the New Talisman.

Background

New Talisman retains a 100% interest in the Talisman Mine and Rahu Project which is immediately to the north of the Talisman mine.

Historical production from the 10 mines situated within the current New Talisman mining permit is reported at over 4 million ounces of gold bullion at an average recovered grade of 23.1 g/t gold.

The company also holds 17.9 million shares in Broken Hill Prospecting Ltd (ASX: BPL) representing a current market value of circa \$1.7 million.

Talisman gold mine

The Talisman Mine was mined on 16 levels and good access is available on level 8 where the company has completed refurbishment for extensive channel sampling and drilling.

Talisman comprises the Maria, Crown/Welcome and Mystery veins and level 8 leads into Crown, Mystery Woodstock and Dubbo veins.

A pre-feasibility study for underground mining at the Talisman confirmed an initial phase one life of mine of 5 years to generate NZ\$68.2 million in revenues and a cash surplus of NZ\$23.4 million.

Start-up capital to generate this level of revenue was estimated at NZ\$5.4 million.

The majority of the ore will initially be derived from the Mystery and Dubbo sections.

Price: A\$0.007

Market Cap: A\$5.724M

1 Year Share Price Graph



Share Information

Code: NTL

Listing: ASX

Sector: General Mining

Website:

www.newtalismangoldmines.co.nz

Company Synopsis:

New Talisman Gold Mines (ASX: NTL) is a focused on gold projects in New Zealand.

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The study also allowed the company to announce a maiden ore reserve of 82,500 tonnes of at 10.8 g/t gold for 28,800 ounces, and 48.1 g/t silver for 127,800 ounces.

New Talisman has successfully processed ore samples from the mine under a toll treatment agreement and the gold and silver was profitably extracted and sold.

Mineralised potential within the talisman permit area has been estimated at 0.55 million to greater than 2 million ounces of gold. Additional silver potential is measured at 1.5 million to 6 million ounces.

Bulk sampling

The company is now fully geared to proceed with the project, having completed regulatory requirements to initiate bulk sampling.

Bulk sampling will see the company extract on average 650 tonnes per month for a period of 18 months to 24 months.

The current plan to extract 650 tonnes per month is conservative relative to the granted consents, which allow for up to 20,000 cubic metres of ore to be removed per annum.

Based on the average ore reserve grade of 10.8 g/t gold, a 90% recovery and US\$1,300 per ounce gold price, revenues of NZ\$30 million could potentially be generated.

The bulk sampling phase will provide information that will allow the company to optimise the overall project plan and transition into the initial phase of the longer term production plan.

Rahu Newcrest opportunity

Newcrest and New Talisman signed a non-binding agreement in May 2015 pertaining to a proposed farm-in and joint venture over the Rahu exploration project.

Rahu provides exploration upside for New Talisman and is part of important foundations for building a working relationship with one of the world's leading gold producers.

The joint venture agreement, covering equity participation and operatorship arrangements is expected to be finalised in the coming weeks.

Newcrest farmed into a nearby New Zealand gold project in 2015 with Laneway Resources Ltd (ASX:LNY).

Should a joint venture agreement be formalised at Rahu, an avenue for future potential strategic opportunities will be created.

Rights issue

The company is seeking to raise up to NZ\$12.3 million through a renounceable rights issue of 3 new shares for every 1 existing share held.

The issue price is NZ\$0.005 or A\$0.005 per share and the offer closes on 14 June, 2016.

Funds raised from the current rights issue will be used in the following priority:

- Initiate bulk sampling programme;
- Accelerate bulk sampling programme;
- Complete feasibility study;
- Accelerate transition from bulk sampling to phase 1 of longer term production;
- Build out additional JORC compliant resources; and
- Fund obligations under a Rahu joint venture.



Strategic shareholder

New Talisman has had continuing negotiations with Amer International, a major Chinese group with expertise in the manufacturing and metals industry.

Amer is a major supplier of copper products and cables which last year recorded US\$43.6 billion in sales.

Amer's founder Wang Wenyin, is estimated by Forbes magazine to be China's 9th wealthiest person having a net worth of US\$7.9 billion.

Amer have indicated that they will visit New Zealand in the next month to advance discussions on subscribing for a potentially significant stake of new shares in the company.

Infrastructure

The Talisman mine is situated mid-way between the well-established towns of Paeroa and Waihi in the Hauraki District of North Island.

The proximity to these towns provides excellent access to local infrastructure and a transport network. A sealed road leads to within 1 kilometre of the mine site.

Lines carrying 3 phase power are equipped to the mine site can be reconnected at minimal cost.

There is a sufficient area for ore transport requirements, engineering infrastructure, offices and stores area.

The company has water take consents and has designed an environmentally friendly water reticulation system.

Analysis

New Talisman has successfully received necessary permits and regulatory requirements to restart production at one of New Zealand's largest historically producing gold mines.

Securing funding in the current rights issue is the final hurdle for the company to initiate bulk sampling which has the potential to generate revenues of up to NZ\$30 million per annum.

The NZD gold price is trading at NZ\$1,850 per ounce, a peak level that has not been reached since early 2013.

New Talisman is currently dealing with two high profile companies being Newcrest Mining and Amer International and agreements with either company will act as catalysts for the stock.

A joint venture agreement with Newcrest is expected to be finalised in the coming weeks and has the potential to fast track exploration at the Rahu permit.

Preliminary metallurgical testing at Talisman has confirmed that the ore does not contain unwanted contaminants.

Given the area is known for historical gold production, it is closely situated to key infrastructure such as sealed roads, transportation networks, power and water.

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