

Talisman Mining Ltd

(TLM \$0.41) Speculative Buy

EUROZ

Analyst	Date	Price Target
Greg Chessell	13 th April 2016	\$0.80/sh

Monty Resource Estimate

Investment case

Talisman remains the leveraged exposure to Monty with it owning a minority stake of 30%. The maiden resources estimate is a significant milestone in crystallising value, and we see this as a minimum inventory position with low downside risk. While the resource is a little below our earlier expectations, we believe further definition of the deposit will see it grow incrementally, as other DeGrussa deposits mined by Sandfire have done. In addition, extensions along strike and at depth, and also other nearby prospects have potential to add significantly. TLM's key risk and possibly opportunity is in negotiating terms for access to Sandfire's 100% nearby DeGrussa concentrator. Talisman is well funded to maintain its exploration position, and we favour Cu over the medium term. Our valuation has been trimmed marginally to \$0.80/sh.

Key points

Monty deposit, within the Springfield JV (SFR 70%, TLM 30%) maiden mineral resource is estimated as:

1.05mt grading 9.4% Cu and 1.6g/t Au, 98% as JORC Indicated category.

The estimate confirms Monty as an exceptionally high grade Cu sulphide deposit of modest size. It is prepared by Sandfire and reviewed by external consultants Cube Consulting. Sandfire has commented that grade variability and thickness is typical of all lenses discovered to date at DeGrussa.

This estimate is below our prior expectations of 1.15mt grading 11.5% Cu and 2.0g/t Au, probably due to more conservative estimating methodology. In particular the Bornite zone has been tightly constrained (4 drill intersections comprise 9,000t grading 20.7% Cu Inferred).

It is not clear whether Monty is "closed off" by drilling already, or whether it is "open" to extensions. Sandfire states that "exploration is continuing as a priority in the vicinity of the deposit, and at other nearby prospects."

The most recent drilling updates (respectively by TLM on 9th March and SFR on 20th January) implies that the deposit is very much open along strike to the NE and SW and at depth. The location of all drilling used with respect to the mineral resource domains is not shown in the diagrams released with the resource estimate. We suspect that the drilling results feeding into the resource estimate (up to say mid March) have partially "closed off" the zones shown to be very much open in the most recent drilling update. Nevertheless it is probable that numerous positions for incremental resource growth, remain to be tested, including at depth.

The ongoing exploration program on the Springfield JV includes:

- Aircore drilling along the prospective VMS host horizon;
- RC drilling along strike from Monty;
- Diamond core drilling testing down-dip and down-plunge targets at Monty;
- Downhole EM geophysical survey on all DD & RC drilling to date.

Sandfire is now proceeding with development studies, including metallurgical testwork, geotechnical drilling, mining studies, regulatory approvals and infrastructure. We believe Monty can ultimately be mined at a 250ktpa rate (100% basis) which would add ~20ktpa Cu to the output from DeGrussa over at least 4 years.

Sandfire is also investigating whether the ultra high grade Bornite zone can be mined as direct shipping ore. Further drilling to define this is planned. It is worth recalling that Sandfire bankrolled a significant portion of the DeGrussa concentrator by selling DSO Chalcocite ore from the early stages of the DeGrussa open pit.

Talisman Mining Ltd	Year end 30 June	
Share Price	0.41	\$/sh
Issued Capital		
Ordinary	185.7	m
Options (@ avg \$0.55/sh)	6.4	m
Total Diluted	192	m
Mkt Capital'n	91	\$m
Enterprise Value	68	\$m
Debt	0	\$m
Cash	23	\$m
Mkt Turnover	0.45m sh / day	
12 mth Lo-Hi	13 - 78cps	
Balance Date	June 30th	

Directors

J Kirkwood	Chair
B Dawes	NE Director
K Gadsby	NE Director
D Madden	CEO

Shareholders

Kerry Harmanis	12.5%
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Contacts

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Share Price Chart



Disclosure

Euroz Securities declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to Talisman Mining Ltd during the last year. Euroz Securities has received a fee for these services.

Euroz Securities Limited

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