



## Chairman's Letter to Shareholders June 2022

In April New Talisman Gold Mines Ltd shared its Strategic Plan with the market. A plan that is concentrated upon restarting underground activities at the company's core asset, the Talisman Mine. The Board proposed this be funded by the issue of Convertible Debt Securities to Wholesale and Eligible investors.

The company's Board carefully considered its options in coming unanimously to these funding decisions and is pleased to put before shareholders a copy of the Independent Appraisal Report prepared by Armillary Private Capital, the findings of which, are a favourable view of the Board's funding proposal and of its fairness to existing shareholders.

I urge you to read the Independent Appraisal Report carefully ahead of voting on the resolutions before you.

The Board is unanimous in recommending shareholders vote in favour of the resolutions. The company stands at a crossroads. A positive vote from shareholders will see the company well positioned and enabled to activate its Strategic Plan. A negative vote would see the company without an obvious way forward and dwindling cash reserves.

NTL's frustrated shareholders, have for some years, urged the company to "get on with it". Your new Board is putting before you a mechanism and opportunity to do just that. I strongly recommend your participation in a favourable vote for these resolutions

Yours sincerely

A handwritten signature in black ink, appearing to read "J. Upperton", is written over a light blue horizontal line.

John Upperton  
Independent Chairman  
New Talisman Gold Mining Ltd  
E: [john@newtalisman.co.nz](mailto:john@newtalisman.co.nz)  
P: 027 703 5999

**NEW TALISMAN GOLD MINES LIMITED  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**New Talisman Gold Mines Limited (“NTL” or the “Company”) gives you notice that a Special Meeting of Shareholders will be held online Wednesday 29 June 2022 commencing at 2pm**

Details of how to participate in the Special Meeting virtually are described below.

The business of the Special Meeting of Shareholders will be:

**SPECIAL MEETING BUSINESS**

**RESOLUTIONS**

To consider and, if thought fit, pass the following ordinary resolutions of the Company:

**1. Approval of issue of Convertible Notes and Shares on conversion**

“That, for the purposes of NZX Listing Rule 4.1.1 and ASX Listing Rule 7.1, and for all other purposes, shareholders approve the issue of Convertible Notes of up to NZ\$3.5 million principal amount including the issue of NZ\$1 million principal amount of Convertible Notes to Mr Hamish Brown, and shares on conversion of Convertible Notes, on the essential terms described in the notice of meeting.”

Implementation of this resolution is conditional upon resolution 2 also being approved by shareholders of the Company.

**2. Issue of Convertible Notes to Hamish Brown**

“That, for the purposes of NZX Listing Rule 5.2 shareholders approve the issue of Convertible Notes to Hamish Brown, having a principal amount of NZ\$1,000,000.”

Implementation of this resolution is conditional upon resolution 1 also being approved by shareholders of the Company.

**Virtual Webcast meeting**

Shareholders can only participate in the special meeting virtually through our online webcast, further details of how to participate are described at the back of this notice. To participate, shareholders will need their CSN or security holder number which can be found on their Voting/Proxy Form. Shareholders will be able to view presentations, ask questions and cast their vote from their own computers, mobiles or similar devices.

**Independent Appraisal Report**

As required by the NZX Listing Rules, the company has arranged for Armillary Limited to prepare an Appraisal Report in relation to the issue of Convertible Notes to Hamish Brown (the **Armillary Report**). A copy of the Armillary Report accompanies this notice of meeting.

While shareholders are encouraged to read the Armillary Report in full, it is noted that in section 3.2 Armillary Limited concludes as follows:

*In our opinion, after having regard all the relevant factors, the overall terms and conditions of the Notes Placement are fair to the Non-Associated Shareholders.*

*We consider that the Terms and Conditions of the Notes Placement are in line with market terms and conditions and that if the Notes Placement proceeds that the Non-Associated Shareholders will, at worst, be no worse off than they are currently.*

**Voting restrictions / ASX voting exclusion statement**

Hamish Brown and any “Associated Person” (as that term is defined in the NZX Listing Rules) are not entitled to vote on either resolution.

For the purposes of the NZX Listing Rules, persons subject to a voting restriction may not be appointed as a discretionary proxy (but can be appointed as a non-discretionary proxy and expressly directed how to vote if appointed by a person who is not disqualified from voting). Discretionary proxies given to persons disqualified from voting will not be valid.

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast in favour of resolution 1 by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result, of the proposed issue of the Convertible Note securities (except a benefit solely by reason of being a holder of ordinary shares in NTL), including Mr Hamish Brown or any "Associate" (as that term is defined in the ASX Listing Rules). However this does not apply to a vote cast in favour of resolution 1 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides a written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Proxies and representatives**

You may exercise your right to vote at the meeting either by being present at the virtual meeting or by appointing a proxy to attend and vote in your place. A proxy need not be a shareholder of the Company. A body corporate shareholder may appoint a representative to attend the meeting on its behalf.

A proxy form is enclosed with this Notice of Special Meeting of Shareholders. If you wish to vote by proxy you must complete the form and produce it to the Company's Share Registrar, Computershare Investor Services Ltd, either by mailing to Computershare Investor Services Ltd, Private Bag 92119, Auckland 1142 New Zealand, or lodge your proxy appointment online at [www.investorvote.co.nz](http://www.investorvote.co.nz) (in each case), so as to be received no later than 48 hours before the meeting is due to begin, that is, before 2pm on Monday 27 June 2022.

If, in appointing a proxy, you have inadvertently not named someone to be your proxy, or your named proxy does not attend the meeting, the Chairman of the meeting will be your proxy and will vote in accordance with your express direction.

A proxy will vote as directed in the proxy form or, if voting is left to the proxy's discretion, then the proxy will decide how to vote on the resolutions (or on any motions from the floor moved at the meeting). The Chairman and other directors intend to vote any discretionary proxies in favour of the resolutions.

By order of the Board

Jane Bell  
Company Secretary  
9 June 2022

### **EXPLANATORY NOTES**

Both resolutions are ordinary resolutions and require approval of a simple majority of votes cast at the meeting by shareholders entitled to vote and voting. Hamish Brown and any Associated Person are subject to the voting restrictions described above.

#### **Resolution 1 – Approval of issue of Convertible Notes and Shares on conversion**

On 27 April 2022, the Company announced it had completed its assessment of the pathway to production from its core asset the Talisman mine, and outlined its strategic plan and funding intentions. The funds, which are intended to be raised by the issue of Convertible Notes, are intended to be used to enable the Company to implement its strategic plan, which includes:

- recommencing underground activities at the mine, including developing the required Second Egress;
- advancing the Mystery Vein shaft;

- advancing the Mystery Vein will trigger the existing 2 year bulk sampling consent;
- opening a second face on the Mystery vein once the second egress is complete;
- funding the implementation of the traffic management plan; and
- funding the resource consent application for full mining consent.

In that announcement, the Company advised that it had engaged corporate advisors Campbell MacPherson to seek eligible and wholesale investors for a private placement of Convertible Notes to help fund that strategic plan. The Company will pay Campbell MacPherson a maximum total fee of NZ\$132,500, to be paid in cash.

Prior to making the announcement on 27 April 2022 members of the Board had considered other capital raising options, and canvassed the market. The Convertible Note is considered to be the best option (if not the only option), available to NTL. Pages 22-23 of the Armillary Report discusses alternatives to the Convertible Note issue. The Armillary Report concludes that, in summary, Armillary agree with the Board and do not consider any other possible funding options are realistic alternatives at this time.

The issue of the Convertible Notes, including the issue of NZ\$1 million principal amount of Convertible Notes to Mr Hamish Brown, along with their terms and any potential issue of shares on conversion, (the **Issue**) are subject to shareholder approval under NZX Listing Rule 4.1.1 and ASX Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, NZX Listing Rule 4.1.1 and ASX Listing Rule 7.1 limit the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The Issue does not fall within any of these exceptions and exceeds the 15% limits in NZX Listing Rule 4.5.1 and ASX Listing Rule 7.1. It therefore requires the approval of the Company's shareholders under NZX Listing Rule 4.1.1 and ASX Listing Rule 7.1.

Resolution 1 seeks the required shareholder approval to the Issue under and for the purposes of NZX Listing Rule 4.1.1 and ASX Listing Rule 7.1.

If resolution 1 is passed, NTL will be able to proceed with the Issue and apply the proceeds towards its Strategic Plans. In addition, the Issue will be excluded from the calculation of the number of equity securities that NTL can issue without shareholder approval under ASX Listing Rule 7.1.

If both resolutions are not passed, NTL will not be able to proceed with the Issue and there would be increased uncertainty around the financial position of the Company and its ability to implement its Strategic Plans. If alternative funding was not available this would likely lead to NTL ceasing operations and attempting to sell its assets. Such moves could be expected to have a negative impact on NTL's prospects and share price.

At the date of this notice of meeting, NTL has confirmed that substantial security holder Hamish Brown will participate in the Issue for NZ\$1 million principal amount of Convertible Notes. Resolution 2 specifically deals with his participation, as required by the NZX Listing Rules. Other investors are still being confirmed. Mr Hamish Brown is not considered an ASX Listing Rule 10.11 party for ASX purposes because Mr Brown has not nominated a director to the NTL Board under any agreement that gives him the right or expectation to do so. Accordingly, approval is not required to be sought under ASX Listing Rule 10.11, but is only required and being sought under resolution 1 for the purposes of ASX Listing Rule 7.1 and resolution 2 applies solely because of the provisions of the NZX Listing Rules.

A maximum of 3.5 million of Convertible Notes of NZ\$1.00 principal amount each are the subject of the Issue. As required by the ASX Listing Rules, all Convertible Notes must be issued within 3 months of shareholder approval. NTL will receive NZ\$1.00 cash per Convertible Note issued.

The essential terms of the Convertible Notes are as follows:

(a)	<b>Issuer</b>	New Talisman Gold Mines Ltd, ie the Company.
(b)	<b>Investors</b>	Wholesale Investors only. Hamish Brown to subscribe for NZ\$1 million; other investors sourced directly or by Campbell MacPherson.
(c)	<b>Investment Amount / Face Value</b>	Minimum NZ\$100,000; Total issue size up to NZ\$3.5 million

(c)	<b>Consideration</b>	Cash.
(d)	<b>Drawdown</b>	Drawdown of the Convertible Note will be in one tranche following shareholder approval.
(e)	<b>Term</b>	18 months from drawdown.
(f)	<b>Annual interest Rate</b>	9.5%, payable quarterly in cash, there is no option to settle interest by any other means.  Interest shall be paid quarterly in arrear in equal amounts on 30 June, 30 September, 31 December and 31 March in each year, (or if that day is not a Business Day, the next Business Day) until and including the end of the Term, with the first interest payment date being 30 June 2022.
(g)	<b>Conversion / Repayment</b>	The Convertible Note will mandatorily convert to ordinary shares in NTL at the 18-month anniversary of drawdown at a 15% discount to the preceding 20 business day volume weighted average price ( <b>VWAP</b> ) of the ordinary shares of the Company, or at the discretion of the Company repaid in cash on the 18 month anniversary of drawdown, with no additional fees.
(h)	<b>Security</b>	The Convertible Note will be unsecured and rank pari-passu with other unsecured trade creditors of NTL.
(i)	<b>Ranking</b>	On a liquidation of New Talisman Gold Mines, each Convertible Note will rank as unsecured and unsubordinated debt obligations of New Talisman Gold Mines, ranking: <ul style="list-style-type: none"> <li>➤ behind any secured liabilities and liabilities which are preferred by law;</li> <li>➤ equally with other Convertible Notes and equally among the rights and claims of equal ranking obligations including the lenders of the Company's bank debt and all other unsecured, unsubordinated obligations, including trade creditors; and</li> <li>➤ ahead of any holders of subordinated debt and ahead of Shareholders.</li> </ul>
(j)	<b>Conditions</b>	The issue of the Convertible Note and its terms, along with any potential issue of shares on conversion, is subject to approval by the NTL shareholders at a Special Meeting.
(k)	<b>Business Day</b>	A day (other than Saturday or Sunday) on which registered banks are generally open for business in Auckland, except that in the context of the Listing Rules it means a day on which the NZX Debt Market is open for trading.
(m)	<b>Governing Law</b>	New Zealand.
(n)	<b>Eligible Investors</b>	Each Investor is a "Wholesale Investor" or an "Eligible Investor" as defined by Schedule 1 of the Financial Markets Conduct Act 2013 or the Corporations Act 2001 (Australia) equivalent.

Under the terms of the Convertible Notes described above the notes may convert into ordinary shares in the company at a 15% discount to the preceding 20 business day volume weighted average price (**VWAP**) of the ordinary shares of the Company, or at the discretion of the Company repaid in cash on the 18 month anniversary of drawdown, with no additional fees.

As at 31 May 2022 the VWAP of the Company's ordinary shares through NZX is NZ\$0.002.

By way of illustration, if the VWAP of the Company's shares at the time of conversion was also NZ\$0.002 per share, noteholders could be issued 2,058,823,529 shares (NZ\$3.5m / (85% X NZ\$0.002)). This number represents 64.55% of the 3,189,305,438 shares currently on issue.

If the VWAP of the Company's shares at the time of conversion was NZ\$0.001 (half the current price per share), noteholders could be issued 4,117,647,059 shares (NZ\$3.5m / (85% X NZ\$0.001)). This number represents 129.11% of the 3,189,305,438 shares currently on issue.

If the VWAP of the Company's shares at the time of conversion was NZ\$0.004 (twice the current price per share), noteholders could be issued 1,029,411,765 shares (NZ\$3.5m / (85% X NZ\$0.004)). This number represents 32.28% of the 3,189,305,438 shares currently on issue.

Implementation of resolution 1 is conditional upon resolution 2 also being approved by the shareholders of the Company.

As the issue of Convertible Notes is subject to shareholder approval, the issue of the shares on conversion of the Convertible Notes will fall under NZX Listing Rule 4.9.1(b) and under exception 17 of ASX Listing Rule 7.2, which means that no further shareholder approval is required for the issue of shares at time of conversion.

**The Board unanimously recommends that shareholders vote in favour of Resolution 1.**

### **Resolution 2 – Issue of Convertible Notes to Mr Hamish Brown**

Mr Hamish Brown, a substantial product holder of shares in the Company, has agreed to subscribe for Convertible Notes with a principal amount of NZ\$1,000,000.

The issue of the Convertible Notes will, if approved, constitute a “Material Transaction” (as that term is defined in the NZX Listing Rules”. As Hamish Brown is a “Related Party” that is likely to become a direct party to the Material Transaction, the issue of Convertible Notes requires approval by an ordinary resolution of shareholders pursuant to NZX Listing Rule 5.2.1.

Mr Hamish Brown is not considered an ASX Listing Rule 10.11 party for ASX purposes because Mr Brown has not nominated a director to the NTL Board under any agreement that gives him the right or expectation to do so. Accordingly, approval is not required to be sought under ASX Listing Rule 10.11, but is only required and being sought under resolution 1 for the purposes of ASX Listing Rule 7.1 and resolution 2 applies solely because of the provisions of the NZX Listing Rules.

Under the terms of the Convertible Notes described above the notes may convert into ordinary shares in the company at a 15% discount to the preceding 20 business day VWAP of the ordinary shares of the Company, or at the discretion of the Company repaid in cash on the 18 month anniversary of drawdown, with no additional fees.

As at 31 May 2022 the VWAP of the Company’s ordinary shares through NZX is NZ\$0.002. By way of illustration, if the VWAP of the Company’ shares at the time of conversion was also NZ\$0.002 per share, Hamish Brown could be issued 588,235,294 shares (\$1m / (85% X NZ\$0.002)). This number represents 18.44% of the company’s shares currently on issue.

Hamish Brown currently holds or controls 13.48% of the shares in the company. Due to restrictions in the New Zealand Takeovers Code, Hamish Brown is not able to acquire shares that would take the holding or control of voting rights in the company above 20% of the company’s shares. As NTL is a company registered in New Zealand, the takeover restrictions in Chapter 6 of the Australian Corporations Act 2001 do not apply.

It is possible that, at some conversion prices, Hamish Brown’s holding or control of voting rights could exceed the 20% threshold. In those circumstances, the company has the option of repaying some of the Convertible Notes in cash, so as not to trigger the Takeovers Code. Alternatively the Company may seek shareholder approval to at a future date to enable more Convertible Notes held by Hamish Brown to convert.

The potential number of shares that could be issued to Hamish Brown in other scenarios is described in further detail in the Armillary Report.

Implementation of this resolution is conditional upon resolution 1 also being approved by the shareholders of the Company.

**The Board unanimously recommends that shareholders vote in favour of Resolution 2.**

## **PARTICIPATION IN VIRTUAL MEETING**

Due to there being only one item of business and our shareholders being located across New Zealand and Australia, as well as other parts of the world, the Special Meeting will be held virtually. All shareholders will have the opportunity to attend and participate in the Special Meeting online via an internet connection using a computer, laptop, tablet or smartphone. Shareholders will not be able to attend the Special Meeting in person but only through the internet or smartphone app.

Shareholders and proxyholders can watch and vote during the virtual Special Meeting via the online platform at: <https://ntlsmjune2022.chimeagm.live/>

To do this, you will need a computer or mobile/tablet device with internet access.

Shareholders: when you log onto the online platform, you will need to provide your username and password. Your username is your CSN/shareholder number, and your password will be your postcode or country of residence (if outside New Zealand).

Proxyholders: log-in details will be emailed to proxyholders (in the event that the nominated proxy holder is not the New Talisman Chairman). This is reliant on shareholders disclosing their nominated proxy's email address when they appoint their proxy.

More information about how to use the Special Meeting online platform is available in the virtual meeting online guide, which is available on our website and on page 7 in this document. Shareholders may vote on the resolutions to be put to shareholders, by using their own computers or mobile devices through the online participation portal. Shareholders may also send questions in advance of the meeting via the online participation portal.

### **Other options for voting**

If you are unable to join us at the Special Meeting, we encourage you to appoint a proxy to attend and vote on your behalf. If you direct your proxy how to vote, your votes will be cast at the meeting in accordance with your directions.

Shareholders can appoint a proxy online at <http://www.investorvote.co.nz> or by following the instructions on the proxy/voting form that you will receive from our share registrar, Computershare. These must be submitted by no later than 2pm (NZST) on Monday June 27, 2022 to be valid.

Even if you plan to attend the virtual meeting, you are encouraged to submit a directed proxy in advance of the meeting so that your votes can still be counted if for any reason you cannot attend (for example, if there is an issue with your internet connection on the day of the meeting).

### **How to ask questions**

We strongly encourage you to submit written questions to directors before 2pm (NZDT) on Monday June 27, 2022 at: <https://ntlsmjune2022.chimeagm.live/>

During the course of the meeting, we will address as many of the raised questions received before 2pm (NZDT) on Monday June 27, 2022 as possible.

## **INSTRUCTIONS REGARDING THE MEETING**

### **Registration**

Your registration will be assumed if our system logs you as present. We will identify shareholders registered as attending the Special Meeting using your unique CSN/shareholder number, which you will use as your username to gain access.

You can access our online Special Meeting portal from the date of this notice of meeting; however the voting function will only be accessible once the Special Meeting commences.

### **How to Vote**

Live voting online during the Special Meeting

To vote in person, please attend the Special Meeting on the date, time and via the online virtual link set out above in the notice. You will be able to vote for, against or abstain on each item via the online platform.

### **Appointing a proxy**

You can appoint a proxy to attend and vote on your behalf as an alternative to attending the meeting.

You may appoint a proxy either online at [www.investorvote.co.nz](http://www.investorvote.co.nz) or by completing and submitting your voting/proxy form which is enclosed at the back of this document, where full details are disclosed on how to appoint a proxy. Your proxy submission must be received no later than 2:00pm (NZST) on 27 June 2022.

A proxy need not be a shareholder, and may be an individual or a company. If you are a shareholder entitled to cast two or more votes, you may appoint up to two proxies. If you appoint two proxies, you will need to submit two voting/proxy forms. You may specify the proportion or number of votes each proxy is appointed to exercise; if this is not specified, each proxy may exercise half of the votes disregarding fractions.

Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in shall be deemed to be given in the favour of the Chairman.

### **Submitting your voting/proxy form**

Your submission must be received by no later than 2:00pm (NZST) on Monday 27 June 2022. You can appoint your proxy:

Online: [www.investorvote.co.nz](http://www.investorvote.co.nz)

By mail:

Computershare Investor Services Limited  
Private Bag 92119  
Auckland 1142  
New Zealand



## **VIRTUAL MEETING ONLINE GUIDE**

### **Getting started**

- Please make sure your browser is up to date on your smartphone, tablet or computer. Chime Live works with all major browsers.
- The New Talisman Gold Mines Limited virtual Special Meeting will be available at <https://ntlsmjune2022.chimeagm.live/>
- The New Talisman Special Meeting online portal will be available for shareholders to log in and familiarise themselves with the website, and submit questions for directors, from the date the notice of meeting is released.

### **Logging in**

- You will need to enter in two identifying factors to gain entry to the New Talisman Special Meeting online portal.
- The first is your log-in name, which is your CSN/security holder number which was assigned to you when you became a shareholder of New Talisman by our share registrar, Computershare. Your CSN/security holder number will be on communications sent to you by Computershare with regard to your shareholding.
- The second is a password. This will be your postcode or country of residence (if outside New Zealand).
- If you opt to appoint a proxy and the proxy is not the New Talisman Chairman, you will need to provide your proxy's email address so that we can email your proxy their log-in details. The email address can be provided via the same channels that you appoint a proxy, which will be detailed on your voting/proxy form. Cut-off times apply for appointing a proxy which are also detailed on this form.

### **Home page**

- Click the start button on the home page, you can navigate the New Talisman Special Meeting online portal via the menu located on the left-hand side of the page.
- If you would prefer a different language, please select in the top right corner.

### **Voting**

- The online voting function will open once the Special Meeting goes live, which is 2:00pm New Zealand daylight savings time on Wednesday 29 June 2022. The voting function will close on the cessation of the meeting by the Chairman.
- Each resolution to be voted on is listed in order and you can select from three voting options: In Favour, Against or Abstain.
- To vote, you need to click on one of the voting options buttons. The button of the option selected will change colour and a small lock icon will appear in the bottom right-hand corner.
- Up until the Chairman closes the poll, you may change their vote, by clicking on the lock icon of their previous choice and then selecting the preferred option.
- Final voting results will be released on our website once the New Talisman Special Meeting has ended and all votes have been counted.

### **Questions**

- We strongly encourage you to submit questions for directors via the New Talisman Special Meeting online portal in advance of the meeting. During the course of the meeting, we will address as many of the questions received before 2:00pm (NZST) on Monday 29 June 2022 as possible.
- Once in the online portal, you can submit your questions either via the menu tab or the chat box at the bottom left-hand side of the page. Only you will be able to view your questions submitted.

### **Live streaming of the Special Meeting**

- The format of New Talisman's virtual Special Meeting will be audio with a shared screen.
- To access the live audio stream, you can click on the video camera icon located at the top right-hand side of the page.
- The live stream will start 2:00pm New Zealand standard time on Wednesday 29 June 2022.

### **Troubleshooting**

- We encourage you to access the online portal before the Special Meeting.
- If you have any technical or log-in issues please contact [Virtual\\_Events\\_Questions@encore-anzpac.com](mailto:Virtual_Events_Questions@encore-anzpac.com)

## Lodge your proxy



**Online**  
www.investorvote.co.nz



**By Mail**  
Computershare Investor Services Limited  
Private Bag 92119, Auckland 1142, New Zealand



**By Fax**  
+64 9 488 8787

## For all enquiries contact



+64 9 488 8777



corporateactions@computershare.co.nz

## Proxy/Voting Form



**www.investorvote.co.nz**

Lodge your proxy online, 24 hours a day, 7 days a week:

**Smartphone?**

Scan the QR code to vote now.

### Your secure access information

**Control Number:**

**CSN/Securityholder Number:**

**PLEASE NOTE:** You will need your CSN/Securityholder Number and postcode or country of residence (if outside New Zealand) to securely access InvestorVote and then follow the prompts to appoint your proxy and exercise your vote online.



**For your proxy to be effective it must be received by 2.00pm Monday, 27 June 2022.**

## VIRTUAL MEETING

Due to there being only one item of business and our shareholders being located across New Zealand and Australia, as well as other parts of the world, the Special Meeting will be held virtually. All shareholders will have the opportunity to attend and participate in the Special Meeting online via an internet connection (using a computer, laptop, tablet or smartphone). The virtual meeting will be accessible on both desktop and mobile devices. You will need your CSN/Securityholder Number as username and postcode or country of residence (if outside New Zealand) as password to securely access the online meeting at <https://ntlsmjune2022.chimeagm.live/>. Please refer to the Notice of Meeting that accompanies this Proxy/Voting Form for further details.

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions..

#### Appointment of Proxy

If you do not plan to attend the virtual meeting, you may appoint a proxy. The Chairman of the meeting, or any other director, is willing to act as proxy for any shareholder who wishes to appoint him or her for that purpose. To do this, enter 'the Chairman' or the name of your proxy in the space allocated in 'Step 1' of this form. Alternatively you can appoint a proxy online at [www.investorvote.co.nz](http://www.investorvote.co.nz).

The Chairman and other directors intend to vote any discretionary proxies in favour of the resolutions. If, in appointing a proxy, you have inadvertently not named someone to be your proxy (on the enclosed proxy form), or your named proxy does not attend the virtual meeting, the Chairman of the meeting will be your proxy and will vote in accordance with your express direction.

#### Voting of your holding

Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

#### Attending the Meeting

Attendance and participation will be through a live webcast, accessed through an internet connected computer, tablet, smartphone or similar device. Please refer to the Notice of Meeting that accompanies this Voting and Proxy Form, for further instructions.

### Signing Instructions for Postal Forms

#### Individual

Where the holding is in one name, the securityholder must sign.

#### Joint Holding

At least one joint security holder should sign this form (on behalf of all joint security holders). If different joint security holders purport to appoint different proxies, the vote of the proxy appointed by the first named joint security holder will prevail.

#### Power of Attorney

If this Proxy Form has been signed under a power of attorney, a copy of the power of attorney (unless already deposited with the Company) and a signed certificate of non-revocation of the power of attorney must be produced to the Company with this Proxy Form.

#### Companies

This form should be signed by a Director, authorised signatory or attorney. Please sign in the appropriate place and indicate the office held.

#### Comments & Questions

If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form to vote**

# Proxy/Voting Form

## STEP 1

### Appoint a Proxy to Vote on Your Behalf

I/We being a shareholder/s of New Talisman Gold Mines Limited

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions at the **virtual Special Meeting of Shareholders of New Talisman Gold Mines Limited to be held on Wednesday, 29 June 2022 at 2.00pm** and at any adjournment of that meeting.

## STEP 2

### Items of Business – Voting Instructions

**Please note:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority. If you return this form without directing the proxy how to vote on any particular matter, the proxy will vote as he or she thinks fit.

#### Special Meeting

**Resolution 1. Approval of issue of Convertible Notes and Shares on conversion**

That, for the purposes of NZX Listing Rule 4.1.1 and ASX Listing Rule 7.1, and for all other purposes, shareholders approve the issue of Convertible Notes of up to NZ\$3.5 million principal amount, and shares on conversion of Convertible Notes, on the essential terms described in the notice of meeting.

For	Against	Abstain	Proxy Discretion
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Resolution 2. Issue of Convertible Notes to Hamish Brown**

That, for the purposes of NZX Listing Rule 5.2 and for all other purposes, shareholders approve the issue of Convertible Notes to Hamish Brown, having a principal amount of NZ\$1,000,000.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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#### Voting Restrictions

Resolutions 1 and 2 cannot be voted upon by Hamish Brown or their Associated Persons unless:

- a) Hamish Brown or their Associated Persons have been appointed as a proxy or voting representative by another person who is not disqualified from voting under NZX LR 6.3.1; and
- b) Hamish Brown or their Associated Persons are voting in respect of Company securities held by that other person in accordance with that other person's express instructions.

See pages 1–2 of the notice of meeting for further detail on the voting restrictions.

If your proxy is not the Chair of the Meeting or any other director of the Company, please ensure that you provide their contact details (phone and email address). If this information is not provided, we cannot guarantee remote admission to the virtual meeting for your proxy.

Proxy contact Details (Phone): \_\_\_\_\_ and (Email): \_\_\_\_\_

## SIGN

### Signature of Securityholder(s) This section must be completed.

Securityholder 1

Individual/Authorised officer or attorney

Securityholder 2 (if applicable)

Individual/Authorised officer or attorney

Securityholder 3 (if applicable)

Individual/Authorised officer or attorney

Contact Name \_\_\_\_\_ Contact Daytime Telephone \_\_\_\_\_ Date \_\_\_\_\_

**Shareholders can still attend the meeting electronically, even if they have appointed a proxy (although they will not be able to vote if a proxy has been appointed).**



# New Talisman Gold Mines Limited



## Independent Appraisal Report

In respect of:

- a proposed issue of up to \$3.50 million of Convertible Note
- representing a Material Transaction
- including the proposed issue of Convertible Notes to a Related Party

1 June 2022

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### Statement of Independence

Armillary Limited, trading as Armillary Private Capital, confirms that it:

- Has no conflict of interest that could affect its ability to provide an unbiased Report; and
  - Has no direct or indirect pecuniary or other interest in the proposed transaction considered in this Report, including any success or contingency fee or remuneration, other than to receive a fixed fee for providing this Report.
-

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## 1. Glossary of Defined Terms

In this Report the following terms have the following meanings unless otherwise specified:

Armillary Private Capital	Armillary Limited
ASX	Australian Securities Exchange operated by ASX Limited
Board	The Board of Directors of NTL
Company or NTL	New Talisman Gold Mines Limited
Deed Poll	The document under which the Notes are constituted and which details the terms and conditions of the Notes.
Listing Rules	NZX Listing Rules or ASX Listing Rules
Maturity	The 18-month anniversary of drawdown of the Notes
Mr. Brown	Hamish Brown, a substantial product holder of Ordinary Shares in NTL
Mr. Brown Resolution	A resolution to approve the subscription for \$1.0 million of the Notes by Mr. Brown
Non-Associated Shareholders	The Company's shareholders not associated with Mr. Brown
Noteholder	A holder of Convertible Notes
Notes	The Convertible Notes
Notes Placement	The proposed Notes placement
Notes Resolution	A resolution to enable the Company to issue the Notes, and to allow for the issue of new Ordinary Shares at Maturity
NZX	NZX Main Board operated by NZX Limited
Ordinary Shares	The Ordinary Shares of the Company as quoted on the NZX and ASX
Report	This Appraisal Report

Resolutions	The Notes Resolution and the Mr. Brown Resolution collectively
Strategic Plan	The Company's Strategic Plan as announced to NZX and ASX on 27 April 2022
VWAP	Volume Weighted Average Price

Except where indicated otherwise all \$ references are to New Zealand dollars.

## 2. Introduction

### 2.1. Background

New Talisman Gold Mines Limited ("**NTL**" or the "**Company**") engages in mine development and mineral exploration activities. The Company holds a mining permit and an exploration permit over the Talisman Gold mine project in the Hauraki gold field.

The Company has completed all necessary permitting for development of the bulk sampling project at the Talisman mine and holds a resource consent for this purpose. It has recently initiated bulk sampling at the Talisman mine as it proceeds to reopen this historically significant producing mine.

NTL's shares are listed on the NZX Main Board operated by NZX Limited ("**NZX**") and the Australian Securities Exchanged operated by ASX Limited ("**ASX**").

The Company's recently announced Strategic Plan is based on two key themes:

- Recommencing underground activities at the Talisman mine; and
- Advancing and opening a second face on the Mystery vein.

Further information on the Company is set out in section 5.

### 2.2. Convertible Notes

NTL announced its Strategic Plan and proposed issue of Convertible Notes ("**Notes**" and "**Notes Placement**") on 27 April 2022<sup>1</sup>.

The Notes, the issue of which is subject to shareholder approval, have the following key terms:

- A total issue of up to \$3.50 million:
  - \$1.0 million in pledged commitments from Hamish Brown ("**Mr. Brown**"), a substantial product holder of Ordinary Shares in NTL;
  - A further up to \$2.50 million of Notes to be issued to eligible and wholesale investors;
  - Each holder of a Note is defined as a "**Noteholder**";
- A term of 18 months from drawdown;

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<sup>1</sup> See Company's NZX release at <https://www.nzx.com/announcements/391051>



- A coupon of 9.5% per annum, paid quarterly in cash with no option to settle interest by any other means;
- At the 18-month anniversary of drawdown (“**Maturity**”), which is expected to be around 29 December 2023, the Notes may be:
  - Converted into NTL Ordinary Shares at a 15% discount to the preceding 20 business day Volume Weighted Average Price (“**VWAP**”) of the ordinary shares of the Company (“**Ordinary Shares**”) as traded on NZX; or
  - At the discretion of the Company, repaid in cash, with no additional fees paid;
- In the event of a takeover offer for the Company (which is recommended by a majority of the Board) or a scheme of arrangement is entered into in respect of the Company, the Notes will be converted into Ordinary Shares at the time that such takeover offer or scheme of arrangement becomes fully unconditional;
- At Maturity the Company has discretion to elect to redeem some or all of the Notes for cash. Redemption does not need to be on the same *pro-rata* basis for all Noteholders. There is no ability for the Company to redeem the Notes prior to Maturity;
- The Notes will be unsecured and rank equally with unsecured trade creditors;
- Noteholders do not have the right to attend and/or vote at any general meeting of the Company; and
- The issue of the Notes is conditional on NTL obtaining any required approvals of its shareholders under the NZX or ASX Listing Rules (“**Listing Rules**”) at a meeting of shareholders which is expected to be held on 22 June 2022.

### 2.3. Mr. Brown

Mr. Brown is a substantial product holder of shares in NTL. He currently holds 430,000,000 Ordinary Shares which is equal to 13.48% of the total Ordinary Shares on issue.

Mr. Brown has committed to subscribe for \$1.0 million of the proposed up to \$3.50 million Notes Placement.

## 2.4. Impact on Ownership

### Ownership Levels Prior to the Notes Placement

The Company's shareholders not associated with Mr. Brown (the “**Non-Associated Shareholders**”) currently collectively hold 86.52% of the Company's Ordinary Shares.

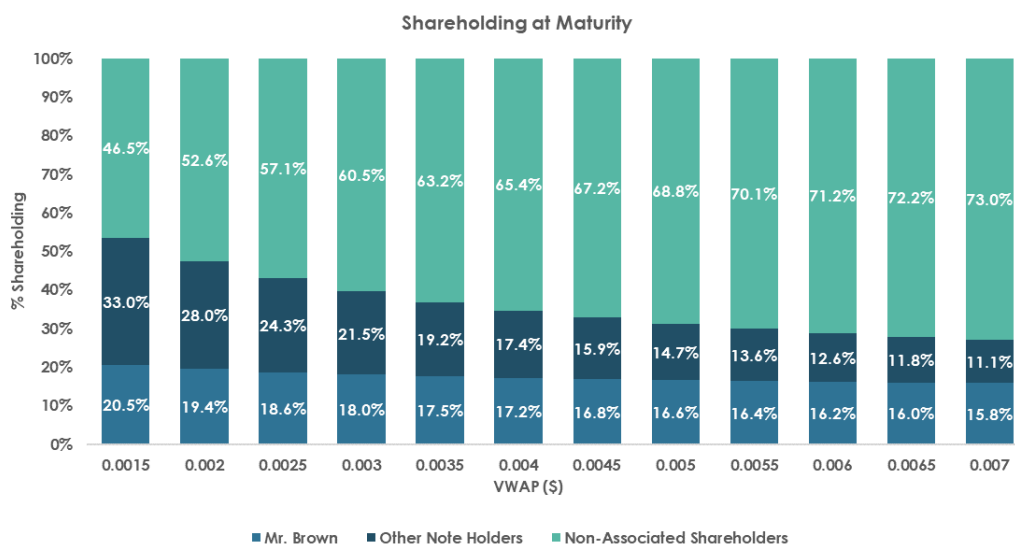
### Ownership Levels At Maturity

The number of Ordinary Shares to be issued at Maturity depends on NTL's VWAP over the 20 business days prior to Maturity as well as whether the Company elects to redeem or convert the Notes and in what proportions.

Assuming VWAP over the 20 business days prior to Maturity is the same as the current share price of \$0.002 and that NTL elects to convert all of the Notes 2,058,823,529 new Ordinary Shares would be issued:

- 588,235,294 Ordinary Shares would be allotted to Mr. Brown; and
- 1,470,588,235 Ordinary Shares would be allotted to other Noteholders.

The following chart shows the respective shareholdings of Mr. Brown, all other Noteholders and the Non-Associated Shareholders based on varying levels of VWAP over the 20 business days prior to Maturity. The chart assumes all of the Notes are converted into new Ordinary Shares.



Under the Takeovers Code Mr. Brown's shareholding cannot exceed 20%. This means that in the scenario above where Mr. Brown's shareholding is shown as 20.5% either some of his Notes would need to be redeemed in cash (and his shareholding reduce to 20% or below), or a further approval would need to be

obtained from NTL's shareholders under the Takeovers Code before conversion.

## 2.5. Regulatory Requirements

NZX Listing Rule 5.2.1 stipulates that an Issuer must not enter into a Material Transaction (as defined in Part A – Definitions of the Glossary of the NZX Listing Rules) if a Related Party (as defined in the NZX Listing Rules) is, or is likely to become a direct party to the Material Transaction, unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in NZX Listing Rule 6.3) or conditional on such approval.

The Notes Placement is a Material Transaction as it is an issue of securities with a market value above 10% of NTL's Average Market Capitalisation (as that term is defined in the NZX Listing Rules).

Mr. Brown is a Related Party of the Company as he has a relevant interest in more than 10% of the Ordinary Shares on issue.

NZX Listing Rule 7.8.8(b) requires an Appraisal Report to be prepared where a meeting will consider a resolution required by NZX Listing Rule 5.2.1.

## 2.6. Special Meeting

A Special Meeting of shareholders of the Company is expected to be held on 22 June 2022 to vote on two resolutions:

- One to enable the Company to issue the Notes, and to allow for the issue of new Ordinary Shares at Maturity (the "**Notes Resolution**"), and
- A second resolution to approve the subscription for \$1.0 million of the Notes by Mr. Brown (the "**Mr. Brown Resolution**").

In this Report we refer to the Notes Resolution and the Mr. Brown Resolution collectively as the "**Resolutions**". The Resolutions are linked in that implementation of each resolution is conditional on the other resolution also being approved. The Resolutions are ordinary resolutions which can be passed by a simple majority of votes of those shareholders entitled to vote and who vote on the Resolutions.

In accordance with NZX Listing Rule 6.3.1 Mr. Brown, and any Associated Party (as that term is defined in the NZX Listing Rules), are not entitled to vote on the Resolutions.

## 2.7. Purpose of the Report

NZX Listing Rule 7.10.2 requires an Appraisal Report to consider whether or not, in the opinion of the appraiser, the terms and conditions of the Notes Placement

are fair to the holders of equity securities other than those associated with Mr. Brown, and the supporting reasons for that opinion.

The Directors of NTL, none of whom are associated with Mr. Brown, engaged Armillary Limited ("**Armillary Private Capital**") to prepare this Appraisal Report ("**Report**") on the fairness of the Notes Placement.

Armillary Private Capital was approved by NZ RegCo on 6 May 2022 to prepare this Report.

Armillary Private Capital has addressed this Report to the Directors of NTL, none of whom are associated with Mr. Brown, for the benefit of the Non-Associated Shareholders of NTL to assist them in forming their own opinion on whether to vote for or against the Resolutions.

This Report is not to be used for any other purpose without our prior written consent.

We note that each shareholder's circumstances and objectives are unique. Accordingly, it is not possible to report on the fairness of the Notes Placement in relation to each individual shareholder. This Report on the fairness of the Notes Placement is therefore necessarily general in nature.

## 3. Evaluation of the Fairness of the Notes Placement for the Purposes of the Listing Rules

### 3.1. Basis of Evaluation

NZX Listing Rule 7.10.2 requires an Appraisal Report to consider whether the terms and conditions of the Notes Placement are fair to the Non-Associated Shareholders.

There is no legal definition of the term “fair” in New Zealand in either the NZX Listing Rules or in any legislation dealing with securities or commercial law. It is generally considered that an assessment of the fairness of a transaction, as required under NZX Listing Rules, is a narrower test than an assessment of the “merits” of a transaction as required under the Takeovers Code. Notwithstanding this we have evaluated the fairness of the Notes Placement on essentially the same terms as we would evaluate the merits of the Notes Placement and gave due regard to:

- the rationale for the Notes Placement;
- the terms and conditions of the Notes Placement;
- the impact of the Notes Placement on NTL's financial position;
- the potential impact on the ownership of NTL;
- the potential impact on the control of NTL;
- potential alternatives to the Notes Placement;
- the impact on NTL's share price and liquidity;
- the benefits and disadvantages of the Notes Placement for Mr. Brown;
- the benefits and disadvantages for New Talisman and the Non-Associated Shareholders;
- the likelihood of the Resolutions being approved; and
- the implications of the Resolutions not being approved.

Our overall opinion is that the Notes Placement would be fair to the Non-Associated Shareholders if:

- they are likely to be at least no worse off if the Notes Placement proceeds than if it does not; and

- the terms and conditions of the Notes Placement are in line with market terms and conditions.

Our opinion should be considered as a whole. Selecting only portions, without considering all the factors and analysis together, could create a misleading view of the factors and process underlying the opinion.

### **3.2. Summary of the Evaluation of the Fairness of the Notes Placement**

**In our opinion, after having regard all the relevant factors, the overall terms and conditions of the Notes Placement are fair to the Non-Associated Shareholders.**

**We consider that the Terms and Conditions of the Notes Placement are in line with market terms and conditions and that if the Notes Placement proceeds that the Non-Associated Shareholders will, at worst, be no worse off than they are currently.**

The analysis leading to our opinion is detailed in sections 3.3.1 to 3.3.11. In summary, the key factors underpinning our opinion are:

- the rationale for the Notes Placement is sound, as it provides the Company with sufficient funding to commence implementation of its Strategic Plan;
- the terms and conditions of the Notes are reasonable:
  - the Company has the option to determine whether the Notes, and how many, are converted or redeemed at Maturity;
  - The Notes Placement is a cost and time effective way to raise capital;
  - The coupon rate payable on the Notes is at the lower end of observed market ranges while the overall yield to Maturity is in line with our assessment of market levels; and
  - the assessed value of the Notes is in line with the price they are being issued at;
- The Notes Placement should have a positive impact on NTL's financial position;
- While the Non-Associated Shareholders' shareholding percentage is expected to fall upon conversion of the Notes, we consider this dilution of ownership to be less important than our assessment that there is no material value transfer to the Noteholders from the Non-Associated Shareholders;
- We consider that there will be limited substantive change in the control of

the Company. There are scenarios, if NTL's share price falls between now and Maturity and/or there is a single large investor in the Notes, that a Noteholder could emerge as a greater than 20% shareholder. The provisions of the Deed Poll requires that if that possibility emerges there would need to be another shareholder meeting to consider and vote on the matter. Alternatively, NTL could elect to part redeem that Noteholders' Notes for cash;

- We do not consider that the Notes Placement will have any direct impact on the Company's share price although the exploration and mining activities that it enables may do so;
- After Maturity of the Notes the liquidity of NTL Ordinary Shares is expected to improve;
- We do not consider that the Directors had many, if any, viable alternatives to raising the necessary capital in a timely manner;
- While there are some direct benefits to Mr. Brown, including being able to receive Ordinary Shares upon conversion at a discount to the prevailing market price, there are disadvantages too in that the future price may be substantially higher than the current share price; and
- If the Resolutions are not approved there would be increased uncertainty around the financial position of the Company and its ability to implement its Strategic Plan. If alternative funding was not available this would likely lead to NTL ceasing operations and attempting to sell its assets. Such moves could be expected to have a negative impact on the Company's prospects and share price.

### **3.3. Factors Evaluated in Considering the Fairness**

As outlined in section 3.1 we have considered a range of factors in our evaluation of the fairness of the Notes Placement which were summarised in section 3.2. The following sections detail the elements that we considered in reaching our overall conclusion.

#### **3.3.1. The Rationale for the Notes Placement**

At 31 March 2022 NTL had \$493,000 of cash and cash equivalents. Its cash burn from operations for the March quarter was \$129,000 and for the year ending 31 March 2022 it was \$1.215 million although that included \$313,000 of development expenditure. Even at the reduced rate of the March quarter, where expenditure was solely on administration and corporate costs, NTL would consume all of its cash reserves before 31 March 2023.

On that basis alone NTL needs to raise capital and that is before consideration of any development expenditure. The purpose of the Notes Placement is to assist in implementing NTL's Strategic Plan which includes recommencing underground activities by advancing the Mystery vein shaft and opening a second face on the Mystery vein. Funds are also earmarked for a Traffic Management Plan and the Resource Consent application for a full mining consent.

We consider the rationale for the Notes Placement to be sound. The Notes should provide sufficient funding to enable the Company to fund ongoing business operations along with the growth and development elements of the Strategic Plan which collectively form the pathway to production from the Company's core asset the Talisman mine.

### 3.3.2. Terms and Conditions of the Notes

The Notes will be constituted by, and subject to the terms and conditions set out in, a Convertible Note Deed Poll ("**Deed Poll**"). Key terms and conditions of the Notes are:

- Up to \$3.50 million in total to be raised from eligible and wholesale investors. \$1.0 million has already been pledged by Mr. Brown with corporate advisors Campbell MacPherson engaged to seek a further up to \$2.50 million on the same terms;
- The Notes will have a term of 18 months from drawdown with a proposed Maturity date of 29 December 2023;
- The Notes will pay interest at a rate of 9.50% p.a., payable quarterly in cash with no option to settle interest by any other means;
- At Maturity the Notes will convert to Ordinary Shares at a 15% discount to the preceding 20 business day VWAP for the Ordinary Shares of the Company. Alternatively, at the option of the Company, the Notes may be repaid in cash with no additional fees;
- The Company has the discretion to elect to redeem some or all of the Notes for cash and redemption need not be exercised the same way for each holder i.e. the Notes do not need to be redeemed for cash on a strict *pro-rata* basis;
- In the event of a takeover offer for the Company (which is recommended by a majority of the Board) or a scheme of arrangement is entered into in respect of the Company, the Notes will be converted into Ordinary Shares at the time that such takeover offer or scheme of arrangement becomes fully unconditional;



- There is no ability for the Company to redeem the Notes prior to Maturity;
- The Notes will be unsecured obligations of the Company, ranking equally with unsecured trade creditors and ahead of the Ordinary Shares;
- In the event of a default, as that term is defined in the Deed Poll, occurring prior to Maturity the Noteholders may by written notice, and subject to that notice representing Noteholders holding at least 50.1% of the Notes, declare any principal and interest amounts outstanding to be immediately due and payable;
- The Deed Poll includes a provision that if any Noteholder needs to comply with the Takeovers Code they will at the time. This provision may mean that the Company defers conversion, or it effects only a partial conversion until such time as the Noteholder would not breach the Takeovers Code. This may mean that conversion would be subject to shareholder approval;
- The Notes will not be listed on any financial products market however they will, subject to compliance with any applicable insider trading laws, be transferable *via* private, off market, transactions;
- Noteholders do not have the right to attend and/or vote at any general meeting of the Company; and
- Under the NZX Listing Rules the Notes Placement is conditional on NTL obtaining shareholder approval at a Special Meeting of shareholders expected to be held on 22 June 2022.

### **Size of the Notes Placement**

The Company has advised us that the intended \$3.50 million size of the Notes Placement is considered sufficient to cover corporate overheads, transaction fees, interest on the Notes and underground activities at the Talisman Mine, along with associated contingencies and possible funding of other elements of the Strategic Plan.

Further funding is likely to be required if the Company progresses to full mining operations. However, by that stage, NTL would be further developed in its medium-term plans and likely to be in a better position to raise further funds.

Overall, we consider the size of the Notes Placement sufficient to fund at least the initial stages of the Company's Strategic Plan.

### **Issue Costs**

The Company is paying Campbell MacPherson a fixed fee of \$7,500 plus a 5%

success fee applying to the up to \$2.50 million of additional Notes to be issued. This equates to a maximum fee of \$132,500 to be paid in cash (there being no option to settle the fee by any other means).

The fees payable to Campbell MacPherson are in line with market norms if not attractive for the Company as over 94% of the total fees payable are directly linked to a successful capital raising. In our experience this proportion is high relative to market norms meaning that the fee structure fully aligns Campbell MacPherson's interests with those of the Company.

There are no fees payable on the \$1.0 million of Notes to be issued to Mr. Brown. Mr. Brown is essentially underwriting the issue of \$1.0 million of Notes. As underwriting fees in New Zealand tend to be in the range of 1.5% - 5.0% of the amount underwritten there is a saving to the Company of between \$15,000 and \$50,000.

If the full \$3.50 million is raised, the total costs of \$132,500 would represent an expense ratio of 3.79%. This level is below normal market levels for a capital raising of this nature and so we consider the issue costs as favourable to the Non-Associated Shareholders.

#### ***Interest Rate / Yield to Maturity***

The interest rate on the Notes is 9.50% p.a. payable in cash quarterly in arrears. We consider this interest rate to be very favourable to the Non-Associated Shareholders as a borrower in a similar financial position to NTL would more likely be required to pay a cash coupon of at least 12.0% p.a.

This lower interest rate means NTL would save at least 2.50% p.a. If the full \$3.50 million of Notes are issued this equates to a cash saving of \$87,500 p.a. or \$131,250 over the 18-month term of the Notes.

In addition to regular coupon payments it is commonplace for unsecured lenders and/or lenders on development projects (which in effect the Notes are) to also earn an additional return, or payment in kind, at Maturity. In this case that additional return arises from Noteholders potentially receiving an additional return from the Notes converting into Ordinary Shares at a discount to the prevailing market price. That is, every \$100 of Notes will be converted into Ordinary Shares with a value of \$117.65.

This additional return, which arises if the Notes are converted, would mean that Noteholders who hold the Notes through to Maturity would earn a 21.4% p.a. return. This potential additional value increases the return to a level that we consider more commensurate with the risks of NTL. However, Noteholders may not be able to realise that additional return if the share price falls after conversion of the Notes and/or there is insufficient liquidity in the market for Noteholders to be

able to sell any Ordinary Shares they receive upon conversion.

In particular, the new Ordinary Shares issued on conversion of the Notes will likely represent a material proportion of the increased number of Ordinary Shares. For example, at the current price of \$0.002 the shares issued on conversion would account for 39.2% of the enlarged capital base. If Noteholders attempted to sell too many new Ordinary Shares it is likely that would lead to a drop in the share price which, in turn, would affect the Noteholders realised returns. Accordingly, we consider the 21.4% p.a. a maximum possible return for the Noteholders.

We consider the maximum yield to Maturity broadly in line with the required market return for an investment with a similar risk profile to the Notes (see section 4). Accordingly, we view the interest rate / yield to Maturity as appropriate and, in the circumstances, reasonable for the Non-Associated Shareholders.

### **Action on Maturity**

At the Company's option the Notes will either be converted into additional Ordinary Shares at a 15% discount to the VWAP in the 20 business day period prior to Maturity or redeemed in cash.

NTL is able to redeem only some of the Notes and, as there is no requirement to convert, or redeem, Notes on a strictly *pro-rata* basis the Company is able to deal with each separate Noteholder differently.

Most convertible securities have a mechanism to convert to Ordinary Shares at a discount to the prevailing share price. The level of discount is a function of several factors, including:

- The proportion of the enlarged capital base that the convertible securities would represent;
- The assessed risks and future prospects of the issuing company;
- The willingness of investors to provide further capital; and
- Other key terms of the convertible securities e.g. coupon rate, term to Maturity, whether redemption or conversion is optional and, if so, whose option that is.

We consider the 15% discount to be at the upper end of observed market practice. However, having particular regard to the fact that the Notes are likely to represent a substantial proportion of the enlarged capital base, NTL's current level of perceived riskiness and the ability for NTL to redeem some of the Notes for cash, we consider the 15% discount to VWAP to be reasonable for the Non-Associated Shareholders.

We consider that conversion to new Ordinary Shares is the most likely outcome. However, there are other scenarios whereby the Notes are redeemed for cash. These include:

- NTL issuing new Ordinary Shares at a discount to VWAP of less than 15%;
- NTL refinancing the Notes via the issue of an alternative debt, or convertible security; and
- If NTL has positive results from the bulk mining sample it could potentially raise capital via other forms of debt and/or equity.

We consider that the flexibility that the Company has in respect of converting and/or redeeming the Notes is an attractive feature for the Company and the Non-Associated Shareholders. In particular, the Noteholders have no optionality themselves and the outcome at Maturity is determined solely by the Company.

### **Valuation**

We assess the value of the Notes to be between 94.03% and 104.07% of face value with a mid-point of 99.05%. Our valuation assessment is detailed in section 4.

Based on that valuation range there is no material transfer of value from the Non-Associated Shareholders to Mr. Brown and the other Noteholders. In some scenarios we assess that the Notes are being issued at a premium to assessed value.

Accordingly, we consider the price, and the associated terms, that the Notes are being issued at as fair to the Non-Associated Shareholders.

### **3.3.3. The Impact of the Notes Placement on NTL's Financial Position**

At 31 March 2022 NTL had \$493,000 of cash and cash equivalents. Based on \$3.50 million of Notes being issued, and total issue costs of \$132,500 the *pro-forma* cash balance for NTL would be \$3.861 million.

The ultimate impact on the level of Shareholders Funds, Net Assets per share and Net Tangible Assets per share depends on whether the Notes are redeemed and/or converted at Maturity and, if converted, at what share price.

Overall, we consider that the Notes Placement represents a substantial strengthening of NTL's balance sheet.

### 3.3.4. The Impact of the Notes Placement on Ownership of NTL

NTL currently has 3,189,305,438 Ordinary Shares on issue owned by a total of 2,983 shareholders<sup>2</sup>. Further details on the largest shareholders at 30 April 2022 are set out in section 5.3.

NTL currently has two registered shareholders holding more than 5% of the Company's Ordinary Shares:

- Mr. Brown: 13.48%; and
- New Zealand Depository Nominee Limited (held on behalf of Sharesies investors): 7.83%.

The top 10 shareholders collectively hold 34.90% of the Company's Ordinary Shares. Beyond those shareholders ownership is widely spread as the next 10 largest holders collectively own 6.58%.

How the Notes impacts ownership of the Company's Ordinary Shares at Maturity is dependent on several factors, including:

- the NTL share price at the time;
- NTL's ability to access alternative debt and/or equity funding;
- whether, and to what extent, NTL elects to redeem any Notes; and
- to the extent that NTL redeems at least some notes whether that redemption is done on a *pro-rata* basis or not.

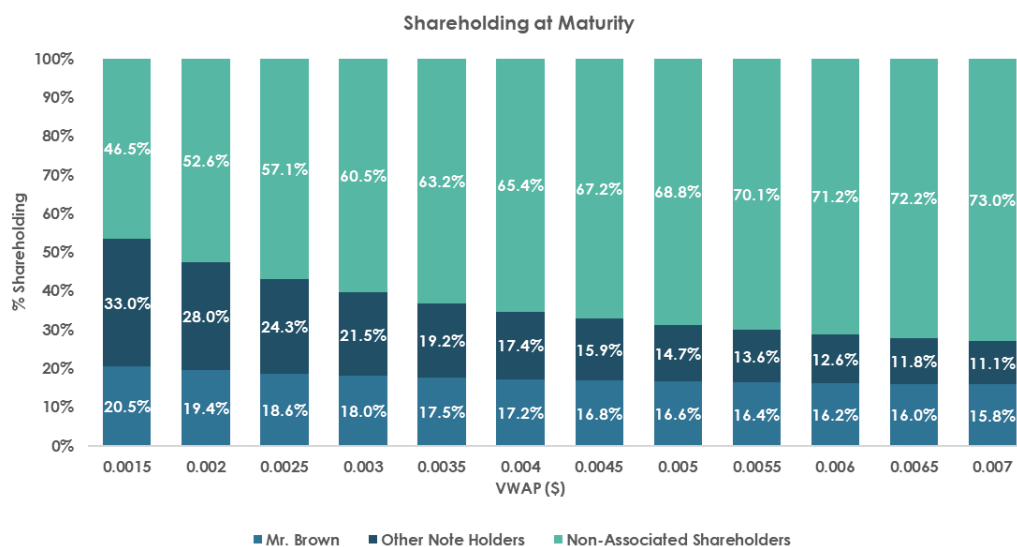
The following chart shows a range of possible outcomes for percentage ownership of NTL between the following three shareholding groups:

- Mr. Brown;
- Other Noteholders; and

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<sup>2</sup> We have excluded any consideration of the listed options as they are short dated (mature 30 September 2022) and, with an exercise price of \$0.055, are substantially 'out of the money' and we consider it most unlikely that the options will be exercised.

- Current Shareholders excluding Mr. Brown (i.e. the Non-Associated Shareholders).



The chart assumes that 100% of the Notes are converted and we show the results for a range of share prices ranging from below the current share price to above the highest share price since January 2021.

We make the following observations:

- NTL would need to consider the Takeovers Code if Mr. Brown would otherwise end up with a greater than 20% shareholding. This could take the form of redeeming some of his Notes, requiring him to transfer some of his Notes to Non-Associated Shareholders or seeking shareholder approval for him to have a shareholding over 20%. Overall, we consider the likelihood of Mr. Brown ending up with a greater than 20% shareholding as low with a more likely potential range for his shareholding shown above as between 15.8% and 20.0%;
- Other Noteholders are shown as having a potential shareholding range of between 11.1% and 33.0% of the Company; and
- The Non-Associated Shareholders potential shareholding range is between 46.5% and 73.0%. If any of the Notes are redeemed Mr. Brown and/or other Noteholders would have a lower percentage holding with a commensurately higher percentage holding for the Non-Associated Shareholders. While the potential level of dilution for the Non-Associated Shareholders is high we consider that the primary focus of the Non-Associated Shareholders should be on the value of their respective shareholdings and not the relative percentage each holds. As detailed in section 4, we consider that the Notes are being issued within our assessed

fair value range meaning that there is no material transfer of value from the Non-Associated Shareholders to the Noteholders. In addition, any possible dilution should be considered in the context of the potential for some, or all, of the Notes to be redeemed for cash and any Ordinary Shares being issued with respect to a future share price rather than a price locked in at the time of issue of the Notes.

### **3.3.5. The Impact of the Notes Placement on the Control of NTL**

We consider it unlikely that there will be any material change in Mr. Brown's level of control of NTL compared to his current 13.48% shareholding. There are scenarios where he could end up with a greater than 20% holding however that would be subject to the provisions of the Takeovers Code and accordingly shareholder approval would be required for that to occur so for the purposes of this analysis we have not considered those scenarios.

Mr. Brown could potentially have a greater degree of negative control than he does currently. This arises from the fact that not all listed company shareholders vote at every meeting meaning that the relative weight of those who do vote increases. Depending on the proportion of other shareholders voting at any future meeting after Maturity, Mr. Brown could potentially have enough votes to defeat a special resolution (i.e. a resolution requiring approval of 75% of those voting) by his shareholding representing at least 25% of the votes cast at that meeting. However, we consider it unlikely that Mr. Brown would have enough votes, even with a low turnout from other shareholders, to be able to singlehandedly pass either an ordinary or special resolution of shareholders.

Based on our assumptions Noteholders other than Mr. Brown could potentially have a shareholding between 11.1% and 33.0% of NTL. Our analysis shows that any Noteholder with \$1.0 million or more of Notes could potentially end up with at least a 5% shareholding. Depending on how many Noteholders there are, other than Mr. Brown, this could mean that after Maturity NTL has additional substantial shareholders.

Our analysis shows that assuming VWAP at Maturity is the same as the current share price (\$0.002), and that all of the Notes are converted, any single Noteholder with at least \$1.785 million of Notes would potentially end up with a greater than 20% shareholding. Provisions within the Deed Poll will ensure that no Noteholder will exceed a 20% shareholding without complying with the provisions of the Takeovers Code. In addition, the Takeovers Code would preclude parties associated with Mr. Brown ending up as substantial shareholders so the other Noteholders can be assumed to not be associated with Mr. Brown. The possible emergence of new substantial shareholders, who are independent of Mr. Brown, potentially limits the theoretical aspects of negative control that Mr. Brown could have.

On our assumptions the Non-Associated Shareholders would have a collective shareholding of between 46.5% and 73.0%. We assume that this collective shareholding will remain widely spread as it is today.

Overall, we consider that there will be limited substantive change in the control of the Company.

### **3.3.6. The Impact on NTL's Share Price and Liquidity**

#### **Share Price**

A summary of NTL's share price movements since 3 May 2017 is shown in section 5.9.

In the short term the Notes Placement is unlikely to have a material impact on the NTL share price. It is possible that the increased certainty it provides the Company, along with it enabling NTL to commence implementation of its Strategic Plan, is associated with an increase in the share price. However, there are many other factors, both within and outside of NTL's control, that will determine the share price.

On the same assumptions used in section 3.3.4 NTL could potentially issue between 588.2 million and 2.745 billion new Ordinary Shares upon conversion of the Notes. All other things being equal the issuance of such a large number of new Ordinary Shares, at a discount to the prevailing market price, would be expected to lead to a dip in the share price, at least in the period immediately after Maturity, as the markets digest the issuance and share price discount.

However, the direct impact on the share price from conversion of the Notes would likely diminish as time passed after Maturity as the other factors that help determine share prices (e.g. market dynamics, the price of gold and NTL's operational and financial results) increasingly outweighed any short term demand and supply dynamics.

#### **Liquidity**

Section 5.9 shows that NTL's liquidity has been declining over the last 18 months with average monthly trading volumes declining from around 90 million Ordinary Shares a month at an average share price of \$0.006 at the start of 2021 to the latest levels of around 20 million Ordinary Shares a month at an average share price of 0.002.

The Notes Placement will not have any direct impact on liquidity in the short term as it is only upon Maturity that new Ordinary Shares may be issued. As discussed above, the trading volumes and liquidity of NTL Ordinary Shares could be expected to increase following the conversion of any Notes.



Additionally, mining company share prices and trading volumes do, at least anecdotally, seem to be impacted by news flow around exploration and mining activities. To the extent that the Notes Placement enables the Company to commence such activities we consider that the Notes Placement is likely to have a positive impact on the liquidity of NTL shares.

### 3.3.7. Potential Alternatives to the Notes Placement

Other alternatives to the Notes Placement that we understand NTL has considered include:

- a *pro-rata* offer to all shareholders of either Ordinary Shares or Notes;
- a placement of Ordinary Shares to other investors;
- the sale of assets; and
- alternative forms of debt / hybrid debt securities.

Other than the Talisman mining permit, and the associated plant and equipment in the mine, NTL has no material assets to sell. Accordingly, we do not consider the sale of assets as a viable alternative.

NTL is not a producing gold miner so has no history of revenues or profits to support debt finance. Accordingly, we do not consider alternative forms of debt as a viable alternative.

As shown in section 5.9 the monthly trading volume of NTL shares has been falling for the last 18 months. This decline in trading, along with the Company's experience in previous capital raisings, suggest to us that a *pro-rata* offer of Ordinary Shares to current shareholders would be unlikely to raise the full amount required. The \$3.50 million being raised represents 55% of NTL's current market capitalisation and such a proportionately large capital raising is unlikely to be successful unless it was fully underwritten. However, the likely cost of underwriting an offer of Ordinary Shares, even assuming an underwriter could be found, would be substantially higher than the costs of the Notes Placement.

For similar reasons we also do not consider a placement of Ordinary Shares to other investors, who are not currently NTL shareholders, as being a viable alternative to the Notes Placement. It is likely that any larger participant in such an issue would breach the 20% shareholding threshold within the Takeovers Code and therefore require shareholder approval.

A *pro-rata* offer of Notes is another alternative that NTL could have considered although it would need to have incurred the not insignificant costs of such an offer including the preparation of a Product Disclosure Statement in NZ and

Australia. For this reason, along with the reasons expressed above in relation to a *pro-rata* offer of Ordinary Shares, we do not consider that this would, in isolation, represent a viable alternative to the Notes Placement.

Undertaking a *pro-rata* offer of Notes, in conjunction with the Notes Placement, is one final alternative that could have been considered however this would be a more costly and time-consuming process than just the Notes Placement with little likelihood of a material improvement to the outcome.

We are advised by the Board that it considered various alternative options for raising capital but concluded that none matched the cost-effectiveness, certainty and timeliness of the Notes Placement.

In summary, we concur with the Board and do not consider any of the other possible funding options as realistic alternatives at this time.

### **3.3.8. Benefits and Disadvantages of the Notes Placement for Mr. Brown**

We consider the following to be the key benefits of the Notes Placements for Mr. Brown:

- He is able to invest in NTL and earn 9.50% p.a. interest on his investment rather than the zero-dividend income we assume he would earn if he made an investment in Ordinary Shares;
- If the Company elects to convert the Notes into Ordinary Shares he will be issued Ordinary Shares at a 15% discount to the prevailing market price; and
- As an unsecured lender his investment in the Notes will rank ahead of ordinary shareholders in the event of a winding up of the Company.

We consider the following to be the key disadvantages of the Notes Placements for Mr. Brown:

- By investing in a debt like security he will have no exposure to share price movements between now and Maturity. If the exploration and development initiatives are successful he will effectively end up receiving Ordinary Shares at the higher future price; and
- In the event of a winding up of the Company his investment will rank ahead of the ordinary shareholders however NTL's main assets, being the Talisman Mine and associated permits and consents, may be difficult to sell. Depending on the price received from any asset sale and the level of cash reserves in the Company the return on his Notes could, in the event of a winding up of the Company, be less than the amount he has invested.

### 3.3.9. Benefits and Disadvantages of the Notes Placement for NTL and the Non-Associated Shareholders

We consider the following to be the key benefits of the Notes Placements for the Company and the Non-Associated Shareholders:

- NTL is able to raise a substantial amount of money (i.e. 55% of its current market capitalisation) in a timely and cost effective manner;
- \$3.50 million of new capital would provide the Company with financial flexibility and give it the ability to implement key elements of its Strategic Plan;
- The Company has the option as to what to do with the Notes at Maturity. It has full flexibility in terms of converting or redeeming some, or all, of the Notes and does not need to do so on a *pro-rata* basis;
- If the Notes are converted into Ordinary Shares it will be with reference to a future price. If that future price is higher than the current share price the level of dilution for Non-Associated Shareholders will likely be less than if the conversion price were fixed at the time of issue of the Notes; and
- Approval from the Non-Associated Shareholders is required for the Notes Placement to proceed.

We consider the following to be the key disadvantages of the Notes Placement for the Company and the Non-Associated Shareholders:

- The Company will have to pay interest, in cash, of \$332,500 p.a. for the term of the Notes;
- The Notes Placement is not *pro-rata* and by only being available to eligible and wholesale investors means that not all existing shareholders may be able to participate; and
- If the Notes are converted into Ordinary Shares it will be with reference to a future price. If that future price is lower than the current share price the level of dilution for Non-Associated Shareholders will likely be greater than if the conversion price were fixed at the time of issue of the Notes.

### 3.3.10. The Likelihood of the Resolutions Being Approved

Mr. Brown is unable to vote on the Resolutions so the outcome will be determined by the votes of the Non-Associated Shareholders who collectively hold 86.52% of the Company's Ordinary Shares.

We understand that the Board will unanimously recommend that shareholders vote in favour of the Resolutions. The Directors of the Company collectively own 87.0 million Ordinary Shares representing 2.73% of the total Ordinary Shares on issue or 3.15% of the Ordinary Shares entitled to vote on the Resolutions. We assume that these Ordinary Shares will be voted in favour of the Resolutions.

We have examined voting records of NTL's last two Annual Meetings. This showed total votes cast of around 35% of the total eligible number. The Company's top 10 shareholders other than Mr. Brown and the directors collectively own 20.30% of the Ordinary Shares on issue or 23.47% of the Ordinary Shares eligible to vote on the Resolutions. The board is not aware of their voting intentions however their votes will likely have a significant influence on the outcome of the Resolutions.

### **3.3.11. The Implications of the Resolutions Not Being Approved**

If either resolution is not approved the Notes cannot be issued. We assume that the Company would still try to raise the full \$3.50 million via alternative means although there would be less certainty around that being achieved.

If the full \$3.50 million was not able to be raised the Company may not be able to initiate implementation of its Strategic Plan or, at best, it could start but only on a pared back basis. Such a move could be expected to have a negative impact on the Company's future prospects and share price.

At 31 March 2022 NTL had \$493,000 of cash and cash equivalents. Even at the reduced rate of expenditure in the March quarter, where expenditure was solely on administration and corporate costs, NTL would consume all its cash reserves before 31 March 2023.

If the Notes Placement is not approved the Company would need to undertake another capital raising almost immediately and that would be just to cover administrative costs even before consideration is given to raising funds to implement the Strategic Plan. However, if the Notes Placement is not approved that could have negative implications for any future capital raisings as potential investors may be concerned about investing in NTL, particularly if shareholder approval is required. This increased uncertainty could also mean that alternative capital raisings would have higher costs than the costs associated with the Notes Placement.

If alternative sources of capital were not available, the Company would most likely need to look to cease operations and sell its assets. This course of action could be a costly and time-consuming process with a high degree of uncertainty as to the eventual outcome for shareholders.

As outlined in section 3.3.7 we do not consider that the Company has any viable alternatives to the Notes Placement at this time.

### **3.3.12. Voting For or Against the Resolutions**

Voting for or against the Resolutions is a matter for individual shareholders based on their own views as to current and future market conditions, risk profile and tolerances, value considerations and other factors. Shareholders need to consider these factors and their consequences and, if appropriate, consult their own professional adviser.

## 4. Valuation of the Notes

To assess whether the Notes Placement involves any transfer of value from the Non-Associated Shareholders to the Noteholders we have valued the Notes and compared that valuation to the issue price.

### 4.1. Methodology

The Notes can be valued as a standard fixed interest security with a periodic coupon however there is a difference in that the payment on Maturity differs as to whether the Notes are redeemed or converted:

- in the event of redemption each Note is repaid in cash at 100% of face value i.e. for every \$100 of face value a Noteholder would receive \$100 of cash; and
- in the event of conversion each Note is repaid at 100% of face value *via* the issue of new Ordinary Shares at a 15% discount to VWAP over the 20 business days prior to Maturity. Assuming that the calculated price is a fair proxy for the market price that means that for every \$100 of face value converted into Ordinary Shares a Noteholder would receive \$117.65 worth of Ordinary Shares.

The differing payments at Maturity can be incorporated into standard fixed interest pricing formulae and we have valued the Notes on this basis with a range of market yields (see section 4.2).

However, to calculate a final a value for Notes we also needed to take into consideration whether the Notes are redeemed or converted at Maturity.

While the Company has the option to either redeem or convert the Notes its decision is not a factor of any variable like future share prices or interest rates. Rather, which option the Company elects will be influenced by factors such as its ability to:

- issue new Ordinary Shares at a discount to VWAP over the 20 business days prior to Maturity of less than 15%;
- refinance the Notes *via* the issue of an alternative debt, or convertible, security; and
- raise capital via other forms of debt and/or equity (which may be possible if NTL has positive results from the bulk mining sample).

Accordingly, the option within the Notes cannot be valued *via* standard option pricing formulas like the Black-Scholes formula or the Binomial model. Instead, to

incorporate the optionality that the Company has we ascribed probabilities to the two outcomes (i.e. redemption or conversion) to calculate a weighted average value for the Notes.

## 4.2. Valuation Results

The variables used in our calculation of the value of the Notes under either Redemption or Conversion were as follows:

- Coupon: 9.50% p.a.;
- Required yield: 15.0% - 22.5% (see below);
- Valuation date: 30 June 2022;
- Maturity date: 29 December 2023 (18 months);
- Redemption amount per \$100 of face value: \$100 (redemption) or \$117.65 (conversion); and
- Payment frequency: Quarterly.

The only parameter where judgement was required was the required yield. This is the yield, as opposed to the periodic coupon return, that investors require to invest in an instrument with similar risk characteristics to the Notes.

There are no securities similar to the Notes trading in New Zealand so before considering other possible benchmarks we considered some of the following key characteristics of NTL:

- NTL is a small company (market capitalisation of \$6.4 million) with no history of revenue or profits;
- NTL does not have a diversified asset base. It owns two mining permits however the Talisman mine is the much larger of the two so NTL is close to being a single asset entity;
- What assets it does have are not liquid and would most likely be difficult to sell;
- There are encouraging geological samples and resource figures for the Talisman mine however the Company's ability to economically mine the resource is unproven; and
- The Notes are unsecured debt obligations however, as they represent a large proportion of the Company's market capitalisation (i.e. 55%), they

can also be considered to have equity like characteristics.

We then considered the following as possible benchmarks:

- The required, and realised, returns from investors in gold metal along with a range of global gold mining indices and gold focused Exchange Traded Funds. There was a wide dispersion of returns however in recent years returns have averaged around 15% p.a; and
- The return offered to mezzanine lenders in the New Zealand market on projects in property development. These range from around 10% p.a. (e.g. for secured mezzanine lending) to well over 20% p.a. (e.g. for lending on horticultural conversion blocks).

While both of these alternatives are different to NTL they do share some underlying similarities. Importantly, they are typically more liquid and/or represent lending against a more liquid asset. Considering all of these factors, along with Armillary Private Capital's general market knowledge of investment returns required by investors, we estimated a required yield for the Notes to be in the range of 15.0% - 22.5% p.a.

With a different value at Maturity depending on whether the Notes are redeemed or converted the final assumption required was the probability of redemption / conversion. While we consider conversion into new Ordinary Shares the most likely scenario we have identified several scenarios under which redemption of the Notes would be possible. Balancing these factors, we ascribed an 80% probability to conversion meaning, in reverse, a 20% probability of redemption.

This resulted in a probability weighted valuation range of \$94.026 to \$104.069 per \$100 of face value with a mid-point of \$99.047.

<b>Assessed Value of NTL Notes</b>			
<b>\$ per \$100 of Face Value</b>	<b>Redemption</b>	<b>Conversion</b>	<b>Probability Weighted</b>
Low Value (= 22.5% yield)	83.853	96.569	94.026
High Value (= 15.0% yield)	92.745	106.900	104.069
	<b>Mid-point:</b>		<b>99.047</b>

The following table shows how the Mid-point of the probability weighted valuation range varies with different levels for the assumed probability of conversion.

<b>Mid-point of the Assessed Value with Varying Probabilities of Conversion</b>						
<b>Probability of Conversion</b>	<b>0%</b>	<b>20%</b>	<b>40%</b>	<b>60%</b>	<b>80%</b>	<b>100%</b>
Mid-point Value (\$ / \$100 face value)	88.299	90.986	93.673	96.360	99.047	101.734



## 5. Profile of NTL

### 5.1. Company Profile

New Talisman Gold Mines Limited, formerly Heritage Gold NZ Limited, was founded in 1985 and engages in mine development and mineral exploration activities primarily in New Zealand. The Company is listed on both the Australian and New Zealand stock exchanges under the code NTL.

The Company holds a mining permit and an exploration permit over the Talisman Gold mine project in the Hauraki Gold Field in the Coromandel region of New Zealand. There is a lengthy history of gold mining in the Coromandel with mining operations in the area starting back in the 1890s.

NTL has completed all necessary permitting for development of the bulk sampling project at the Talisman mine and holds a resource consent for this purpose. The Talisman mine includes the Maria, Crown/Welcome and Mystery veins.

The Company currently holds two tenements:

- MP 51-326 Talisman Mine Permit – Karangahake, New Zealand; and
- PL1851 Capella Prospecting License – Vanuatu.

In 2019 the Company had an independent consulting firm peer review the Mineral Resource Estimate, confirming the JORC 2012 compliant resource. Full details were released to the NZX and ASX on 24 June 2020 but in summary they showed Total Resources (both Indicated and Inferred) of 660,000 tonnes at an average grade of 17.0 g/t equivalent to a total of 350,000 oz of gold.

Further information on the Company can be found at the Company's own website: <https://www.newtalismangoldmines.co.nz/> NZX's website: <https://www.nzx.com/companies/NTL> and ASX's website <https://www2.asx.com.au/markets/company/ntl>

### 5.2. Directors

After several changes of Directors during 2021, the Company's board currently comprises:

NTL Board of Directors		
Name	Role	Date Appointed
John Upperton	Chairman and Independent Non-Executive Director	29-Sep-21
Michael Stiasny	Independent Non-Executive Director	1-Nov-21
Samantha Sharif	Independent Non-Executive Director	1-Nov-21
A Victor Rabone	Non-Executive Director	13-Sep-21

### 5.3. Capital Structure and Shareholders

#### Fully Paid Ordinary Shares

NTL currently has 3,189,305,438 fully paid Ordinary Shares on issue which at 30 April 2022 were held by 2,983 shareholders.

The names, number of Ordinary Shares held, and the percentage holding of the 20 largest shareholders as at 30 April 2022 are set out below.

<b>Holder</b>	<b>Shares Held</b>	<b>% Held</b>
H.E.E. Brown	430,000,000	13.5%
New Zealand Depository Nominee Ltd	251,085,149	7.9%
B.I. Evans	136,000,000	4.3%
J.K. Upperton	84,000,000	2.6%
C.R. Limited	62,080,075	1.9%
C.D. English & J. English	35,758,910	1.1%
R.K. Limited	32,089,004	1.0%
V.C. Tran	30,000,000	0.9%
Hill Family Group Pty Limited	28,096,507	0.9%
T.H.T. Gothorp	25,500,874	0.8%
P.W. Hall	25,000,000	0.8%
R.J. Scott	22,000,000	0.7%
C.H. Chen	21,982,742	0.7%
W.G. Kroon	21,424,157	0.7%
New Zealand Central Securities Depository Ltd	21,021,999	0.7%
C. Li	20,689,682	0.6%
R.B. James	20,000,000	0.6%
H.Y.J. Tse	19,554,467	0.6%
C.K. Chow	19,455,913	0.6%
A.M. Nobilo & L. Nobilo	18,953,587	0.6%
<b>Top 20 Shareholders</b>	<b>1,324,693,066</b>	<b>41.5%</b>

Source: NTL Share Register

New Zealand Depository Nominee Limited holds NTL shares on behalf of Sharesies members. New Zealand Central Securities Depository Limited is a custodian service operated by the Reserve Bank of New Zealand for institutional investors.

At 30 April 2022 the Company had 17,036,384 options on issue with an exercise price of \$0.055 per option and an expiry date of 30 September 2022. The options are listed on both the NZX and ASX under the code NTLOB.

The names, number of options held and percentage shareholding of the 10 largest option holders as at 30 April 2022 are set out below:

Holder	Number of Options Held	% Held
C.B. Boreham	1,000,000	5.9%
B.N. Patel & H.B Patel	663,638	3.9%
C. Plewinski	383,636	2.3%
K.F. Tse	287,064	1.7%
M.L. Cameron	286,364	1.7%
S.W. Baggett	254,545	1.5%
W.J. Lange	216,090	1.3%
M. McGowan	200,000	1.2%
Citicorp Nominees Pty Limited	181,818	1.1%
M.M. Ambanpola	136,364	0.8%
<b>Top 10 Option Holders</b>	<b>3,609,519</b>	<b>21.2%</b>

Source: NTL Option Register

The Company currently has no other securities on issue nor does it have any arrangements, or contractual undertakings, to issue other securities.

#### 5.4. Strategic Plan

The Company's recently announced Strategic Plan is based on two key themes:

- Recommencing underground activities at the Talisman mine; and
- Advancing and opening a second face on the Mystery vein.

The Company has set out its main priorities as:

- Recommencing underground activities at the Talisman mine, including developing the required Second Egress;
- Advancing the Mystery vein shaft, which will trigger the existing 2-year Bulk Sampling Consent;
- Opening a second face on the Mystery vein once the Second Egress is completed;
- Funding the implementation of the Traffic Management Plan; and
- Funding the resource consent application for full mining consent.

#### 5.5. Key Issues and Risks Affecting the Company

The main industry and specific business factors and risks that NTL faces include:

- The Company's ability to finance its activities;

- Commodity price risks with regard to the price of gold;
- Operating and Developmental costs are significantly driven by external economic conditions that are beyond NTL's control such as macroeconomic and geopolitical factors, interest rates, global economic growth expectations and changes in the demand for gold;
- For development projects, estimates of proven and probable ore reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other modifying factors. As a result, it is possible that actual capital and operating costs and economic results differ significantly from those currently estimated for a project prior to production;
- Changes to regulatory and/or compliance regimes; and
- Exposure to foreign exchange risk as a result of transactions from normal trading activities primarily being denominated in Australian dollars, in addition to which the Company holds funds in an Australian currency bank account. Exposure to exchange risk is unhedged.

## 5.6. Financial Performance

A summary of NTL's financial performance for the last five full financial years ending 31 March is summarized in the table below.

<b>NTL - Summary Statement of Financial Performance</b>					
<b>(NZ\$'000)</b>	<b>12 - Months</b>	<b>12 - Months</b>	<b>12 - Months</b>	<b>12 - Months</b>	<b>12 - Months</b>
	<b>31-Mar-18</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>	<b>31-Mar-22</b>
				<b>(restated)</b>	
<b>Total Revenue</b>	-	-	-	3	1
Cost Of Goods Sold	-	-	-	-	-
<b>Gross Profit</b>	-	-	-	<b>3</b>	<b>1</b>
Total Operating Expenses	(1,131)	(1,256)	(935)	(764)	(1,064)
<b>Profit / (Loss) from Operations</b>	<b>(1,131)</b>	<b>(1,256)</b>	<b>(935)</b>	<b>(761)</b>	<b>(1,063)</b>
Net Interest Income / (Expense)	129	52	4	(1)	(3)
Other Income / (Expenses)	-	-	(2,757)	-	-
<b>Net Income</b>	<b>(1,002)</b>	<b>(1,203)</b>	<b>(3,688)</b>	<b>(762)</b>	<b>(1,066)</b>

source: S&P Capital IQ and Company reports

Total Operating Expenses mainly comprise of Selling, General & Administrative expenses. The \$2.76m of Other Expenses in the 2020 financial year represents an asset write-down of the Rahu exploration asset due to uncertainty around access to the land.

## 5.7. Financial Position

A summary of NTL's financial position at 31 March for the last five full financial years is summarized in the table below.

<b>NTL - Summary Statement of Financial Position</b>					
<b>(NZ\$'000)</b>	<b>31-Mar-18</b>	<b>31-Mar-19</b>	<b>31-Mar-20</b>	<b>31-Mar-21</b>	<b>31-Mar-22</b>
				<b>(restated)</b>	
<b>ASSETS</b>					
Cash And Equivalents	4,829	1,244	2,496	1,111	493
Total Receivables	83	135	98	100	92
Other Current Assets	34	38	81	314	314
<b>Total Current Assets</b>	<b>4,946</b>	<b>1,416</b>	<b>2,674</b>	<b>1,525</b>	<b>899</b>
PP&E (incl. Assets Under Construction)	9,728	12,295	13,371	13,641	13,889
Long-term Investments	56	11	6	186	76
Intangible Assets	2,753	2,761	12	12	331
<b>Total Assets</b>	<b>17,483</b>	<b>16,483</b>	<b>16,063</b>	<b>15,364</b>	<b>15,195</b>
<b>LIABILITIES</b>					
Accounts Payable	-	384	29	133	197
Other Current Liabilities	235	38	36	24	30
<b>Total Current Liabilities</b>	<b>235</b>	<b>422</b>	<b>65</b>	<b>157</b>	<b>227</b>
Non-Current Liabilities	18	32	32	74	52
<b>Total Liabilities</b>	<b>253</b>	<b>454</b>	<b>97</b>	<b>230</b>	<b>279</b>
<b>Total Equity</b>	<b>17,230</b>	<b>16,028</b>	<b>15,966</b>	<b>15,134</b>	<b>14,916</b>
<b>Total Liabilities And Equity</b>	<b>17,483</b>	<b>16,483</b>	<b>16,063</b>	<b>15,364</b>	<b>15,195</b>

source: S&P Capital IQ and Company reports

NTL's main asset is Property, Plant & Equipment (shown as PP&E in the table) which accounted for \$13.89 million of the \$15.19m in Total Assets at 31 March 2022.

The \$13.89 million of Property, Plant & Equipment includes \$13.68 million of Assets Under Construction being the capitalized development costs on the Talisman Mining permit (e.g. mining development costs, professional salaries, data acquisitions and all overhead expenses relating to the operation of the mine).

NTL had cash on hand of \$0.49 million at 31 March 2022 and other than some small lease liabilities, the Company had no debt.

## 5.8. Cash Flow

A summary of NTL's cash flows for the last five financial years ending 31 March is summarized in the table below.

<b>NTL - Summary Statement of Cash Flow</b>					
<b>(NZ\$'000)</b>	<b>12 - Months 31-Mar-18</b>	<b>12 - Months 31-Mar-19</b>	<b>12 - Months 31-Mar-20</b>	<b>12 - Months 31-Mar-21 (restated)</b>	<b>12 - Months 31-Mar-22</b>
Net Cash Used in Operating Activities	(957)	(1,079)	(1,232)	(696)	(889)
Net Cash Used in Investing Activities	(1,885)	(2,495)	(1,136)	(693)	(559)
Net Cash From Financing Activities	1,926	-	3,626	(9)	822
Impact of Foreign Exchange Rates	(10)	(11)	(5)	13	8
<b>Net Change in Cash</b>	<b>(926)</b>	<b>(3,585)</b>	<b>1,252</b>	<b>(1,385)</b>	<b>(618)</b>
Cash at start of Period	5,754	4,829	1,244	2,496	1,111
Cash at end of Period	4,829	1,244	2,496	1,111	493

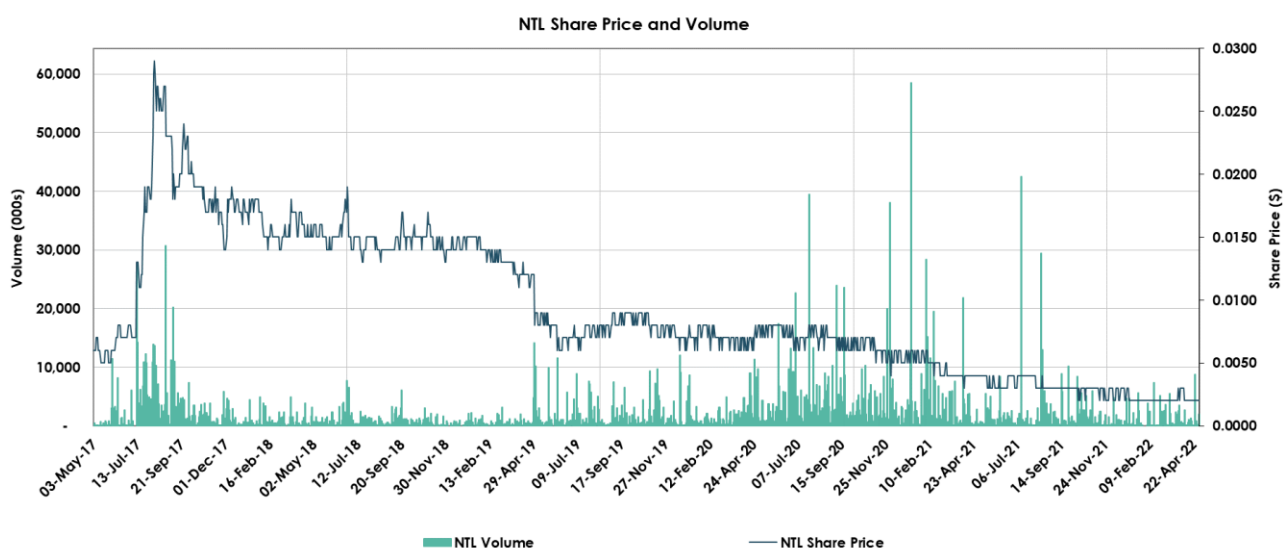
source: S&P Capital IQ and Company reports

Net Cash Used in Operating Activities mainly represents losses within the business.

Over the period shown the Company has raised a total of \$12.6 million from ordinary share issues. These amounts are shown in Net Cash from Financing Activities.

## 5.9. Share Price History

A summary of NTL's daily closing share price and volumes of Ordinary Shares traded from 3 May 2017 to 3 May 2022 is shown in the chart below.



Source: S&P Capital IQ

During the period shown in the chart NTL's Ordinary Shares have traded between \$0.029 and \$0.002 with a VWAP of \$0.011.

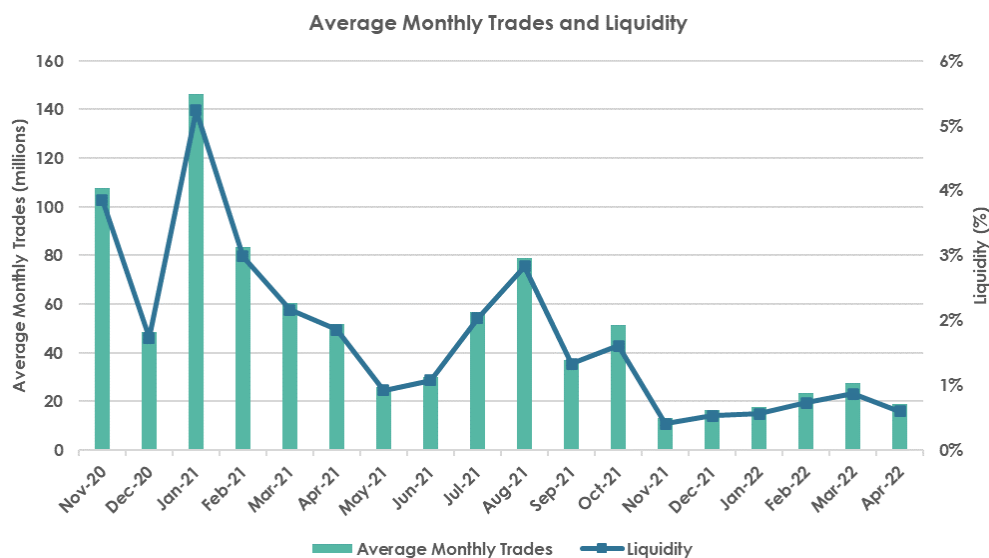
As shown in the table below 12.3% of the Company's Ordinary Shares have traded over the last 12 months at a VWAP of \$0.003 and 26.8% of the total Ordinary Shares have traded over the last 18 months at a VWAP of \$0.004.

An analysis of VWAP, traded volumes and liquidity (measured as traded volumes as a percentage of current shares outstanding) is set out below.

Period	Low(\$)	High(\$)	Volume Traded (millions)	VWAP (\$)	Liquidity
18 months	0.002	0.007	856	0.004	26.8%
12 months	0.002	0.004	393	0.003	12.3%
6 months	0.002	0.003	123	0.002	3.9%
3 months	0.002	0.003	70	0.002	2.2%
1 month	0.002	0.003	20	0.002	0.6%

Source: S&P Capital IQ

Liquidity in trading has been declining over the past 18 months. The chart below shows the average monthly trades and liquidity over the period.



Source: S&P Capital IQ

## 6. Sources of Information, Reliance on Information, Disclaimer and Indemnity

### 6.1. Sources of Information

The statements and opinions expressed in this Report are based on the following main sources of information:

- Draft Notice of Special Meeting;
- NTL annual reports for the years ended 31 March 2019 to 2021;
- NTL Share Register as at 30 April 2022;
- NTL Options Register as at 30 April 2022;
- NTL Strategic Plan & Proposed Issue of Convertible Debt Security document;
- Convertible Note Deed Poll;
- NTL website;
- ASX announcements;
- NZX announcements; and
- S&P Capital IQ.

During the course of preparing this Report, we have had correspondence and discussions with and / or received information from the Board of NTL and its legal advisers.

The Board has confirmed that we have been provided, for the purpose of this Independent Appraisal Report, with all information relevant to the Company and the Notes Placement that is known to them and that all the information provided is true and accurate in all material aspects and is not misleading by reason of omission or otherwise.

Including this confirmation, we have obtained all the information that we believe is necessary for the purpose of preparing this Report.

In our opinion, the information to be provided by NTL to the Non-Associated Shareholders is sufficient for them to understand all relevant factors and to make an informed decision in respect of the Notes Placement.



## **6.2. Reliance on Information**

In preparing this Report we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by NTL and its advisers.

We have evaluated that information through analysis, enquiry and examination for the purposes of preparing this Report, but we have not verified the accuracy or completeness of any such information or conducted an appraisal of any assets. We have not carried out any form of due diligence or audit on the accounting or other records of NTL. We do not warrant that our enquiries would reveal any matter which an audit, due diligence review or extensive examination might disclose.

## **6.3. Disclaimer**

We have prepared this Report with care and diligence and the statements in the Report are given in good faith and in the belief, on reasonable grounds, that such statements are not false or misleading. However, in no way do we guarantee or otherwise provide any warranty or representation that any forecasts of future profits, cash flows or financial position of NTL will be achieved. Forecasts are inherently uncertain. They are predictions of future events that cannot be assured. They are based upon assumptions, many of which are beyond the control of NTL and its directors and management. Actual results will vary from the forecasts and these variations may be significantly more or less favorable.

We assume no responsibility arising in any way whatsoever for errors or omissions (including responsibility to any person for negligence) for the preparation of this Report to the extent that such errors or omissions result from our reasonable reliance on information provided by others or assumptions disclosed in this Report or assumptions reasonably taken as implicit, provided that this shall not absolve Armillary Private Capital from liability arising from an opinion expressed recklessly or in bad faith.

Our evaluation has been arrived at based on economic, exchange rate, market and other conditions prevailing at the date of this Report. Such conditions may change significantly over relatively short periods of time. We have no obligation or undertaking to advise any person of any change in circumstances which comes to our attention after the date of this Report or to review, revise or update the Report.

## **6.4. Indemnity**

NTL has agreed that to the extent permitted by law, it will indemnify Armillary Private Capital and its directors and employees in respect of any liability suffered

or incurred as a result of or in connection with the preparation of this Report. This indemnity does not apply in respect of any negligence, willful misconduct or breach of law. NTL has also agreed to indemnify Armillary Private Capital and its directors, employees and consultants for time incurred and any costs in relation to any inquiry or proceeding initiated by any person. Where Armillary Private Capital or its directors, employees and consultants are found liable for or guilty of negligence, willful misconduct or breach of law or term of reference, Armillary Private Capital shall reimburse its fees for preparing this Report.

## 7. Qualifications, Independence, Declarations and Consents

### 7.1. Qualifications and Expertise

Armillary Private Capital is a specialist New Zealand based investment banking, funds management, financial training and advisory firm. It provides a range of services including the preparation of valuations, merger and acquisition advice, capital raising and due diligence. Its client base includes a range of small to medium sized private and listed companies and a number of government agencies.

The individuals responsible for preparing this Report are Geoff Davis (BCom, ACA), David Wallace (BCom, Dip Bus Fin), and Jai Goradia (BEcon, MAF).

Geoff Davis has over 30 years of experience in finance and investment markets with a particular emphasis on corporate finance, equity capital markets and all aspects of M&A. Prior to joining Armillary Private Capital, Geoff has worked at TeamTalk, Active Equities, Brierley Investments and National Mutual / AXA Funds Management. Geoff holds a Bachelor of Commerce degree from the University of Auckland and is an ACA member of Chartered Accountants Australia and New Zealand.

David Wallace is a founding director of Armillary Private Capital and is active across the Investment Banking, Funds Management and Advisory areas of the firm. He has a background in investment banking, investment analysis and corporate treasury, with over 30 years' experience working in capital markets in New Zealand. David holds a Bachelor of Commerce degree from Canterbury University and a Post Graduate Diploma in Business Finance from the Auckland University Graduate School of Business.

Jai Goradia is a Senior Analyst at Armillary Private Capital and has been with the firm since October 2020. He holds a Masters of Applied Finance from Victoria University of Wellington and a Bachelor of Economics degree from the University of Mumbai.

### 7.2. Independence

Armillary Private Capital has not had any part in the formulation of the Notes Placement or any aspects thereof. Armillary Private Capital's only involvement has been the preparation of this Report.

Armillary Private Capital will receive a fixed fee for the preparation of this Report. This fee is not contingent on the conclusions of this Report or the outcome of the voting in respect of the Resolutions.

Armillary Private Capital will receive no other benefit from the preparation of this Report. Armillary Private Capital does not have any conflict of interest that could affect its ability to provide an unbiased Report.

### 7.3. Declarations

This Report is dated 1 June 2022 and has been prepared by Armillary Private Capital at the request of the independent directors of NTL to fulfil the reporting requirements of the NZX Listing Rules. This Report, or any part of it, should not be reproduced or used for any other purpose.

Armillary Private Capital specifically disclaims any obligation or liability to any party whatsoever in the event that the Report is supplied or applied for any purpose other than that for which it is intended.

Advance drafts of the Report were provided to NTL directors. Certain changes were made to the Report as a result of the circulation of the drafts. However, there was no material alteration to any part of the substance of this Report, including the methodology or conclusions as a result of issuing the drafts.

Our terms of reference for this engagement did not contain any term that materially restricted the scope of the Report.

### 7.4. Consents

Armillary Private Capital consents to the issuing of this Report in the form and context in which it is to be included with the NTL Notice of Special Meeting to be sent to NTL shareholders. Neither the whole nor any part of this Report, nor any reference thereto may be included in any other document without our prior written consent as to the form and context in which it appears.

Yours faithfully,



Geoff Davis

Director

Armillary Limited



David Wallace

Joint Managing Director

Armillary Limited