TALISMAN
MINING LIMITED
ASX Code: **TLM**

31st July 2013

COMPANY SNAPSHOT

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Capital Structure

Shares on Issue:
131,538,627 (TLM)

Options on Issue:
8,800,000 (Unlisted)

June 2013 Quarterly Activities Report

Key Points

- *RC drilling program undertaken at the Kink and Wedge Prospects within the Southern Volcanics at Springfield. Six areas targeted within favourable structural settings with associated geophysical and/or geochemical support.*
- *Ongoing technical review highlights the potential for the Springfield Project to host multiple styles of copper-gold mineralisation.*
- *Two potential Proterozoic-aged magmatic intrusive nickel-copper-PGE targets identified by in-fill soil sampling at Livingstone Project.*
- *Business development activities focused on identification and assessment of advanced copper-gold assets*
- *Cash reserves of $19.5M at Quarter-end.*

Reverse Circulation Rig at the Springfield Project

Doolgunna Copper-Gold Projects

Springfield (TLM 100%)

The Springfield Project comprises a 303km² ground package located approximately 150km north-east of Meekatharra in the northern Murchison Goldfields region of Western Australia and 4km directly along strike from Sandfire Resources' DeGrussa VMS Copper-Gold Mine (see Appendix 1).

During the June Quarter, exploration field activities at Springfield were predominantly concentrated on the **Southern Volcanics** region where priority target areas had previously been identified by a combination of airborne Versatile Time Domain Electromagnetic (VTEM) and ground-based electromagnetic (EM) surveys, as well as geochemical sampling derived from both soil sampling and Aircore drilling.

Southern Volcanics

During the Quarter, an 11-hole RC drilling programme was completed (for full details see ***Appendix 2***) to test six targets within the Southern Volcanics, which comprise a thick sequence of prospective Narracoota basalts, volcanic sediments and dolerites in close proximity to the Goodin Fault Zone (GFZ) – a major basin boundary structure and possible focus for VHMS and other copper (+/- gold) rich mineralizing fluids.

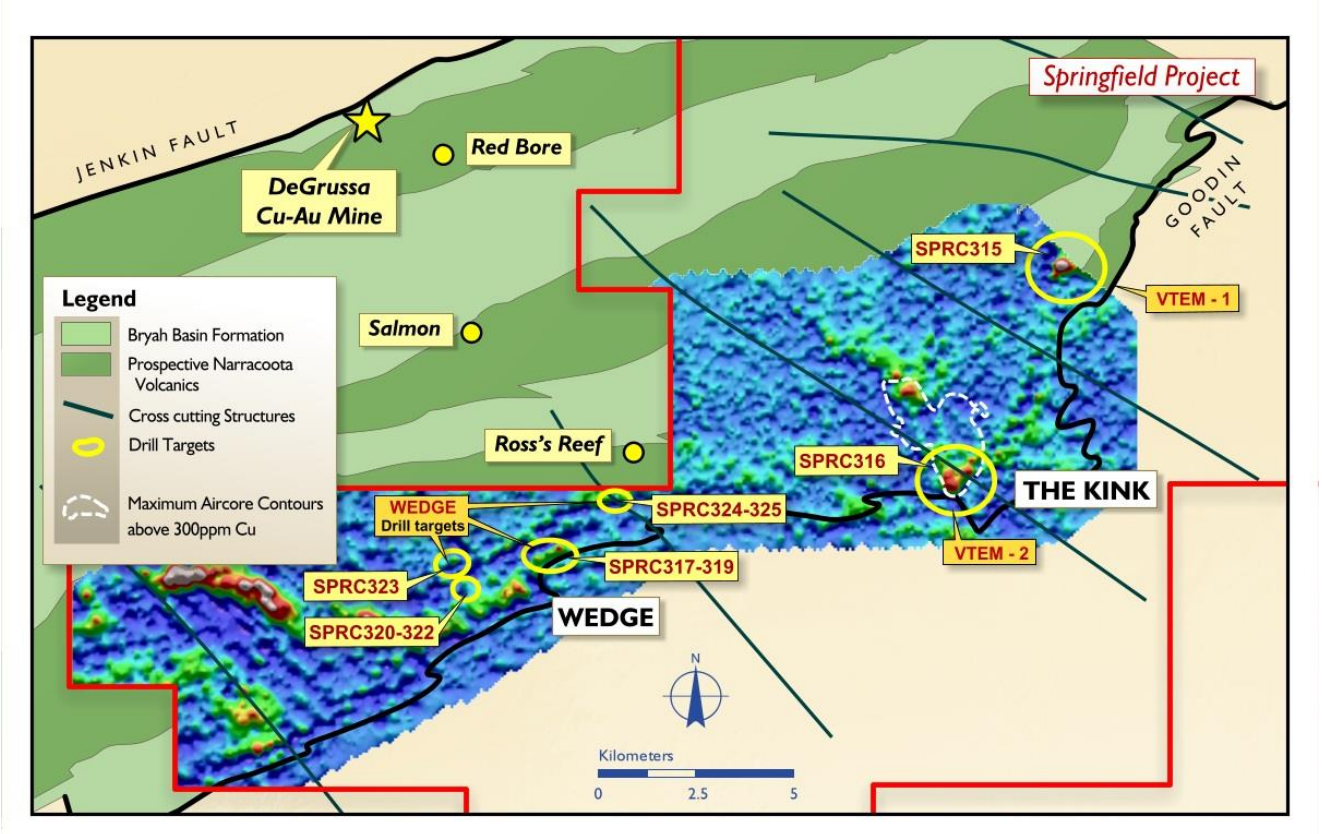


Figure 1 – Springfield Project showing geochemical contours and high priority VTEM anomalies at the Southern Volcanics

The Reverse Circulation (RC) drilling programme tested two electromagnetic (EM) targets at The Kink prospect and a combination of four geochemical and geophysical target zones identified and validated by recently completed geophysical and geochemical surveys at the Wedge prospect (see ***Figure 1***).

A single 150m RC drill-hole (SPRC315) and subsequent down-hole electro-magnetic (DHEM) survey was completed at **VTEM-1** to test a modelled VTEM plate which was interpreted to be located at a depth of approximately 120m (see ***Figure 1***).

Hole SPRC315 intersected siltstone and shale with fine grained mafic volcanic sediments and intercalated ferruginous shale from 108m to the end of the hole. While no sulphide mineralization was noted, the down-hole EM survey detected a weakly conductive zone from 120-130m which is thought to be associated with a haematitic shale horizon; it is interpreted that the VTEM-1 anomaly is also associated with this unit. No significant assays were returned from this drilling.

At the **Kink Prospect**, a single RC drill hole (SPRC316) was drilled into the **VTEM-2** target to test the core of a 3D EM inversion model from a recently completed FLEM survey designed to test for copper-gold mineralisation at a depth beyond the resolution of the VTEM survey (see ***Figure 1***). Anomalous copper results in nearby wide-spaced aircore drilling also provided encouragement for potential mineralization in this area.

SPRC316 intersected basalt and dolerite with trace iron sulphides and magnetite in fresh rock from 74m to end-of-hole at 150m. Geophysical modelling indicates a small anomaly detected about 50m deeper than the original FLEM model and centred slightly to the south-west of the drill section. The Company has concluded that SPRC316 intersected the top of the conductor at the bottom of the hole, with the anomalous conductance related to the magnetite and iron sulphide development. No significant assays were returned from SPRC316.

At the **Wedge Prospect**, nine angled RC drill holes (SPRC317-SPRC325) were drilled on three traverses as part of the drill programme to test four target zones identified along the Goodin Fault Zone (see ***Figure 1***). These target zones have coherent zones of elevated copper, gold and zinc values identified from recent surface lag and soil sampling, detailed surface mapping and geophysical support. Talisman considers that these zones may be related to structurally-controlled copper mineralization connected with the Goodin Fault Zone where it transgresses permissive iron and sulphide-rich host rocks.

The drilling intersected sheared mafic volcanics, dolerite, intercalated siltstone, shale and jasperoidal chert horizons with variable quartz veining throughout. **Several broad zones of elevated copper and a minor gold mineralized interval were intersected** and are summarized in ***Appendix 2***. These zones of mineralization were associated with trace copper and iron sulphides and quartz veining in altered mafic rocks. Work is ongoing to assess the significance of these results.

Other activities

An ongoing detailed technical review has highlighted that the Springfield Project may be prospective for a wide range of copper and gold mineralization styles. In addition to DeGrussa-style Volcanic-hosted Massive Sulphide (VHMS) mineralization, the Project is also considered to be prospective for structurally-controlled copper mineralization, as seen at the nearby Thaduna and Green Dragon deposits, as well as large replacement-style copper mineralization such as the Mt Isa and Nifty copper mines.

Exploration targeting tool-kits have been developed and refined to aid in the identification of potential target areas within the Springfield Project that may host structurally controlled and replacement-style copper mineralisation. These exploration tool-kits have also been developed to assist in regional business development activities.

Halloween Copper-Gold Project (TLM 100%)

The Halloween Project is located 11.5km south-west of the DeGrussa VMS Copper-Gold Mine and 16.5km west of Talisman's Springfield Copper-Gold Project (see Appendix 1). RC and diamond drilling on 150-200m traverses has intersected structurally-controlled high-grade gold, silver and copper intercepts associated with a thickened volcano-sedimentary host unit over a strike length of over 800m.

Rehabilitation of previous ground disturbing activities was completed during the Quarter along with the assessment of previous exploration results.

Halloween West JV (TLM 60%)

Talisman holds a 60% joint venture interest in the Halloween West Project under a Farm-in Agreement with Chrysalis Resources Limited (ASX: CYS). The Project is located immediately along strike and to the west of the 100%-owned Halloween Project and is interpreted to host the western extension of the Halloween mineralized trend (see Appendix 1).

During the Quarter, Talisman entered into a formal Joint Venture Agreement with Chrysalis Resources with regard to the Halloween West Project.

Murchison Exploration Projects

Livingstone Project (TLM 80%)

The Livingstone Project is located approximately 130km to the north-west of Meekatharra (see Appendix 1) and covers an area of 208 km². The Project straddles the western extension of the prospective Bryah Basin at the northern margin of the Yilgarn Craton. A major shear zone traverses the entire project with widespread gold intercepts returned by historic percussion drilling programs over a strike length of more than 31km.

During the Quarter, in-fill soil sampling programmes were completed across two interpreted Proterozoic-aged mafic/ultramafic intrusions at the **Kerba** and **Homestead Prospects**. The Kerba and Homestead projects are located within a major regional shear zone and are **considered prospective for magmatic/hydrothermal nickel-copper-PGE sulphide mineralization** (see ***Figure 2***). This work was designed to confirm and better define associated nickel-copper anomalism noted from previous geochemical sampling conducted in 2012 at the two prospects.

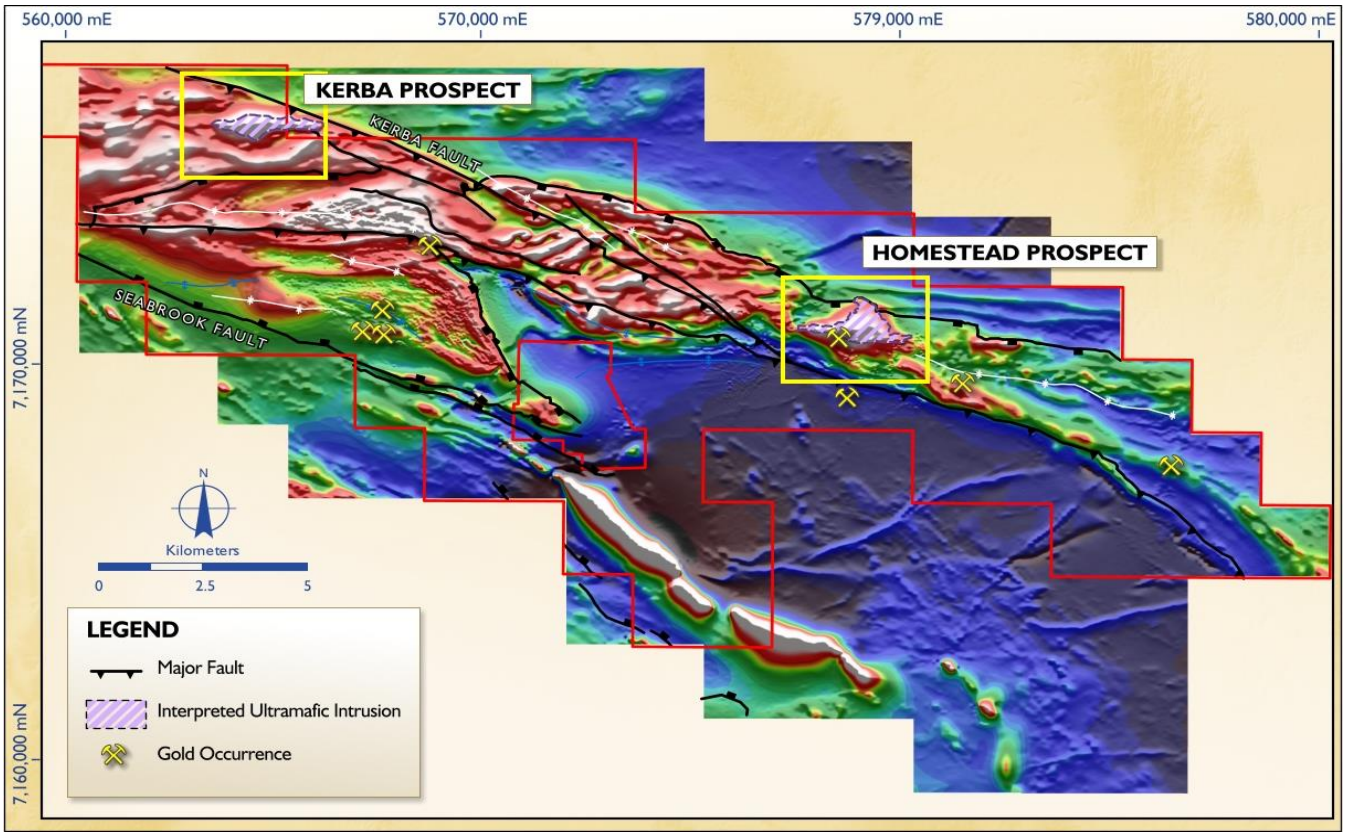


Figure 2 – Livingstone Project magnetic image showing interpreted structure & ultramafic intrusions at Kerba and Homestead Prospects

Kerba Prospect

Historical regional soil sampling by Talisman over the **Kerba Prospect** returned coherent nickel-copper-PGE anomalism over three 400m spaced lines. A detailed soil sampling program on a 100m x 50m grid was undertaken during the quarter with the aim of better defining Ni-Cu-PGE geochemical targets.

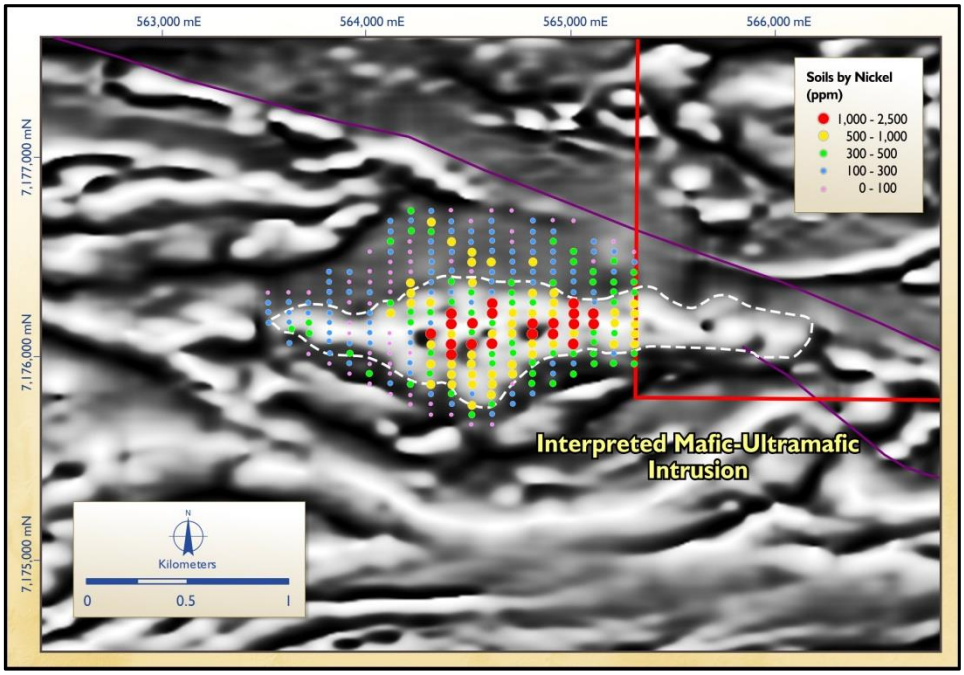


Figure 3–Kerba Prospect magnetic image showing nickel -in-soil anomalies over interpreted mafic-ultramafic intrusion

The soil programme at **Kerba** has clearly defined a coherent East-West trending zone of anomalous nickel-in-soil (>1000ppm Ni) over a strike length of 1km (see ***Figure 3 and Appendix 3***).

Elevated nickel, cobalt and magnesium values, and nickel / chrome ratios (>1.25) point to a high-magnesium ultramafic source (greater than 25% MgO) which indicates a potentially fertile environment for magmatic nickel sulphide accumulations.

This zone also shows coincident platinum anomalism (see ***Figure 4***) consistently greater than 12ppb Pt that may be indicative of possible sulphide mineralization processes (see ***Appendix 3***).

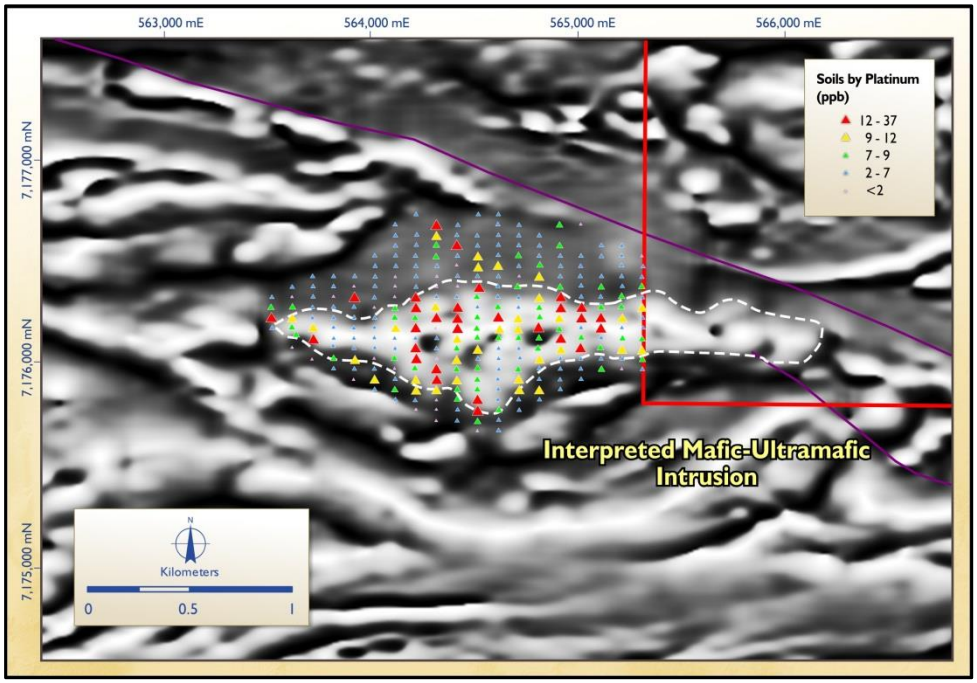


Figure 4 – Kerba Prospect magnetic image showing platinum-in-soil anomalies over interpreted mafic-ultramafic intrusion

Additionally, elevated copper values (>80ppm) define three discrete anomalous zones (to a maximum of 145ppm) along the northern margin of the prominent magnetic body –albeit slightly offset to the main nickel anomaly.

Importantly, these copper-platinum results may indicate possible sulphide mineralization along the basal contact of the interpreted host ultramafic-mafic intrusion.

Homestead Prospect

Recent soil sampling over the **Homestead Prospect** detected a second discrete East-West trending coincident nickel-platinum anomaly, with a maximum nickel value of 917ppm, associated with a strongly magnetic feature that is also interpreted to be a dyke-like mafic-ultramafic intrusion. It is interpreted that highly variable transported regolith materials at Homestead may obscure its surface expression to the east of the main nickel anomaly.

Importantly, these encouraging soil geochemistry results across the **Kerba** and **Homestead Prospects** indicate the presence of high-magnesium ultramafic rocks. Combined with the presence of essential pathfinder geochemical anomalism, the Kerba and Homestead Prospects demonstrate the potential to host magmatic/hydrothermal nickel-copper-PGE sulphide mineralization.

Historic exploration data over the Kerba prospect is currently under review and further work is underway to assess the significance of the recent results with a view to planning appropriate follow-up work programmes for the second half of 2013.

Muddawerrie Gold Project (TLM 80%)

The Muddawerrie Project is located approximately 100km north-west of Meekatharra in the Murchison Region of Western Australia (see Appendix 1). The Project covers an area of approximately 52 km² and comprises a prospective Archaean greenstone belt with significant potential to host high-grade, banded iron formation (BIF) and mafic-hosted shear zone gold deposits, similar to those at Mt Magnet and Meekatharra.

The Muddawerrie Project comprises two mineralised trends, Mt Maitland and Muddawerrie, which extend for 6km along the western and eastern sides of the project area respectively. Both trends are characterised by highly anomalous gold geochemistry associated with highly sheared mafic/ultramafic volcanic rocks and BIF coincident with a number of old gold workings along each trend.

A reconnaissance site visit was undertaken during the Quarter to field check several gold anomalies generated by previous soil sampling campaigns.

Milgun Project (TLM 100%)

The 766km² Milgun Project is located approximately 20km north west of the Shelby Project and covers a potential northern outlier of the Bryah Basin (see Appendix 1). The Milgun Project is interpreted to be located within a tectonically uplifted block of Bryah basement rocks. It is interpreted that basement uplift is an effective mechanism for focused fluid flow and possible copper-gold and gold mineralisation.

No field activities were conducted during the Quarter; however, an assessment of the Project's gold potential was commenced.

Shelby Project (TLM 100%)

The 1,816 km² Shelby Project is located along the northern margin of the Bryah Basin approximately 30km north of the Horseshoe Lights Copper-Gold Mine (see Appendix 1). On the basis of its geological setting, Talisman has identified the Shelby Project as having the potential to host large Iron Oxide-Copper-Gold (IOCG) deposits (e.g. Olympic Dam, Prominent Hill) and/or a Voisey's Bay-style mafic-ultramafic intrusive hosted nickel-copper-PGE sulphide deposit.

No field activities were undertaken during the Quarter.

CORPORATE

At the end of the June Quarter, Talisman held cash of **$19.5 million.**

In light of the challenging market conditions facing the resource sector, over the course of 2013 Talisman has implemented a number of initiatives to reduce corporate and administrative overheads as well as the rate of exploration spend in order to maintain its strong fiscal position.

In early 2013 Talisman implemented a significant reduction in staffing levels and continues to review and rationalise its organisational structure consistent with prevailing market conditions as well as the level of proposed exploration and corporate activity.

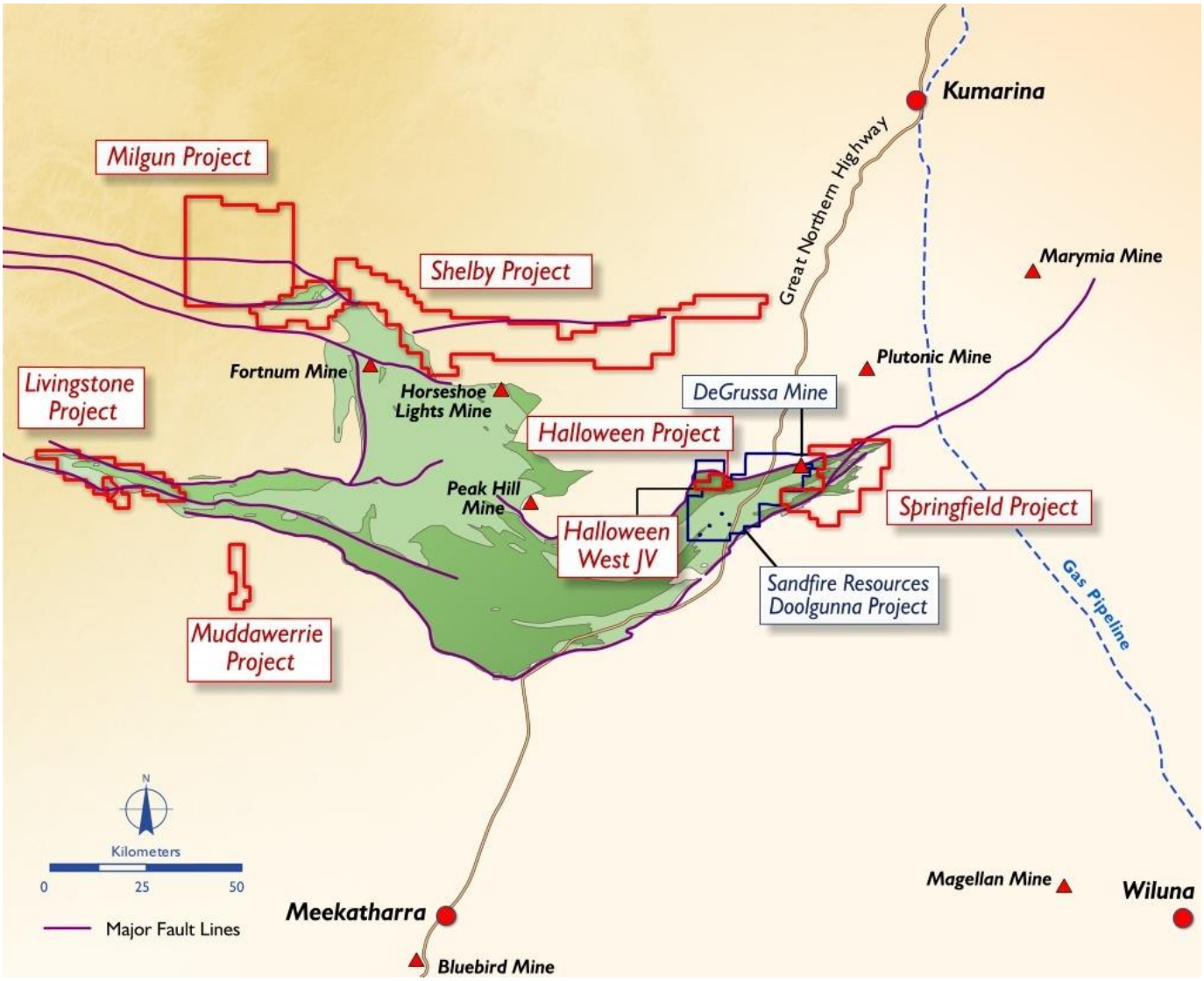
Additionally, effective from 1st July 2013, all of Talisman's Directors (both executive and non-executive) and management personnel have voluntarily agreed to a 10% reduction in their salary and superannuation benefits.

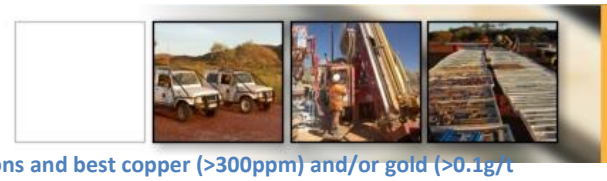
Talisman also recognises that, with a relatively strong cash position and the present economic circumstances facing the resources industry, the Company is well placed to actively assess the potential acquisition of advanced, quality copper-gold assets.

Competent Persons' Statement

Information in this ASX release that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Graeme Cameron, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Graeme Cameron is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Graeme Cameron consents to the inclusion in this report of the matters based on information in the form and context in which it appear.

Appendix 1 – Talisman Mining Ltd Project locations





Appendix 2 – Talisman Mining – Springfield (Southern Volcanics) RC Drill hole Locations and best copper (>300ppm) and/or gold (>0.1g/t Au) intercepts.

Hole Id	Depth	Easting	Northing	Dip/Azi	From (m)	To (m)	Width (m)	Copper* (ppm)	Gold** (ppm)	Intersection
SPRC315	150	745985	7170495	-60/315						No Significant Results
SPRC316	150	743555	7166891	-60/135						No Significant Results
SPRC317	120	736796	7165342	-60/180						No Significant Results
SPRC318	150	736811	7165423	-60/180	146	148	2	396		**2m @ 396ppm Cu**
SPRC319	150	736799	7165497	-60/180	74	130	56	416		**56m @ 416ppm Cu**
SPRC320	186	735738	7164751	-60/180	50	52	2			No Significant Results
SPRC321	138	735750	7164828	-60/180	50	54	4	354		**4m @ 354ppm Cu**
SPRC322	150	735746	7164914	-60/180	100	114	14	395		**14m @ 395ppm Cu**
					86	88	2		0.53	**2m @ 0.53ppm Au**
SPRC323	193	735731	7165220	-60/135						No Significant Results
SPRC324	181	738608	7166290	-60/180	156	174	18	408		**18m @ 408ppm Cu**
SPRC325	109	738613	7166377	-60/180	4	22	18	332		**18m @ 332ppm Cu**

*ALS Four Acid ICP-AES ** ALS Aqua Regia Super Trace Au-ST43

Appendix 3 –May 2013 Livingstone soil sample locations with returned assay values >1000ppm Ni (Kerba Prospect) and Ni > 500ppm (Homestead)

Prospect	Sample	SampleID	North	East	Lab Method*	Ni (ppm)	Cr (ppm)	Cu (ppm)	Pt (ppb)	Ni/Cr
Kerba	Soil-2mm	LVS6699	7176249	565101	ACME 1DX	2403.2	2312	41.04	15	1.04
Kerba	Soil-2mm	LVS6665	7176200	564898	ACME 1DX	1791.5	798.3	37.25	8	2.24
Kerba	Soil-2mm	LVS6606	7176252	564600	ACME 1DX	1694.9	846.1	35.04	12	2.00
Kerba	Soil-2mm	LVS6562	7176199	564399	ACME 1DX	1629.3	1205.7	32.88	16	1.35
Kerba	Soil-2mm	LVS6651	7176150	564800	ACME 1DX	1483.7	732.2	69.31	8	2.03
Kerba	Soil-2mm	LVS6581	7176099	564502	ACME 1DX	1480.4	997.2	31.31	10	1.48
Kerba	Soil-2mm	LVS6565	7176049	564398	ACME 1DX	1440.1	1062	40.88	11	1.36
Kerba	Soil-2mm	LVS6689	7176102	564999	ACME 1DX	1436.3	677.9	30.34	18	2.12
Kerba	Soil-2mm	LVS6561	7176246	564402	ACME 1DX	1293	1292.6	42.9	18	1.00
Kerba	Soil-2mm	LVS6664	7176150	564900	ACME 1DX	1264.4	623.4	30.89	19	2.03
Kerba	Soil-2mm	LVS6536	7176150	564301	ACME 1DX	1262.5	803.1	33.95	6	1.57
Kerba	Soil-2mm	LVS6697	7176198	565101	ACME 1DX	1240.5	922.7	33.62	15	1.34
Kerba	Soil-2mm	LVS6650	7176202	564799	ACME 1DX	1215.3	836.7	30.8	13	1.45
Kerba	Soil-2mm	LVS6564	7176101	564398	ACME 1DX	1208.6	1031.2	31.01	7	1.17
Kerba	Soil-2mm	LVS6687	7176202	565000	ACME 1DX	1186.1	824.2	34.85	6	1.44
Kerba	Soil-2mm	LVS6583	7176198	564500	ACME 1DX	1181.1	1109.7	27.48	8	1.06
Kerba	Soil-2mm	LVS6609	7176101	564600	ACME 1DX	1139.6	807.5	27.33	6	1.41
Kerba	Soil-2mm	LVS6605	7176301	564601	ACME 1DX	1038.7	1155.2	34.52	8	0.90
Kerba	Soil-2mm	LVS6685	7176300	565000	ACME 1DX	1034.1	498.3	145.2	20	2.08
Kerba	Soil-2mm	LVS6686	7176249	565001	ACME 1DX	1029.8	956	36.96	20	1.08
Homestead	Soil-2mm	LVS6051	7170949	578102	ACME 1DX	914.2	616.4	24.77	8	1.48
Homestead	Soil-2mm	LVS6061	7170949	578202	ACME 1DX	509.1	570.7	23.32	6	0.89

*ACME Aqua Regia ICP-MS (1DX)