TALISMAN MINING LIMITED
ASX Code: **TLM**

28 October 2013

COMPANY SNAPSHOT

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Capital Structure

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

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

September 2013 Quarterly Activities Report

Key Points

- **Several new phases of exploration underway at the Springfield Project as part of a multi-pronged strategy targeting VHMS and structurally controlled copper-gold mineralisation:**
  - *Geological setting along the Jenkin Fault Zone identified as being prospective for Mt Isa-style, structurally controlled copper-gold mineralisation – first phase soil sampling programs now complete*
  - *In-fill RAB drilling planned for the Lovejoy prospect along the Jenkin Fault Zone – drilling commenced mid-October*
  - *Ultra-detailed gravity survey planned (commenced in October) over the Homer Volcanic Corridor to assist in defining key VHMS target horizons along strike from the DeGrussa copper-gold mine*
- **Three priority EM drill targets identified at the Kerba nickel-copper prospect (Livingstone Project) from a detailed Fixed Loop Electromagnetic (FLEM) survey:**
  - *Targets coincident in part with a coherent 1.8km long Ni-Cu-Pt-in-soil anomaly over an interpreted Proterozoic-aged mafic-ultramafic intrusion*
  - *Drill programme designed to test for the presence of nickel sulphide mineralization and to establish a platform for deeper down-hole electromagnetic (DHEM) surveying: drilling commenced late October*
- **Business development activities continue to focus on the identification and assessment of advanced, quality copper-gold assets**
- **Cash reserves of $18.4M at Quarter-end.**

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).

Previous exploration activities at Springfield have focused on systematically testing prospective stratigraphic horizons for DeGrussa-style Volcanic-hosted Massive Sulphide (VHMS) mineralization, primarily along the **Homer** (DeGrussa), **Monty**, and **Central** Volcanic Corridors, as well as first-pass reconnaissance-style exploration within the **Southern Volcanic sequence** (see ***Figure 1***).

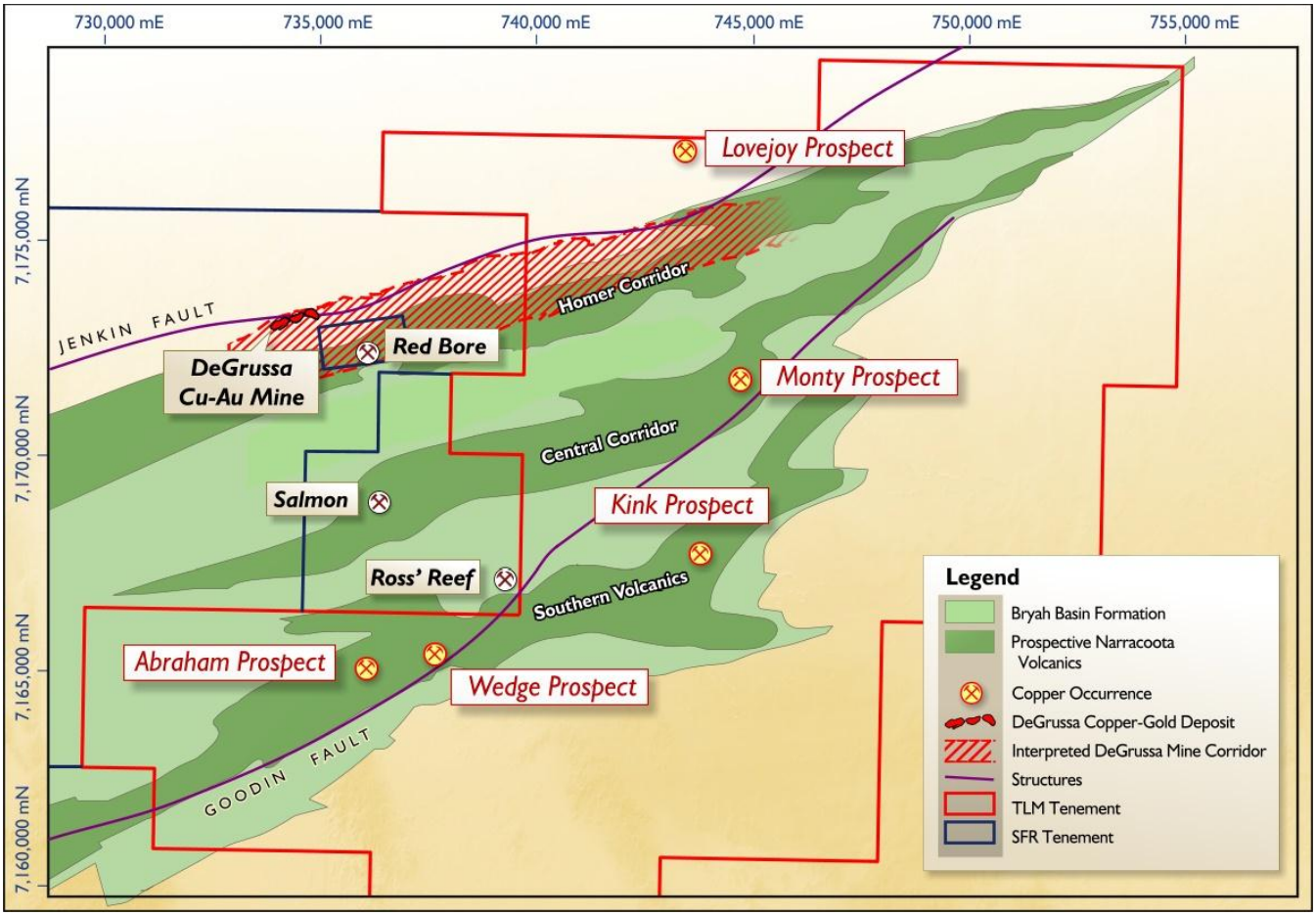

Figure 1 – Springfield Project geology showing Prospect locations

An in-depth, independent technical review completed earlier this year has identified that, in addition to DeGrussa-style VHMS mineralisation, the Springfield Project is highly prospective for a range of structurally-controlled, sediment-hosted copper mineralisation styles. These mineralisation styles are evident at the nearby Thaduna and Green Dragon deposits, as well as other examples at the Mt Isa copper mine in Queensland and the Nifty copper mine in northern WA.

As a result of this review, the Company has developed robust exploration targeting tool-kits to assist in identifying potential target areas within the Springfield Project that may host structurally controlled and replacement-style copper mineralisation.

Jenkin Fault Zone

As a result of the technical review, the Company has identified a broad target area along the Jenkin Fault Zone (JFZ) comprising strongly deformed and silicified dolomitic sediments and carbonaceous black shale of the Yerrida Basin Windplain Formation in faulted contact with the Archaean Marymia granite (see ***Figure 2***).

Importantly, it is interpreted that the Yerrida shales and dolomites may be "preferred host rocks" for structurally-controlled copper mineralization (i.e. in veins and breccia). It is also interpreted that the boundary between the Yerrida sediments and the overlying oxidised wackes and siltstones of the Karalundi Formation constitutes a major oxidation boundary that may be an important control on the deposition of copper sulphides along favourable fluid pathways.

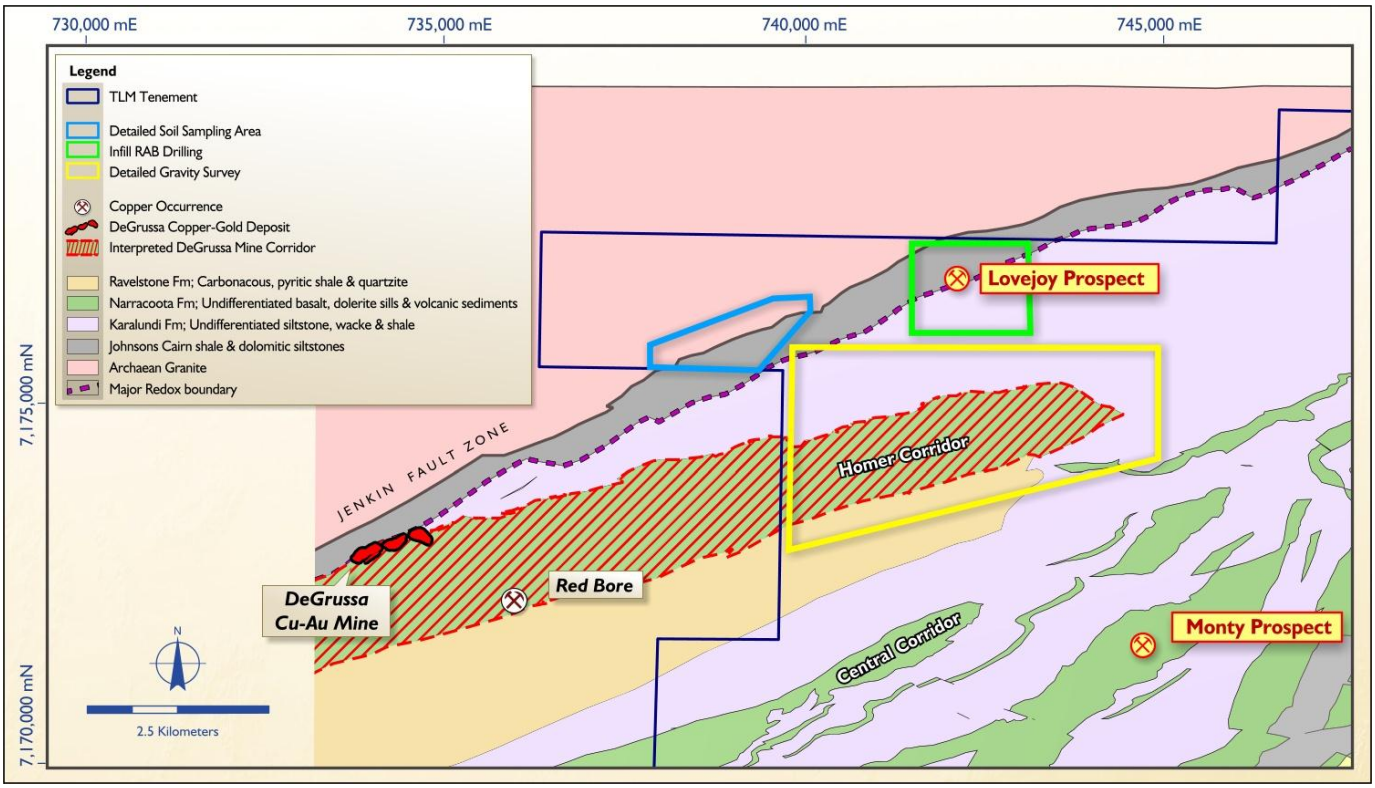

Figure 2 – Springfield Project geology showing areas of proposed work programmes

Historical exploration along the Jenkin Fault Zone has been limited to very broadly-spaced geochemical drilling traverses with isolated deeper RC/Diamond drilling at the ***Lovejoy Prospect*** in 2012 to test a discrete electromagnetic conductive target. This drilling intersected highly-silicified dolomitic sediments and sheared carbonaceous shales with minor copper and iron sulphides associated with quartz-carbonate veining, confirming the prospectivity of the area.

Consequently, two geochemical sampling programmes were developed during the Quarter to explore an area extending over 6km in a direct line from the **Lovejoy Prospect** and terminating at Sandfire's adjoining tenement boundary to the south-west (see ***Figure 2***). These phases of geochemical sampling are designed to test a series of structural targets along the Jenkin Fault Zone and across the interpreted major redox boundary between the Yerrida shales and the Karalundi sediments.

The first phase of detailed 100m x 20m soil sampling across much of the south-western portion of the target area commenced during the Quarter with the aim of defining target areas for potential follow-up geophysical and drilling programs.

This soil sampling is now complete with assay results pending.

Following completion of the first phase of soil sampling, a second phase of in-fill RAB drilling over the broader ***Lovejoy Prospect*** was designed during the Quarter to test those areas not amenable to soil sampling. This new program of in-fill geochemical RAB drilling programme, comprising 43 holes for 2,580m on five traverses, commenced in mid-October to test a late-time conductive MLEM anomaly associated with the highly prospective structural confluence of a major NW trending gravity structure and the redox boundary between the Yerrida shales and Karalundi clastic sediments (see ***Figure 3***).

The current drilling aims to provide additional detailed geological and pathfinder geochemical data over this prospective target and, if successful, will assist in developing a better understanding of mineralization controls leading to further in-fill and targeted follow-up RC drilling.

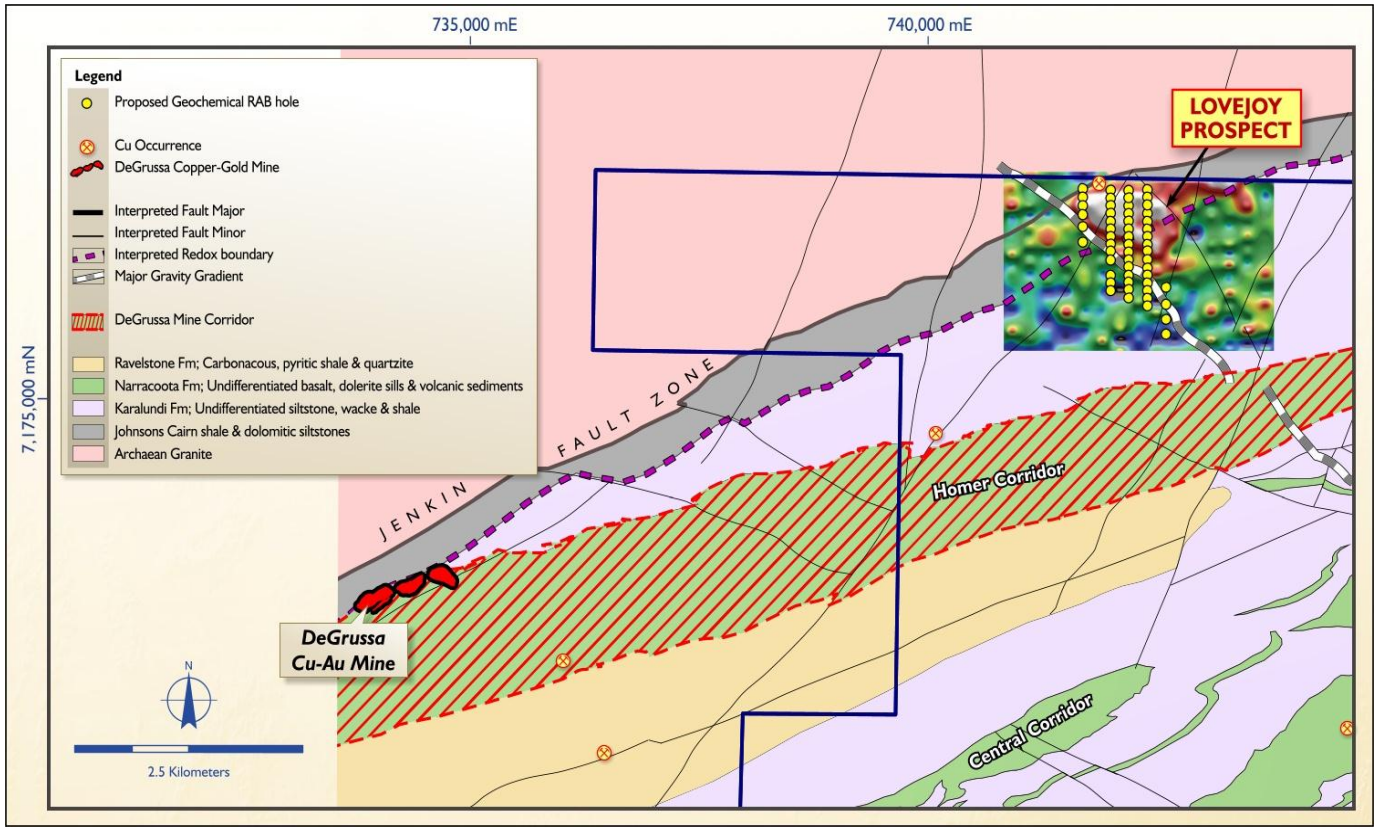

Figure 3 – Springfield geology map showing planned geochemical RAB drilling over Lovejoy MLEM target associated with an interpreted major redox front and NW trending gravity structure

Homer Corridor Detailed Gravity Survey

The strength, size and grade of the nearby DeGrussa Volcanic-hosted Massive Sulphide (VHMS) system supports Talisman's view that the potential to discover additional DeGrussa-style copper-gold deposits in this region and, more importantly, within the Company's Springfield Project – which is located just 4km to the east of the DeGrussa Deposits – is very high.

Following a detailed review of the Springfield drilling data, it is evident that there is widespread copper-iron sulphide deposition along the **Homer** (DeGrussa) volcanic corridor at multiple stratigraphic levels within the Narracoota volcanic succession.

The copper mineralization is principally hosted by geological structures within altered volcaniclastic sediments adjacent to basaltic flows and mafic sills that appear to have preferentially intruded along several sedimentary horizons. Consequently, there is a need to clearly identify the key structural controls as well as key mafic units and adjacent mineralized sediments within the volcanic sequence.

To this end, a comprehensive, detailed gravity survey was planned during the Quarter along 50m and 100m spaced lines over the entire Homer Corridor (see ***Figure 2***) with the objective of identifying and elucidating important structural controls, as well as defining the distribution and attitude of discrete dense geological units (comprising mafic volcanic horizons) as well as the less-dense target sediment horizons.

It is anticipated that this detailed gravity survey, which commenced during October, will result in a significantly refined geological framework for the Homer/DeGrussa volcanic corridor and potentially delineate further structural and stratigraphic targets within the Springfield Project for potential future drill testing.

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, exploration activities at the Livingstone Project focused primarily on the **Kerba** and **Homestead Prospects** (see ***Figure 4***), which are located along a major regional shear zone and are considered prospective for **intrusive-related magmatic nickel-copper-PGE sulphide mineralization**.

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 in-fill soil sampling program was completed across this this broad zone during the June Quarter on a 100m x 50m grid with the aim of potentially defining a coherent nickel-copper-PGE geochemical target.

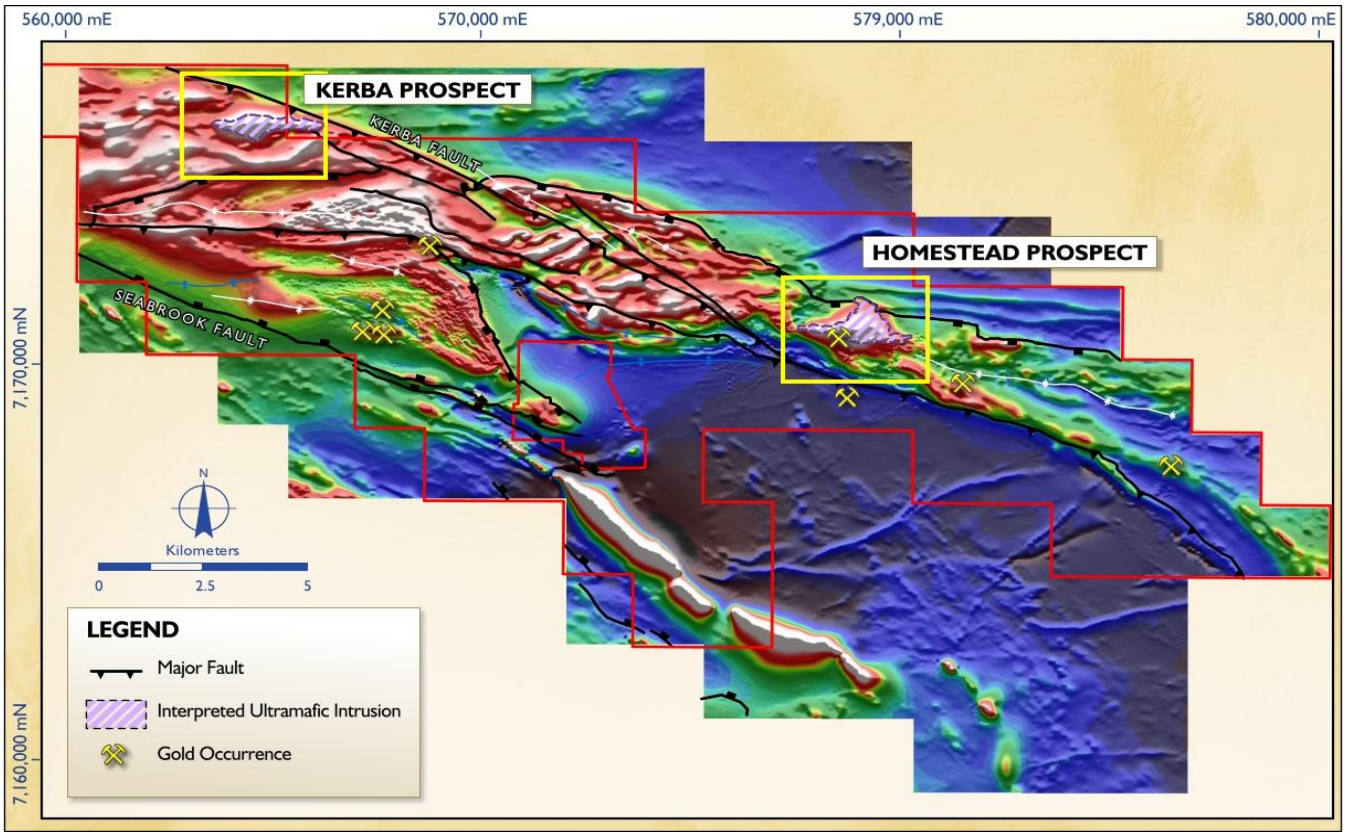

Figure 4 – Livingstone Project magnetic image showing interpreted structure & ultramafic intrusions at Kerba and Homestead Prospects

The in-fill soil programme clearly defined a coherent east-west trending zone of anomalous **nickel-in-soil of >1,000ppm** Ni (see ASX – Release of 31st July 2013 for all results) **over a strike length of at least 1.8 km.** This anomaly is interpreted to transgress the Livingstone tenement boundary to the east and, consequently, Talisman has moved to secure tenure over the eastern extension of the Kerba magnetic anomaly.

During the September Quarter, a detailed FLEM (fixed loop electro-magnetic) survey was completed over the Kerba Prospect with the aim of testing highly conductive anomalies possibly associated with accumulations of massive nickel-copper-PGE sulphides within the Kerba ultramafic intrusive body.

Following detailed analysis and 3D modelling of the FLEM data, three priority EM targets have been identified which are in part coincident with a coherent Ni-Cu-Pt-in-soil anomaly and lie above the ovoid Kerba mafic-ultramafic intrusion (see ***Figure 5***).

While these EM targets are subdued, they clearly persist into the mid-to-late time channels of the EM receiver but succumb to Induced Polarization (masking) effects in the later time channels, making it difficult to detect any deeper conductive bodies.

It is therefore interpreted that these EM responses may be indicative of disseminated sulphides at a depth of around 100m and may provide an important vector towards the presence of massive nickel-copper-PGE sulphide mineralisation at depths beyond the resolution of the current FLEM survey.

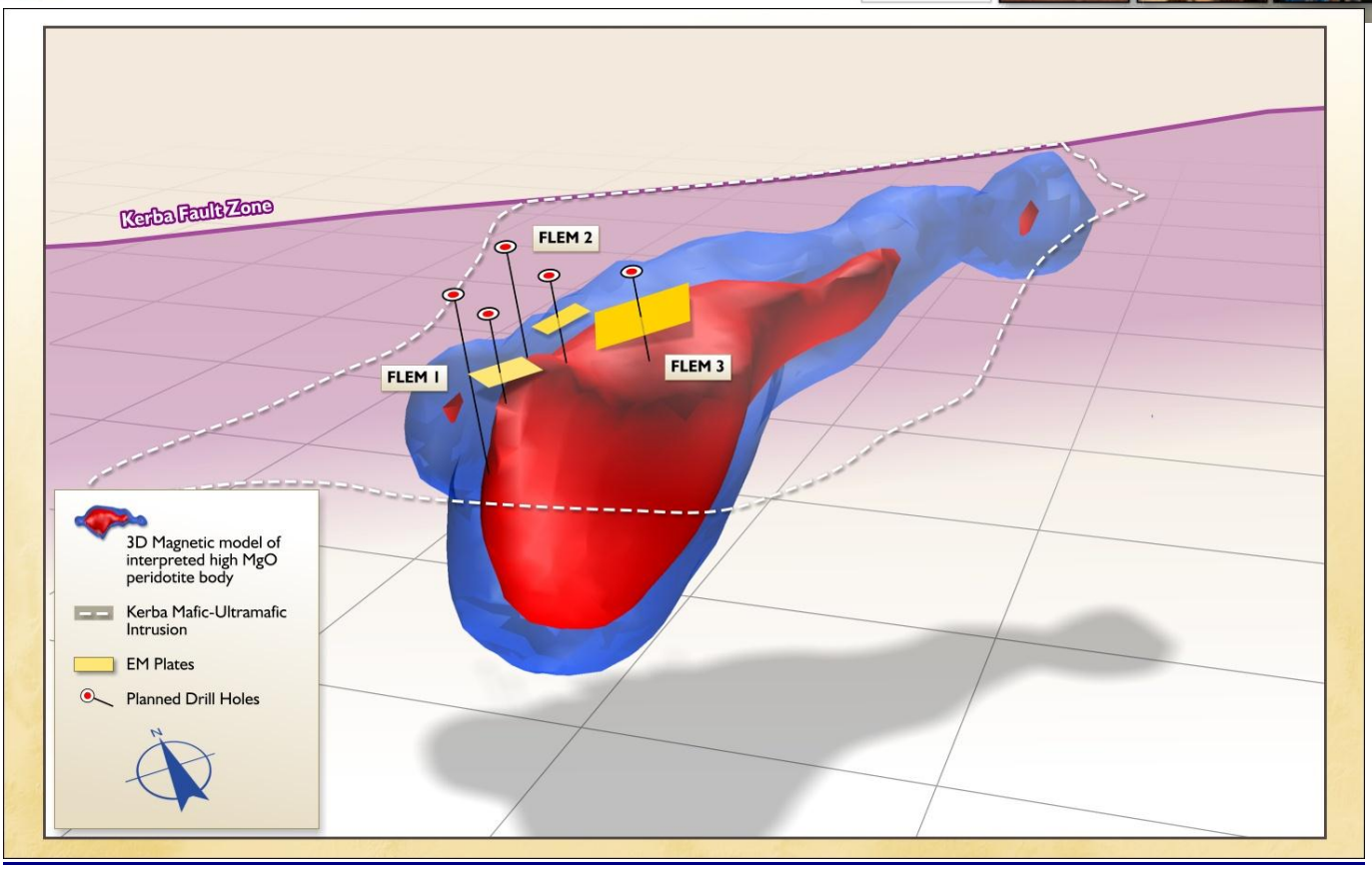

Figure 5 – Kerba Prospect oblique view of the 3D magnetic model looking to the north-east , showing planned drill hole locations and modelled priority FLEM plates

An initial 5-hole RC drilling programme to drill test these anomalies was finalised during the Quarter (see ***Figure 5)*** and all necessary regulatory approvals lodged. Drilling commenced during October to test for the presence of nickel sulphide mineralization as well as to establish a platform for deeper down-hole electromagnetic (DHEM) surveying.

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 52km² 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 historic gold workings along each trend.

Further reconnaissance site visits were 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.

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.

A review of the Northern Marymia margin along the north-eastern portion of the Shelby Project commenced during the Quarter. Areas of structural complexity are evident along this portion of the Marymia margin which elevates the potential for this broad area to host structurally-controlled copper mineralisation.

As part of this ongoing review, a field reconnaissance visit was conducted during the Quarter.

CORPORATE

At the end of the September Quarter, Talisman held cash of **$18.4 million.**

Talisman 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.

The Company has embarked on a strategic, high-level targeting exercise during 2013 to identify terrains and exploration assets with the potential to host quality copper-gold mineralisation. This strategic targeting process is continuing and will position the Company to leverage its strong cash position to generate shareholder value should quality copper-gold assets be identified and secured.

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