TALISMAN
MINING LIMITED
ASX Code: **TLM**

18th August 2014

COMPANY SNAPSHOT

Board of Directors

Alan Senior
Non-Executive Chairman

Gary Lethridge
Managing Director

Graeme Cameron
Technical Director

Brian Dawes
Non-Executive Director

Karen Gadsby
Non-Executive Director

Contact Details

6 Centro Avenue
Subiaco, Western Australia, 6008
Australia

Telephone:
+ 61 8 9380 4230

Facsimile:
+ 61 8 9382 8200

Email:
info@talismanmining.com.au

Website:
www.talismanmining.com.au

Capital Structure

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

Options on Issue:
8,250,000 (Unlisted)

ASX: TLM

Doolgunna Projects – Exploration Update

Highlights

- **Multi-pronged exploration program by Sandfire Resources (ASX: SFR) gathering momentum with extensive programs of drilling, geophysics and litho-chemical analysis either underway or about to commence.**
- **Diamond drill hole TLD0001 successfully completed to a downhole depth of 1,099m (vertical depth 940m) at the Homer Prospect, ~5km east of the DeGrussa Copper Mine.**
- **TLD0001 was designed to test a late-time EM conductor located within the interpreted extension of the DeGrussa Mine Corridor on Talisman's Springfield Project and provide important stratigraphic information. Information received from Sandfire to date includes:**
  - *TLD0001 successfully intersected the interpreted DeGrussa host rocks with visual observations of minor blebby chalcopyrite (copper) mineralisation;*
  - *A high-powered down-hole electromagnetic (DHEM) geophysical survey has been completed in conjunction with detailed fixed loop electromagnetic (FLEM) surveys across the remainder of the Homer Trend;*
  - *Preliminary analysis of the DHEM does not provide a clear in-hole explanation for the late-time EM target with no definitive conductor detected within the immediate environs (80-100m) of TLD0001;*
  - *Detailed interpretation and full integration of the completed and upcoming EM surveys is required to validate the position of the original targeted EM plate;*
  - *Integration and interpretation of the combined DHEM and FLEM surveys is underway by geophysical consultants Newexco; and*
  - *Cutting of drill core has commenced and samples will be submitted for important detailed litho-chemical analysis.*
- **Based on this early encouragement and promising geological observations in core from TLD0001, Sandfire has advised that the following activities will be undertaken or have already commenced at Springfield, including**:
  - *Preparation of historical deep holes for high-powered DHEM surveys;*
  - *~200-hole aircore drilling program along the Homer Trend commencing in the second half of August, to be followed by:*
  - *Geochemical aircore drilling programmes across the prospective sequence ;*
  - *Extensive high-powered FLEM surveys, over the prospective sequence; and*
  - *Detailed litho-chemical re-analysis of historical drill samples.*
- **The aim of current and upcoming exploration programmes is to assist Sandfire in generating robust DeGrussa style exploration targets within the Springfield Project.**

Talisman Mining Ltd (ASX: TLM) is pleased to advise that ground-based exploration programs being conducted by Sandfire Resources (ASX: SFR) at its **Springfield Project** in the Doolgunna region of WA are gathering momentum on several fronts following encouraging results from the first phase of activity which commenced in June.

The current exploration program forms part of the $15 million exploration farm-in joint venture covering Talisman's interests in the **Springfield**, **Halloween** and **Halloween West JV** Projects (see ***Appendix 1***).

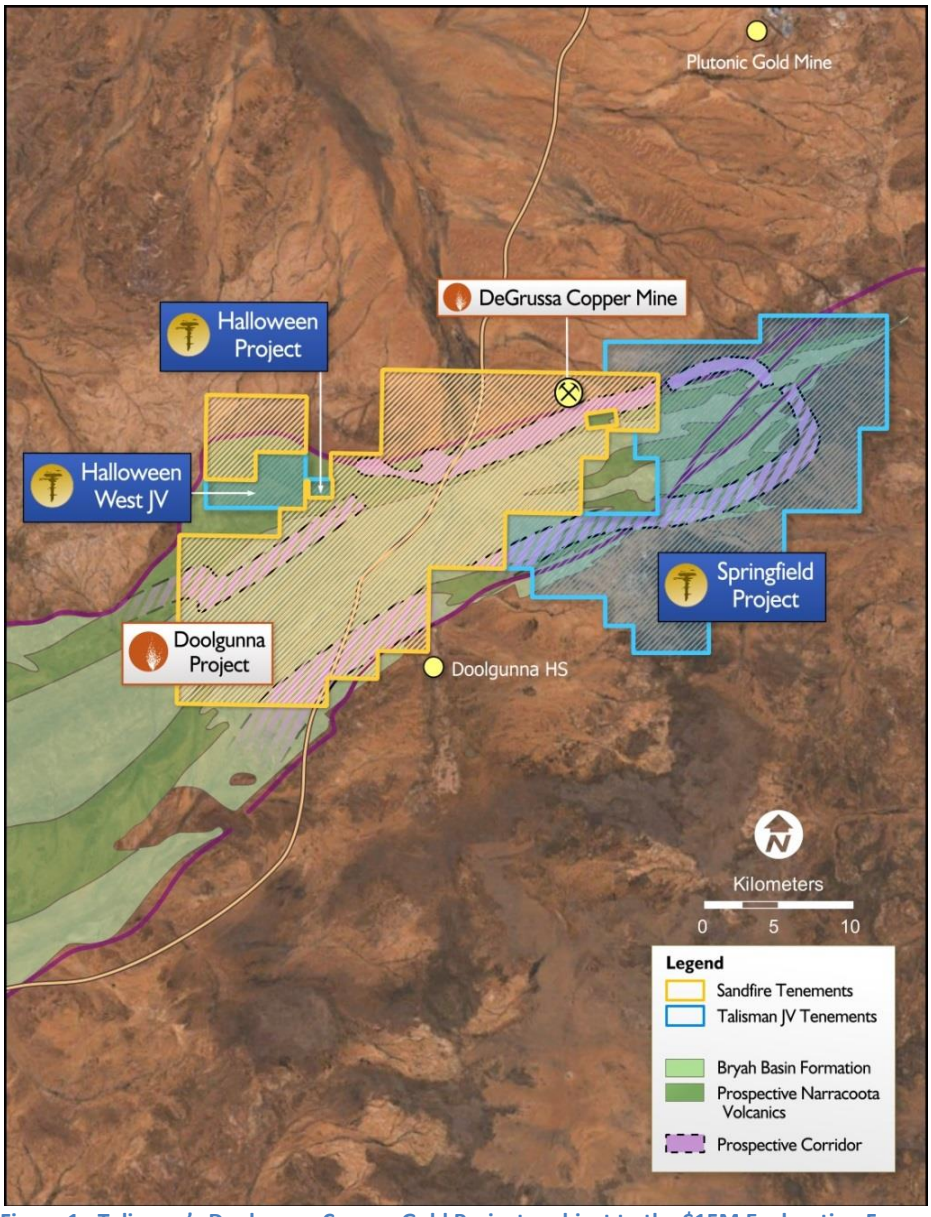


Figure 1 - Talisman's Doolgunna Copper-Gold Projects subject to the $15M Exploration Farm-in Joint Venture with Sandfire and interpreted DeGrussa Mine Corridor and regional geology

Early this year, Sandfire embarked on a comprehensive technical review of Talisman's high-quality Doolgunna Project datasets with a focus on identifying initial priority target areas along the extended DeGrussa Mine Corridor at Springfield (see ***Figure 1***).

As a direct result of this work, Sandfire commenced ground-based activities in June that included high-powered FLEM and DHEM geophysical surveys across the eastern extension of the interpreted DeGrussa horizon at Springfield.

Sandfire also commenced a deep diamond drill hole, TLD0001, designed to gather critical stratigraphic geological information as well as to test a modelled late-time conductor identified from the geophysical surveys approximately 5km east of the DeGrussa Copper Mine.

The preliminary observations from this first phase of exploration have already delivered significant geological encouragement to Sandfire, confirming that the Springfield Project contains interpreted extensions of the volcanic rock package which hosts the DeGrussa VMS deposits.

Accordingly, several phases of extensive on-ground exploration have been planned by Sandfire with an in-fill 205-hole Aircore geochemical drilling programme along the Homer Trend commencing in the second half of August. A summary of preliminary results received to date and upcoming activities is provided below.

Diamond Drilling

Diamond hole TLD0001, which was successfully drilled to a final down hole depth of 1,099m (vertical depth 940m), was designed to test a modelled late-time EM conductor as well as to gather important geological and geochemical information across the Homer sequence (see ***Figure 2***).

TLD0001 intersected a thick sequence of inter-bedded siltstone, sandstone, conglomerate and sedimentary breccia, intercalated with dolerite and peperitic basalt flows. The presence of peperite is encouraging as it indicates nearby volcanic activity as well as the presence of permeable contact horizons for possible replacement ore.

Importantly, strong hematite-silica (jasper) alteration with minor blebby chalcopyrite and disseminated pyrite was noted in laminated sediments, which are indicative of strong hydrothermal activity associated with volcanogenic exhalative processes.

Furthermore, it is interpreted that these altered sediments **represent a possible stratigraphic equivalent of the Degrussa host sequence** and, as such, represent an important marker horizon along the mine corridor. This intersection will provide invaluable constraints to assist Sandfire in developing an enhanced understanding of the 3D geology within the Springfield Project.

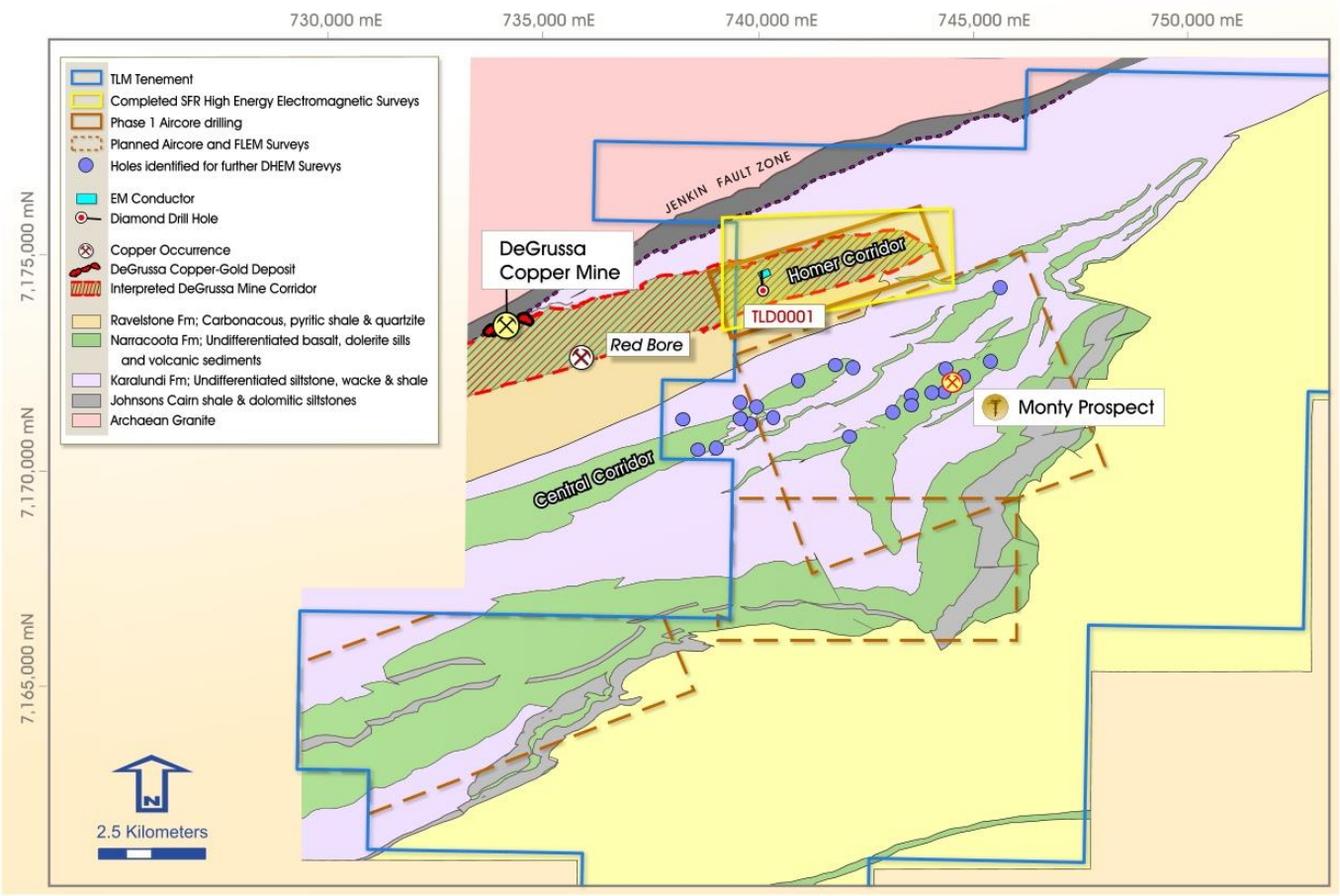


Figure 2: Springfield Project geology showing the interpreted DeGrussa Mine Corridor, the approximate positions of the Homer late-time EM conductor and diamond hole TLD0001 plus the areas of upcoming and completed ground based drilling and geophysical surveys.

Drill core for TLD0001 is currently being cut on-site in preparation for laboratory analysis and thin section examination. Select intervals will be submitted for low-level multi-element geochemical assaying to determine the nature and significance of the key litho-chemical signature of the possible target horizon seen in TLD0001. Samples are due to be submitted to the laboratory during August.

Ground Electro-magnetic Surveys

Sandfire has already demonstrated considerable capability using surface and down-hole geophysics with the successful discovery of the "blind" C4 and C5 mineralised lenses at DeGrussa using high-energy electromagnetic methods.

Diamond hole TLD0001 was designed to test a modelled late-time EM conductor detected in recent FLEM and DHEM surveys at a vertical depth of approximately 400m. Preliminary analysis of the DHEM does not provide a clear in-hole explanation for this original FLEM target and no definitive conductors were detected within the immediate environs (80-100m) of TLD0001.

Further detailed interpretation of the of the EM will require complete integration of the new FLEM data with all available DHEM data to validate and refine the position of the original targeted EM plate in TLD0001 as well as potentially identifying other additional EM conductors in the vicinity of the original EM target.

In conjunction with the DHEM, Sandfire has also now completed the outstanding portions of the planned high-powered FLEM surveys across the remainder of the Homer Corridor (see ***Figure 2***).

The data from these EM surveys is currently being assessed by geophysical consultants Newexco, who will embark on detailed analysis and modelling to integrate the DHEM data from TLD0001 with current and future FLEM surveys.

Final analysis of the geophysical surveys will be concluded once all geochemical and geological data has been received by Sandfire for TLD0001. This approach is based on Sandfire's extensive experience in VMS exploration in the Doolgunna region which recognises the need to holistically integrate geochemical and geological data with the geophysical data in order to confidently define possible target areas.

VMS deposits such as DeGrussa, Conductor 1 and Conductor 4 have very small strike lengths and extremely subtle geophysical and geochemical signatures relative to the broader search space. Sandfire has developed and continues to evolve its use of sophisticated methodologies to vector in on potential target areas.

Next Steps

Sandfire has indicated that, based on the initial observations from diamond drill-hole TLD0001 and other recent work; it is able to confirm that the Homer sequence hosts the interpreted extension of the DeGrussa mine stratigraphy. As a result, Sandfire's regional exploration priority within the Doolgunna region in the near and medium term will be focused predominantly on Talisman's Springfield Project.

In addition to the current work at Homer, Sandfire has advised that further on-ground activities will now be undertaken at the Central Corridor, Monty Prospect and Southern Volcanics (see ***Figure 2***). These programmes include:

- Further high-powered DHEM surveying of 18 deep holes drilled historically by Talisman across the Homer and Monty prospects as well as the Central Corridor. The DDH1 diamond rig which drilled TLD0001 is currently on-site at the Central Corridor preparing these holes for further DHEM surveys;

- In-fill Aircore geochemical drilling (205 holes) along the Homer Trend for the purpose of further detailed low-level geochemical analysis and geological assessment. This work is scheduled to commence in the second half of August 2014;

- Extensive geochemical aircore drilling programmes over the Central Corridor, Southern Volcanics and Monty Prospects to be completed in several phases over the coming 12 months;

- Three phases of extensive detailed high-powered FLEM surveying over the Central Corridor, Southern Volcanics and Monty Prospects to be completed between now and the end of the 2014 calendar year; and

- Samples have also been selected from historical drill holes to conduct detailed low-level geochemical analysis to better define potential areas with the characteristic DeGrussa litho-chemical signature. These samples will be submitted for analysis over the coming weeks and the results used to help guide in-fill Aircore drilling programmes.

The purpose of the work completed to date along with the upcoming, extensive exploration activities is to assist Sandfire in generating robust exploration targets, combining their extensive geological knowledge with a high level of sophisticated technical expertise enhanced from the discovery and development of the world-class DeGrussa Copper-Gold deposit.

ENDS

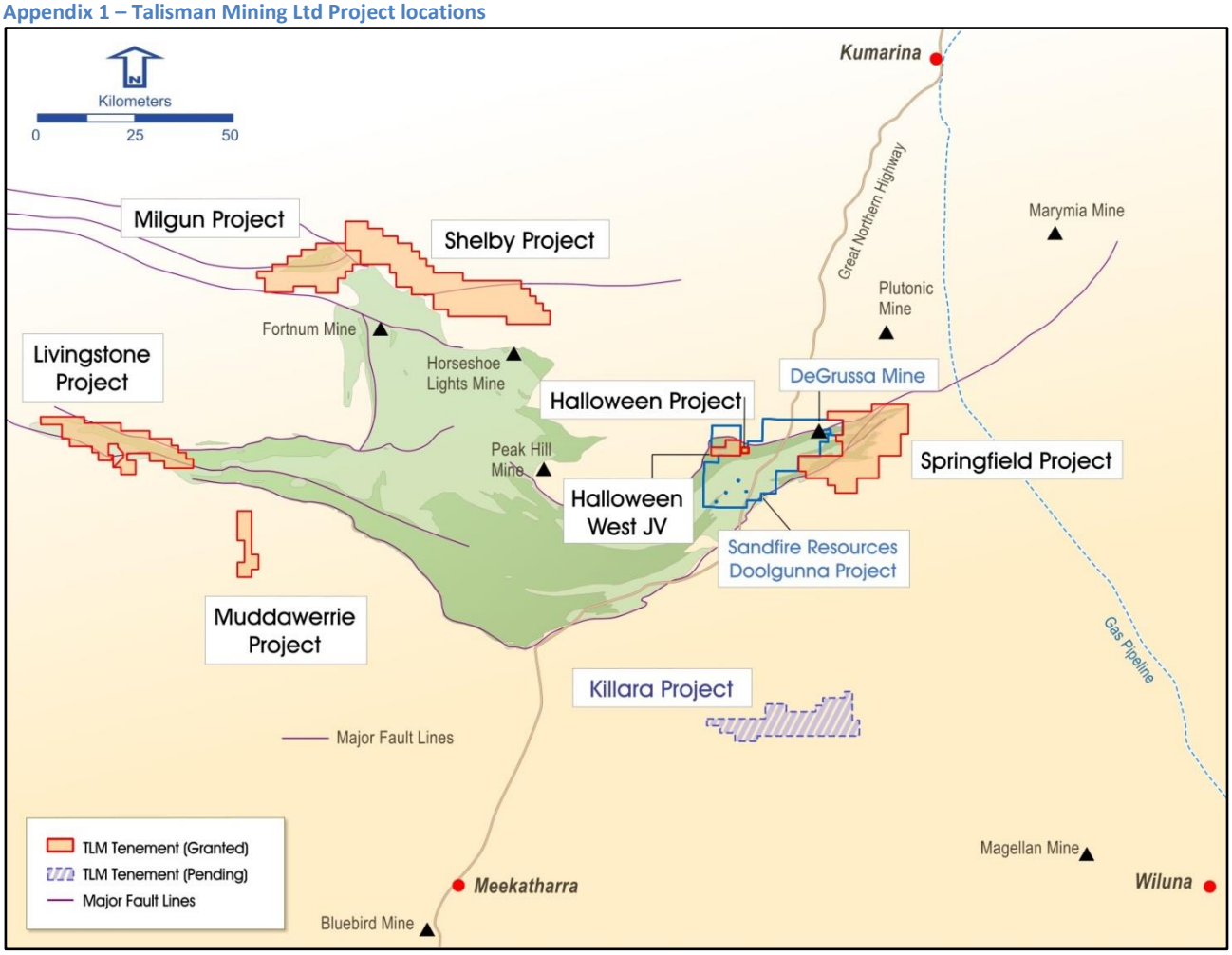
For further information, please contact:
Gary Lethridge – Managing Director
on +61 8 9380 4230

For media inquiries, please contact:
Nicholas Read – Read Corporate
on +61 419 929 046

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 2012 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 - JORC TABLE 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down-hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Sampling methods employed by Sandfire include half-core sampling of NQ2 core from diamond drilling (DD). • Sampling is guided by Sandfire DeGrussa protocols and QAQC procedures as per industry standard. • Pulp samples are fused into a glass bead by the combination of 0.4g of assay sample plus 9.0g flux XRF analysis. A 40g and 0.15g assays charges are used for FA and mixed acid digest respectively. • Sandfire core samples are routinely sampled for SG determination.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Sandfire diamond drilling is completed by DD rig with a core size of NQ2. • All surface drill collars are surveyed using RTK GPS. • Holes are inclined at varying angles for optimal ore zone intersection from the drilling position. • All core where possible is oriented using a Reflex ACT II RD orientation tool with stated accuracy of +/-1% in the range 0 to 88°.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Sandfire core is meter marked and orientated to check against the driller's blocks, ensuring that all core loss is taken into account. • Diamond core recovery is logged and captured into the database with weighted average core recoveries of approximately 99%. Sample quality is routinely captured in the database. • Samples are routinely weighed and captured into a central secured database. • No sample recovery issues have impacted on potential sample bias.

Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Sandfire geological logging is completed for all holes and representative across the ore body. The lithology, alteration, and structural characteristics of core are logged directly to a digital format following standard procedures and using Sandfire DeGrussa geological codes. Data is imported into the central database after validation in LogChief™. • Logging is both qualitative and quantitative depending on field being logged. • All cores are digitally photographed and stored.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sandfire diamond core orientation is completed where possible and all are marked prior to sampling. Half core samples are produced using Almonte Core Saw. Samples are weighed and recorded. • Sandfire sample preparation at UltraTrace in Perth involves the original samples being dried at 80° for up to 24 hours and weighed. DD Samples are then crushed through Jaques crusher to nominal -10mm. Second stage crushing uses Boyd crusher to nominal -4mm.. Pulverising is completed using LM5 mill to 90% passing 75%µm. • Sandfire has protocols that cover auditing of sample preparation at the laboratories and the collection and assessment of data to ensure accurate steps in producing representative samples for the analytical process. Key performance indices include contamination index of 90% (that is 90% blanks pass); Crush Size index of P95-10mm; Grind Size index of P90-75µm and Check Samples returning at worse 20% precision at 95% confidence interval and bias of 5% or better. • Duplicate analysis is routinely completed. • The sample size is appropriate for the VHMS and Gold mineralisation styles.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Sandfire samples submitted to Ultra Trace in Perth are assayed using Mixed 4 Acid Digest (MAD) 0.3g charge and MAD Hotbox 0.15g charge methods with ICPOES or ICPMS. The samples are digested and refluxed with a mixture of acids including Hydrofluoric, Nitric, Hydrochloric and Perchloric acids and conducted for multi elements including Cu, Pb, Zn, Ag, As, Fe, S, Sb, Bi, Mo, Re, Mn, Co, Cd, Cr, Ni, Se, Te, Ti, Zr, V, Sn, W and Ba. The MAD Hotbox method is an extended digest method that approaches a total digest for many elements however some refractory minerals are not completely attacked. The elements S, Cu, Zn, Co, Fe, Ca, Mg, Mn, Ni, Cr, Ti, K, Na, V are determined by ICPOES, and Ag, Pb, As, Sb, Bi, Cd, Se, Te, Mo, Re, Zr, Ba, Sn, W are determined by ICPMS. Samples are analysed for Au, Pd and Pt by firing a 40g of sample with ICP AES/MS finish. Lower sample weights are employed where samples have very high S contents. This is a classical FA process and results in total separation of Au, Pt and Pd in the samples. • Sandfire DeGrussa QAQC protocol is considered industry standard with standard reference material (SRM) submitted on regular basis with routine samples. • Sandfire insert SRMs and blanks at a minimum of 5% frequency rate. A minimum of 2% of assays are routinely re-submitted as Check Assays and Check Samples through blind submittals to external and primary laboratories respectively. Adhoc umpire checks are completed annually.

Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No significant drilling intersections are reported in this report. • No twinned holes are being drilled as part of this programme. • Primary data is captured on field tough book laptops using Logchief™ Software. The software has validation routines and data is then imported into a secure central database. • The primary data is always kept and is never replaced by adjusted or interpreted data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down- hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sandfire DeGrussa Survey team undertakes survey works under the guidelines of best industry practice. • Downhole survey completed by electronic multishot systems. • MGA94 Zone 50 grid coordinate system is used.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Programme comprises a singular diamond drill hole (TLD0001). • No drilling results are reported.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Sandfire exploration holes are oriented to achieve high angles of intersection. Diamond drilling is used as required to determine structural orientations in regional programs.
Sample security	• *The measures taken to ensure sample security.*	• All samples are prepared onsite under the supervision of Sandfire Geological staff. • Sandfire samples are transported to the Perth Ultra Trace laboratory by Toll IPEC or Nexus transport companies in sealed bulka bags, or to the onsite laboratory by company personnel. • The laboratories receipt received samples against the sample dispatch documents and issues a reconciliation report for every sample batch.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The Sandfire sampling techniques and data collection processes are of industry standard and have been subjected to multiple internal and external reviews.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Diamond drilling by Farm-in Partner Sandfire is on tenement E52/2313. This lease is part of Talisman's 100% owned Springfield Project, 150km north-east of Meekatharra, WA. This tenement falls within the Department of Conservation-managed Doolgunna pastoral lease. • All Springfield tenements are current and in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration work at Springfield completed prior to Talisman's tenure included geochemical soil and rock chip sampling combined with geological mapping. Some targeted RC drilling was completed over gold and diamond targets.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Talisman's Doolgunna, Shelby, Milgun, Livingstone and Killara Projects lie within the Proterozoic-aged Bryah rift basin enclosed between the Archaean Marymia Inlier to the north and the Proterozoic Yerrida basin to the south. • Talisman's Muddawerrie Projects lie within the Archaean-aged Mt Maitland greenstone belt 100km NW of Meekatharra in the Murchison region of Western Australia • The principal exploration targets at the Doolgunna Projects are Volcanogenic Massive Sulphide (VMS) deposits located with the Proterozoic Bryah Basin of Western Australia. • The principal exploration targets at the Livingstone and Muddawerrie Projects are orogenic gold and magmatic nickel-copper-PGE sulphide deposits. • The principal exploration targets at the Shelby and Milgun Projects are Iron-Oxide Copper-Gold (IOCG), magmatic Ni-Cu-PGE and VMS deposits.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• <u>Diamond drill hole TLD0001</u> Location: 740150E, 7174150N, 590.479mRL. Azimuth: 360° Dip: -60° Proposed Depth: 900m

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No drilling intersections reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• No drilling intersections reported.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate maps with scale are included within the body of the accompanying document. • No drilling intersections reported.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The accompanying document is considered to represent a balanced report.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other exploration data collected is not considered as material to this document at this stage. Further data collection will be reviewed and reported when considered material.

Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Further work is contingent on the outcomes of current drilling and ground electromagnetic surveys.