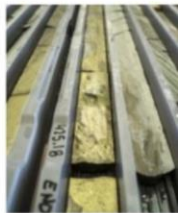




**TALISMAN
MINING LIMITED**

ASX Code: TLM



8th August 2016

COMPANY SNAPSHOT

Board of Directors

Jeremy Kirkwood
Non-Executive Chairman

Dan Madden
Managing Director

Alan Senior
Non-Executive Director

Brian Dawes
Non-Executive Director

Karen Gadsby
Non-Executive Director

Sinclair Exploration Update

*Commencement of Geophysical Survey program at Delphi North
Upcoming Diamond and RC drilling at Delphi North and Schmitz Well*

Highlights

- On-ground exploration activities at the Sinclair Nickel Project have now commenced.
- The first phase of planned on-ground activities is focused at the Delphi North Prospect and will include:
 - Downhole EM surveys of previous diamond holes drilled by Talisman at Delphi North; and
 - Re-logging of selected historic drill core.
- Second phase of on-ground activities to follow and will include:
 - Diamond and RC drilling at Delphi North Prospect; and
 - RC drilling at Schmitz Well Prospect.
- Delphi North has confirmed nickel sulphide mineralisation over a strike length of 600m and is interpreted to represent a fertile mineralised environment with potential to host significant mineralisation.
- A recent review of the 8km strike of ultramafic/basal contact running from the Sinclair deposit to the Delphi North Prospect (Sinclair Trend) identified multiple mineralised positions reaffirming the high prospectivity of the near Sinclair deposit environment.
- A staged, systematic exploration campaign along the Sinclair Trend is anticipated to follow the current program at Delphi North and Schmitz Well.

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Capital Structure

Shares on Issue:
185,699,879 (TLM)

Options on Issue:
5,650,000 (Unlisted)

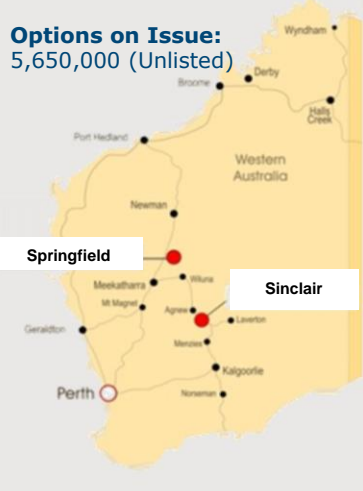


Figure 1: Massive sulphides in core from drill-hole SND001 completed in 2015 at Delphi North



Talisman Mining Limited (ASX: **TLM**; “**Talisman**”) advises that it has commenced on-ground exploration activities at the 100%-owned Sinclair Nickel Project (“**Sinclair**”) in WA. The completion of an internal review of results from the successful 2015 maiden drilling campaign has identified a number of attractive exploration targets which warrant further work.

The first stage of the program comprises Downhole Electromagnetic (DHEM) geophysical surveys of diamond holes drilled by Talisman in 2015 and a review and re-logging of selected historic drill holes completed at the Delphi North Prospect.

This will be followed by a program of diamond and reverse circulation (RC) drilling at both the Delphi North and Schmitz Well Prospects (*Appendix 1*), which is planned to commence early next month.

In addition, Talisman continues to develop its understanding of regional geology at Sinclair in order to conduct a targeted exploration strategy both along the Sinclair Trend and regionally. Further exploration activities will be planned to follow the current programs.

Overview

Sinclair is located in the world-class Agnew-Wiluna Greenstone Belt in WA’s North-eastern Goldfields (Appendix 1). The Sinclair nickel deposit, developed and commissioned in 2008 and operated successfully before being placed on care and maintenance in August 2013, produced approximately 38,500 tonnes of nickel at an average life-of-mine head grade of 2.44% Ni. Sinclair has extensive infrastructure and includes a substantial 290km² tenement package covering more than 80km strike of prospective ultramafic contact within a 35km radius of the existing processing plant and infrastructure.

Delphi North Prospect

The Delphi North prospect is located on the Sinclair Trend, an 8km strike of ultramafic/mafic rocks running from the Sinclair deposit, south to the Delphi North Prospect (*Figure 2*).

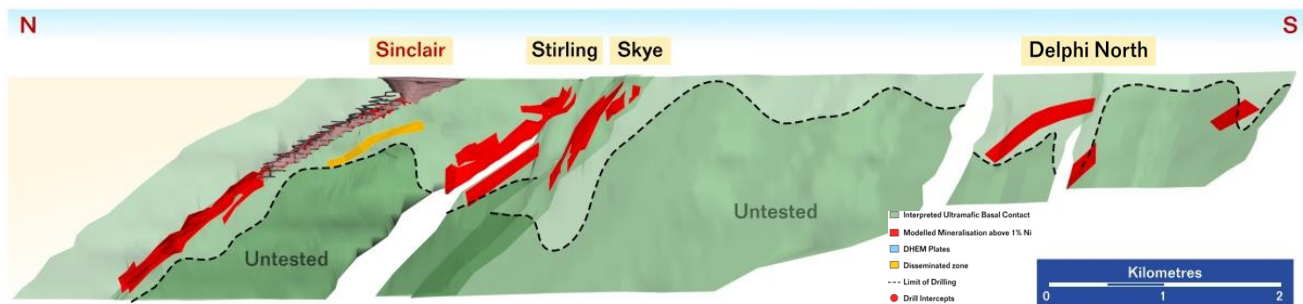


Figure 2: Oblique projection of the Sinclair Ultramafic trend

Recent work by Talisman involved a reinterpretation of historic drilling and an assessment of the lithological, geochemical and supporting geophysical data to better understand the controls on mineralisation within the Sinclair Trend and refine the targeting model for Sinclair-style deposits.

The remodelling of the ultramafic/basal contact in the near mine environment identified multiple mineralised positions, reaffirming the high prospectivity of the Sinclair Trend including the Delphi North Prospect (*Figure 2*).

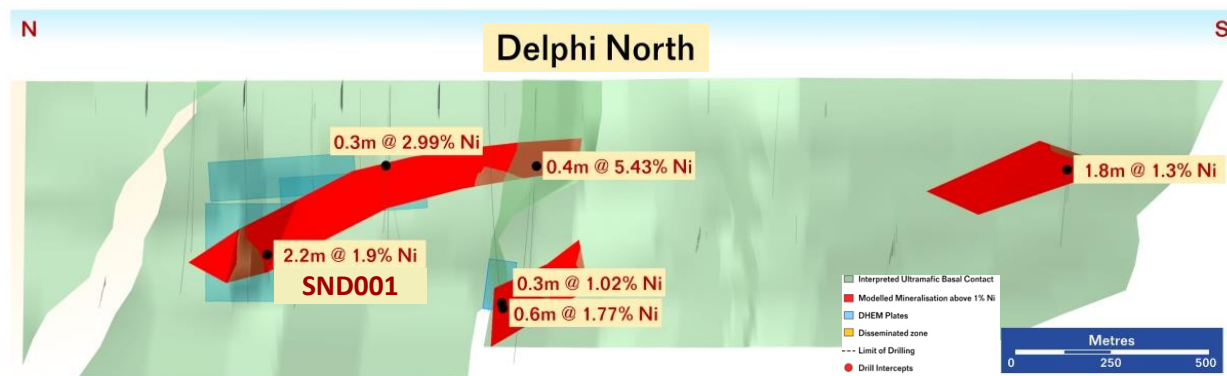
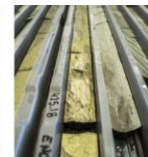


Figure 3: Projected Delphi North long section showing interpreted footwall contact and selected nickel intersections.

Talisman completed its maiden exploration program at Delphi in November 2015 with encouraging results.

Two diamond drill holes were completed at **Delphi North** (Figure 3) targeting historical DHEM anomalies and a moving-loop electromagnetic (MLEM) anomaly (see ASX release: "Sinclair Nickel Project – Exploration Update" dated 30 November 2015).

As previously reported, drill-hole **SND001** (Figure 3), which targeted an interpreted MLEM anomaly, intersected a number of massive, matrix and breccia sulphide horizons in a deformed sequence of host ultramafic and basaltic rock units.

Assay results returned from diamond drill hole SND001 located at the Delphi North Prospect, 4km south of the Sinclair nickel mine, included:

- **2.2 metres grading 1.9% Ni** from 396.9 metres down-hole; including:
 - **0.6 metres @ 2.19% Ni from 396.9 metres down-hole;** and
 - **0.5 metres at 2.94% Ni from 398.6 metres down-hole.**

Drill hole SND002, completed approximately 100m south of SND001, intersected a narrow zone of stringer sulphides within a highly deformed, complex sequence of ultramafic, basaltic and sedimentary rock units. Although the stringer sulphides intersected by the hole were not interpreted to host significant mineralisation, the hole demonstrated the continuity of the fertile ultramafic horizon at Delphi North. Both drill holes were cased with PVC to facilitate future DHEM surveys.

In conjunction with historical intersections at Delphi North, drilling has defined nickel sulphide mineralisation over a strike length of 600m. When combined with the success of historic MLEM surveys undertaken by Talisman, Delphi North is interpreted to represent a fertile mineralised environment that has the potential to host significant mineralisation.

A campaign of on-ground exploration at Delphi North has now commenced to follow up these results. The first phase of this program includes:

- DHEM surveys of drill-holes completed during the 2015 drilling campaign; and
- re-logging of selected historic drill core.

Once this first stage is completed, a program at Delphi North will commence that includes:

- drilling two diamond core tails of RC pre-collars completed in the 2015 drilling campaign;
- follow up RC and diamond drilling of massive nickel sulphide mineralisation identified during the 2015 drilling campaign; and
- RC and diamond drilling of any new electromagnetic anomalies identified during the current DHEM surveys.



Schmitz Well South Prospect

Recent work undertaken by Talisman has also involved the review and assessment of the regional targeting undertaken in late 2015.

As a result of this work, first pass RC drilling is planned as part of the forthcoming exploration program targeting an untested, interpreted ultramafic unit at the **Schmitz Well South** prospect located in the south of the tenement package (*Appendix 1*).

Talisman has secured a grant from the Western Australian Department of Mines for the co-funding (up to \$55,000) of this exploration drilling.

Future Activities

The planned on-ground exploration activity at Delphi North and Schmitz Well South in the forthcoming quarter signals the commencement of an efficient, staged and ongoing exploration focus at Sinclair.

There are multiple other targets identified from the extensive regional exploration review undertaken in 2015 and the recent remodelling of the ultramafic contact along the Sinclair Trend that remain to be tested. These will be subject to further review and prioritisation over the remainder of 2016.

The current program of work represents the first stage of on-ground exploration at Sinclair. Subsequent work proposed within the Sinclair Trend will be focused on further defining potential targets for proposed future on-ground exploration testing, with work to potentially include:

- Remodelling of the Stirling and Skye mineralised positions;
- Review of newly identified parallel structures to east & west of Sinclair;
- Remodelling of the Sinclair mine extensions;
- Remodelling of Sinclair mine remnants;
- Re-conditioning and DHEM of historic drill-holes adjacent to the existing Sinclair mine;
- Re-logging of historic drill core;
- Detailed geology sectional interpretations;
- Geological mapping;
- Surface SQUID EM surveys; and
- RC/diamond and air-core drilling campaigns.

ENDS

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Competent Person's Statement

Information in this ASX release that relates to Exploration Results and Exploration Targets is based on information completed by Mr Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits 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 Greenaway consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Forward-Looking Statements

This ASX release may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Talisman Mining Ltd.'s current expectations, estimates and assumptions about the industry in which Talisman Mining Ltd operates, and beliefs and assumptions regarding Talisman Mining Ltd.'s future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Talisman Mining Ltd. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Talisman Mining Ltd does not undertake any obligation to update or revise any information or any of the forward looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

No new information that is considered material is included in this document. All information relating to exploration results has been previously released to the market and is appropriately referenced in this document. JORC tables are not considered necessary to accompany this document.



APPENDIX 1

Plan showing Talisman tenement holding at the Sinclair Nickel Project and selected prospects

