TALISMAN MINING LIMITED

ASX Code: TLM

ASX Media Release – 29 August 2016

Sinclair Exploration Update

Diamond and RC Drilling of new nickel sulphide targets to commence at Delphi North and Schmitz Well South

Highlights

- **Diamond and Reverse Circulation (RC) drill campaign at Sinclair Nickel Project to commence in the first week of September 2016**
- **Multiple electromagnetic (EM) conductors at Delphi North identified from recent Down Hole Electromagnetic (DHEM) surveys**
- **Re-logging and interpretation of historic drill core re-affirms mineralised target corridor at Delphi North**
- **Programme of diamond and RC holes to test targets at Delphi North**
- **Maiden drilling campaign at Schmitz Well South**
- **Targets considered to be highly prospective for the discovery of massive nickel sulphide mineralisation**
- **Planning underway for drilling campaign at Sinclair Trend**

Talisman Mining Limited (ASX: **TLM "Talisman")** is pleased to advise that it will commence exploration drilling activities at the 100%-owned Sinclair Nickel Project (**"Sinclair"**) in the first week of September 2016. The drilling will encompass a campaign of focused diamond and RC drilling on new, high priority targets at the Delphi North and Schmitz Well South prospects (*Appendix 1*).

The programme at Delphi North comprises:

- Diamond and RC drilling to target a high priority corridor with multiple EM conductors coincident with previously reported massive nickel sulphide mineralisation and supported by recent re-logging and geological interpretation; and
- Two diamond drill tails targeting untested stratigraphic and surface EM conductors.

Following detailed review of the regional targeting undertaken in late 2015, Talisman will also test a blind geophysical target at the Schmitz Well South prospect with an RC drill fence in an area that has not previously been subject to ground disturbing exploration (*Figure 2*).

Contact Details

Telephone:
+61 8 9380 4230

Email:
info@talismanmining.com.au

Website:
www.talismanmining.com.au

Capital Structure

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

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

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 290km^2 tenement package covering more than 80km strike of prospective ultramafic contact within a 35km radius of the existing processing plant and infrastructure.

As announced in late 2015 Talisman decided to place on-ground regional exploration activities on hold due to market conditions at that time and the desire to prudently preserve cash resources for the drill out of the Monty Mineral Resource.

The Company has subsequently completed low cost desktop work including a detailed review of the 8km strike of ultramafic/basal contact running from the Sinclair deposit to the Delphi North Prospect (Sinclair Trend) to identify mineralised positions in the near Sinclair deposit environment.

Following the completion of this work and in light of the nickel market outlook, Talisman recently recommenced field activities consisting of DHEM surveys and re-logging and reinterpretation of historic drill core. Exploration work will now move to drill testing of selected high priority targets during the 2016 calendar year.

Delphi North Prospect

Results from the recent DHEM survey of three previously completed drill holes at the Delphi North prospect identified a number of EM conductors (*Figure 1*). Details of the DHEM survey are provided in *Appendix 2*.

Recent re-logging and re-interpretation of historic drill core at Delphi North has identified a high priority target corridor (*Figure 1*). The target corridor has a strong correlation with the Sinclair mine geological environment and is based on a number of criteria that includes the tenor of existing nickel sulphide intersections, ultramafic rock characteristics, structural geology and the new DHEM conductors.

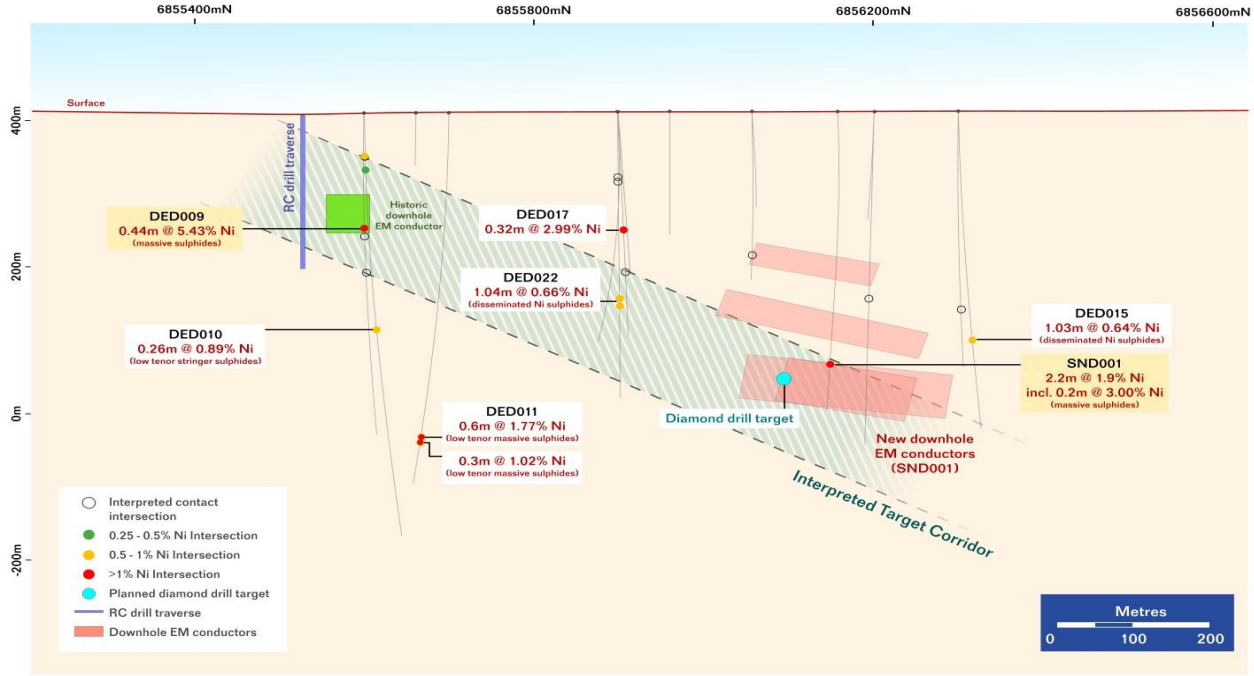


Figure 1: Delphi North long projection showing existing Ni sulphide intersections, newly modelled and historic DHEM conductors and an interpreted target corridor.

The diamond drill hole to be completed at Delphi North will test two stacked DHEM conductors that are coincident with existing massive nickel sulphide mineralisation encountered in hole SND001. The EM conductors have been modelled with an in-hole component and extending some distance below SND001. This is consistent with Talisman's current interpretation that the intersection of nickel sulphides in SND001 may represent a proximal stratigraphic position, similar to the Sinclair Mine host position. The planned diamond drill hole will be targeted approximately 50m from the initial sulphide intersection in SND001, more central to the interpreted target corridor (*Figure 1*).

A fence of shallower RC drilling will also be completed up-dip from the previously reported massive sulphide intersection in hole DED009, which graded 5.43% nickel (*Figure 1*), where the target corridor is interpreted to be closer to surface.

Talisman will also drill two diamond drill tails on historic RC holes SNRC002 and SNRC004 to target untested previously identified stratigraphic and Moving Loop Electromagnetic (MLEM) conductors. These holes are located to the south of the main Delphi North Prospect (*Figure 2*), and are offset from the main ultramafic trend. Geological mapping and previous drilling indicates a thickening of the ultramafic host package in this area, which together with the MLEM anomalies presents a compelling stratigraphic target.

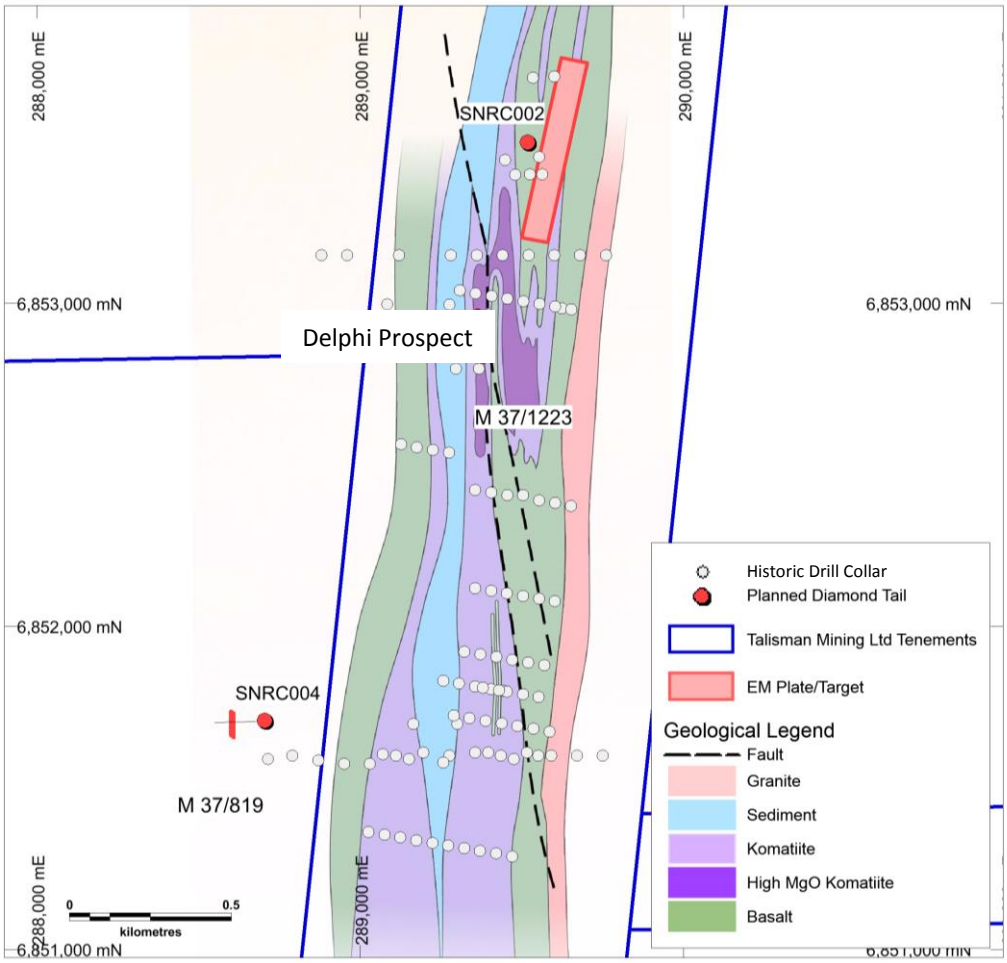


Figure 2: Delphi Prospect Geological Plan showing planned diamond tails and historic drill collars

DHEM surveys will be completed on all diamond and selected RC drilling completed in this campaign once all drilling has been completed and logged.

Schmitz Well South Prospect

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

As a result of this work, first pass RC drilling will be undertaken as part of the forthcoming exploration program to target an untested, interpreted ultramafic unit at the Schmitz Well South prospect (*Figure 3 and Appendix 1).*

Talisman has secured a grant from the Western Australian Department of Mines for the co-funding of this exploration drilling of up to $55,000 ($110,000 total drill cost split 50/50).

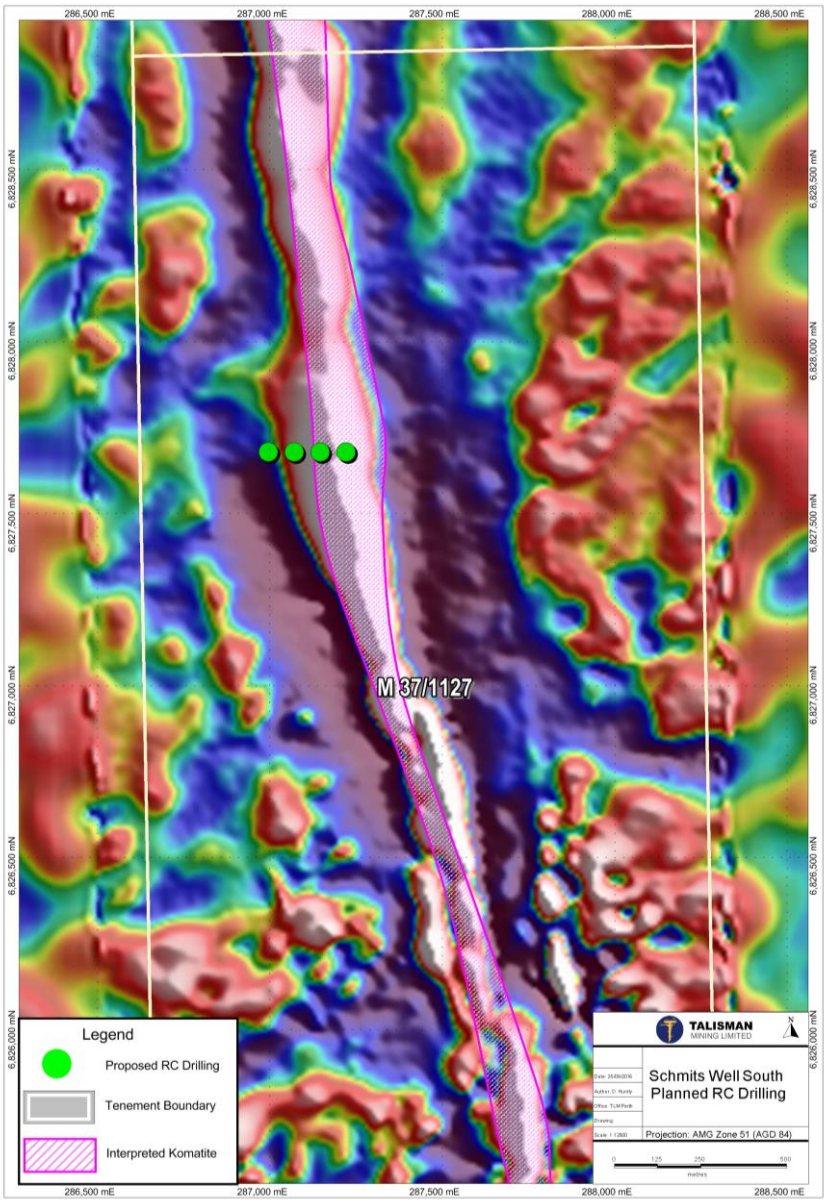


Figure 3: Plan view of Schmitz Well South Prospect showing magnetics and interpreted ultramafic unit under cover

Sinclair Trend

As previously announced, recent remodelling by Talisman of the fertile ultramafic basal contact along the 8km Sinclair trend has highlighted multiple mineralised positions and reaffirmed the high prospectivity of the near Sinclair deposit environment.

This remodelling work was aimed to better understand the controls on mineralisation within the Sinclair Mine environment and refine the targeting model for Sinclair-style deposits and confirmed numerous high priority targets including Delphi North, Skye and Stirling where historic drilling has intersected nickel sulphide mineralisation of a similar tenor to the Sinclair Mine.

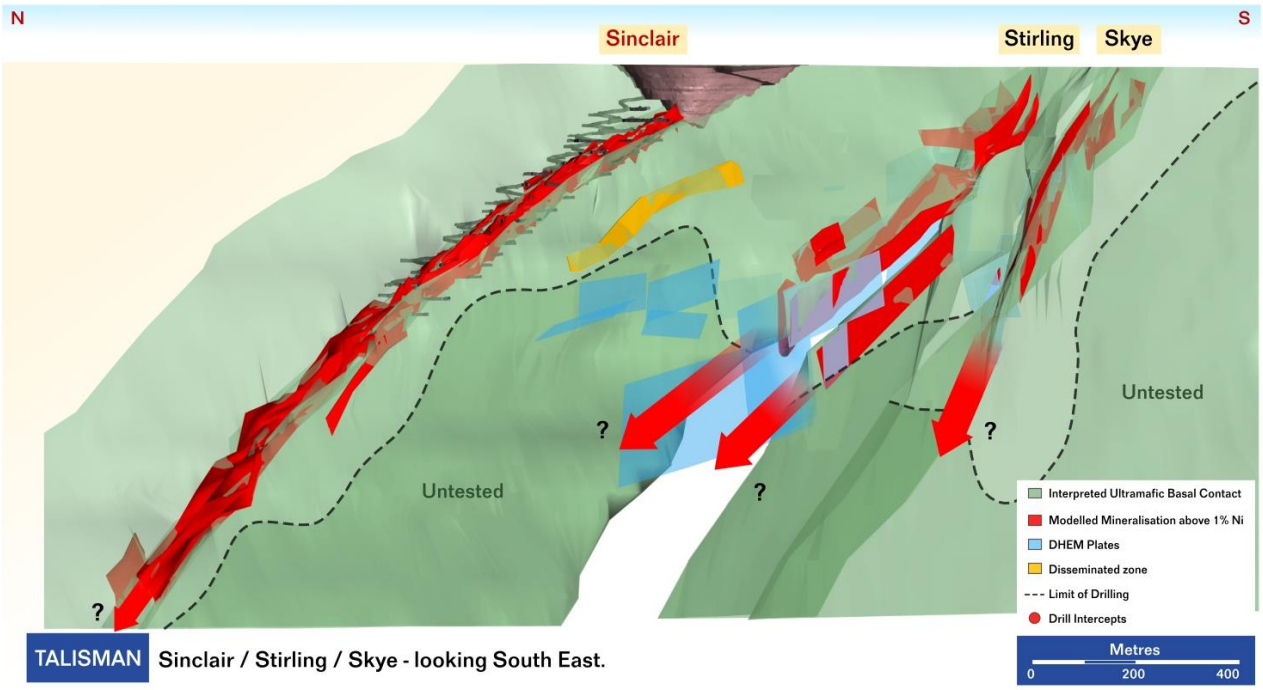


Figure 4: Oblique projection of the Sinclair Mine and extensions and adjacent Skye and Stirling Prospects

In addition to these known nickel sulphide occurrences, the remodelling process uncovered a previously overlooked basal contact position in close proximity to the existing Sinclair Mine infrastructure. This contact position has been identified from four drill holes that were completed as a part of the historic Sinclair Mine extensional drilling including one drill hole (CWD536B) that returned a massive nickel sulphide intersection of 2.16m @ 2.12% Ni (*Figure 5*).

The area immediately up-dip of the newly identified Eastern basal contact position is adjacent to the existing mine infrastructure and has very limited drill testing (*Figure 5*).

While still conceptual, this area is a priority target for Talisman due to the proximity of the existing underground mine infrastructure at Sinclair and the interpreted shallow depth. It is anticipated that this area will be drill tested with RC and/or diamond drilling in Talisman's next drilling campaign later in the 2016 calendar year.

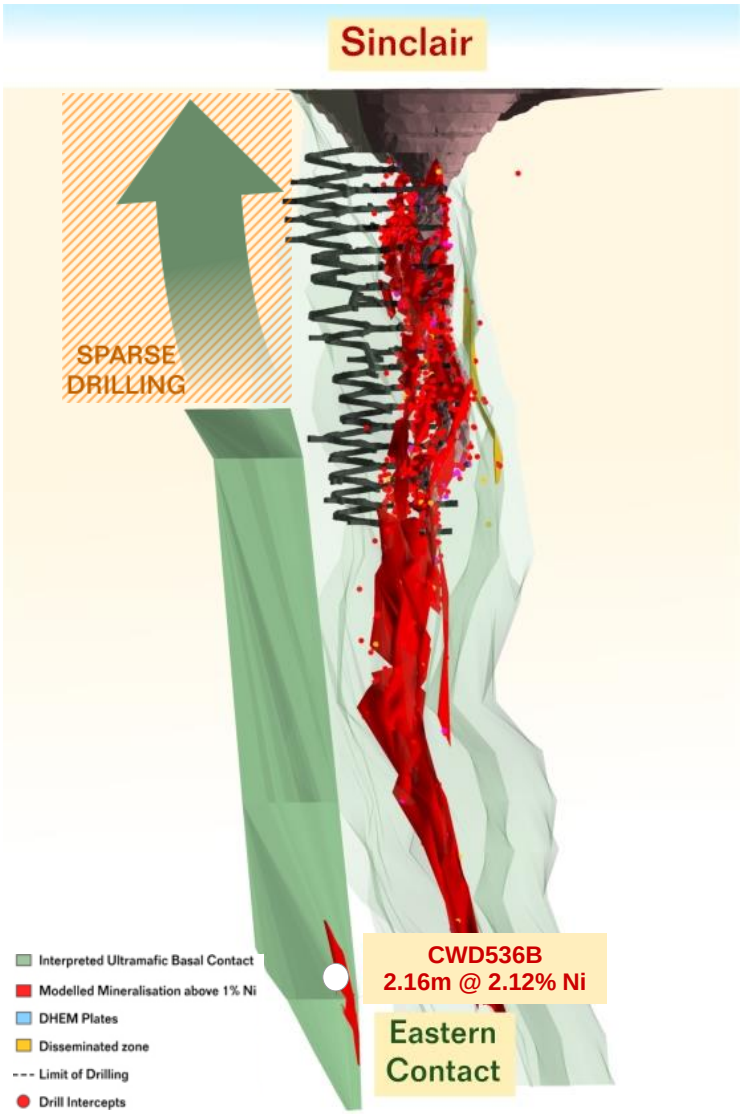


Figure 5: Oblique projected sectional view of the Sinclair Mine and extensions and adjacent Eastern Basal Contact position

ENDS

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

For media inquiries, please contact:
Michael Vaughan - Fivemark
on +61 422 602 720

Competent Person's Statement

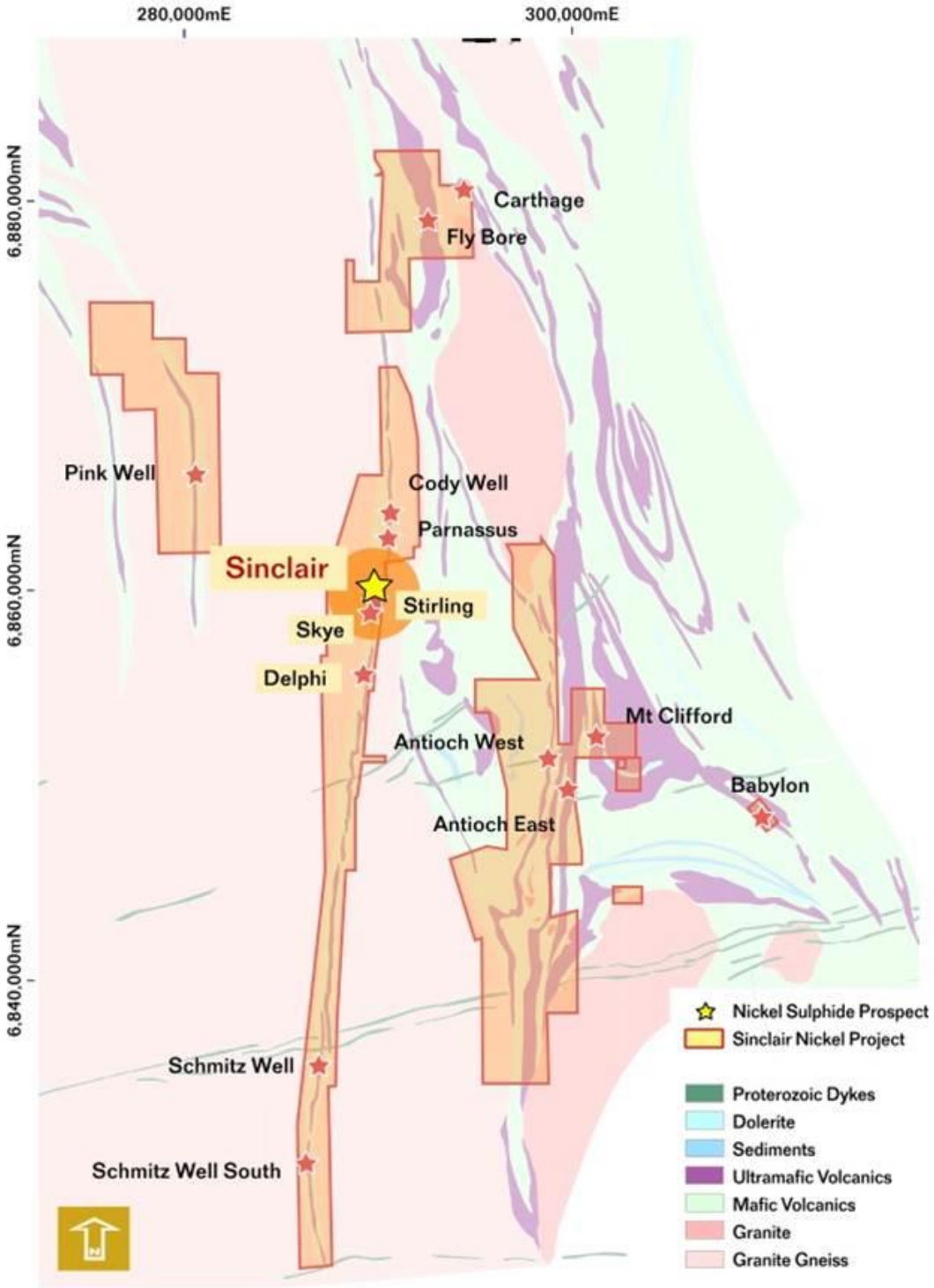
Information in this ASX release that relates to Exploration Results and Exploration Targets is based on information completed by Mr Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway is a full time employee of Talisman Mining Ltd and has sufficient 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.

APPENDIX 1

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



APPENDIX 2
Delphi North DHEM survey parameters

GPXID	Hole ID	Repeat	Type	Frequency	Component	From	To	East (m)	North (m)	RL	Grid
2121	SND001	1	DigiAtlantis	1	AUV	20	270	290165	6856158	417	MGA51 GDA94
2121	SND002A	1	DigiAtlantis	1	AUV	20	560	290061	6856058	415	MGA51 GDA94
2121	SND003	1	DigiAtlantis	1	AUV	20	430	291031	6863479	438	MGA51 GDA94

Appendix 3: 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 3kg 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.*	• Drilling cited in this report by both Talisman Mining Ltd and historically by Xstrata Nickel Australasia Operations Pty Ltd (XNAO) between 2007 and 2012. • Sampling techniques employed at the Sinclair Project include saw cut diamond drill core (DD) samples in NQ2 size sampled on geological intervals (0.2 m to 2 m), cut into half (NQ2) core to give sample weights under 3 kg. • Samples were crushed, dried and pulverised (total prep) to produce a 1g sub sample for analysis by four acid digest with an ICP/OES or AAS finish.
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).*	• Surface diamond drill-holes at the Sinclair Nickel Project were completed using wedge drilling techniques with up to 4 daughter holes drilled from a single parent drill hole. Both HQ and NQ2 diameter core was collected for logging and sampling purposes. • All drill holes were routinely surveyed using downhole NSG Gyroscope survey tools. • All drill core was routinely orientated where possible at nominal 6m intervals using an EzyMark-OriBlock core orientation system.
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.*	• Sinclair diamond core recoveries were logged and recorded in the Sinclair Datashed database. Historic core recoveries exceed 95%. • Diamond core was reconstructed into continuous runs on an angle iron cradle for orientation marking. Depths were checked against the depth given on the core blocks and rod counts were routinely carried out by the drillers. • No known relationship exists between sample recovery and grade and no sample bias is known.
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.*	• Logging records lithology, mineralogy, mineralisation, alteration, structure, weathering, colour and other primary features of the rock samples and is considered to be representative across the intercepted geological units. • Logging is both qualitative and quantitative depending on the field being logged. • All drill-holes are logged in full to end of hole. • DD core is routinely photographed digitally.
Sub-sampling techniques	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Sinclair diamond core is HQ and NQ2 size, sampled on

Criteria	JORC Code explanation	Commentary
and sample preparation	• *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.*	geological intervals (0.2 m to 1.2 m), cut into half (NQ2) or quarter (HQ) core to give sample weights under 3kg Samples were selected to weigh less than 3kg to ensure total preparation at the pulverization stage. • Samples were submitted to ALS Chemex Laboratories for preparation. The sample preparation follows industry best practice where all drill samples are crushed and split to 1kg then dried, pulverized and (>85%) sieved through 75 microns to produce a 1g charge for 4-acid digest with an ICP-MS or AAS finish. • QAQC protocols for all diamond drill sampling involved the use of Certified Reference Material (CRM) as assay standards. The insertion ratio of CRM standards was 1 in 25 with a minimum of 2 per batch. OREAS and Geostats standards were selected on their grade range and mineralogical properties. • All QAQC controls and measures were routinely reviewed and reported on a monthly, quarterly and annual basis by XNAO. • Duplicate samples were inserted at a frequency of 1 in 25, with placement determined by Ni grade and homogeneity. • Sample size is considered appropriate for nickel sulphide mineralisation
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.*	• Sinclair drill samples were submitted to ALS Chemex Laboratories in Perth for multi-element analysis using a 1g charge with a multi-acid digest and ICP-MS or AAS finish (OG62). Analytes include Al, Fe, Mg, Mn, S, Ti, Ag, As, Co, Cr, Cu, Ni, Pb, V, Zn, Zr. • QAQC protocols for all drill sampling involved the use of Certified Reference Material (CRM) as assay standards. The insertion ratio of CRM standards was 1 in 33 with a minimum of two per batch. OREAS and Geostats standards are selected on their grade range and mineralogical properties. • All drill assays are required to conform to the procedural QAQC guidelines as well as routine laboratory QAQC guidelines. • All QAQC controls and measures were routinely reviewed and reported on a monthly, quarterly and annual basis. Historic results for all standards and duplicates indicate most performing well within the two standard deviation limit. • Lab checks (repeats) occurred at a frequency of 1 in 25. These alternate between both the pulp and crush stages. • Portable XRF instruments are used only for qualitative field analysis. No portable XRF results are reported.
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.*	• Significant intercepts have been verified by alternate company personnel • No twinned holes are being drilled as part of this program. • Logging and sampling data is captured and imported using Maxwell LogChief software. • All drill-hole, sampling and assay data is stored in a SQL server (Datashed) database. Assay data is reviewed via DataShed, QAQCR and other customised

Criteria	JORC Code explanation	Commentary
		software and databases. Datashed software has numerous validation checks which are completed at regular time intervals. • Primary assay data is always kept and is not replaced by any 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.*	• Drill collars locations were picked up by Sinclair Mine Surveyors. • All drill holes were routinely surveyed using downhole NSG Gyroscope survey tools. • The coordinate system used is the Geocentric Datum of Australia (GDA) 1994. Coordinates are in the Map Grid of Australia zone 51 (MGA).
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.*	• Drill spacing at Sinclair was nominally 200m x 25m. • No mineral resource is being reported for the Sinclair Nickel Project. • No sample compositing has been applied.
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.*	• The orientation of drilling is designed to intersect either geophysical targets or geological targets at high angle in order to best represent stratigraphy. • No significant orientation based sampling bias at Sinclair is known at this time. Drill-holes may not necessarily be oriented perpendicular to intersected stratigraphy or mineralisation. All reported intervals are down-hole intervals, not true widths.
Sample security	• *The measures taken to ensure sample security.*	• Samples were stored at the Sinclair Nickel Mine Site prior to submission under the supervision of the Senior Project Geologist. Samples were transported to ALS Chemex Laboratories Perth by an accredited courier service.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No external audits or reviews of the sampling techniques and data have been completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section)

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.*	• The Sinclair Nickel Project is held 100% by Talisman Nickel Pty Ltd, a wholly owned subsidiary of Talisman Mining Ltd. • There are no known Native Title Claims over the Sinclair Nickel Project. • All tenements are in good standing and there are no existing known impediments to exploration or mining.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Sinclair Nickel Deposit was discovered in 2005 by Jubilee Mines NL drill testing a ground EM anomaly. • M37/1275 hosts the Sinclair Nickel Mine which was operated by XNAO from 2007-2013 and produced approximately 38,500 tonnes of contained nickel metal. • Exploration work on has included diamond, RC and Air Core drilling, ground and down-hole EM surveys, soil sampling, geological interpretation and other geophysics (magnetics, gravity).
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Sinclair project lies within the Archean aged Norseman-Wiluna Greenstone Belt. • The Sinclair Nickel Deposit is an example of an Archaean-aged komatiite-hosted nickel deposit, with massive nickel-iron sulphides hosted at or near the basal contact of high-MgO ultramafic lava channels with footwall basaltic volcanic and sedimentary rocks.

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.*
		• No new drilling results are presented in this report. All drilling information has been previously reported.

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*	• Significant intersections reported from the Sinclair Nickel Project are based on greater than 0.5% Ni and may include up to 1m of internal dilution, with a minimum composite grade of 1% Ni. • Ni grades used for calculating significant intersections are uncut. • A minimum diamond core sample interval of 0.15m and a maximum interval of 1m is used for intersection calculations subject to the location of geological boundaries. • Length weighted intercepts are reported for mineralised

Criteria	JORC Code explanation	Commentary
	stated.	intersections. • No metal equivalents are used in the intersection calculations.
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').*	• Drill-holes relating to the Sinclair Nickel project are reported as down hole intersections. True widths of reported mineralisation are not known at this time.
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.
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.*	• This report includes results from both historic and recent Geophysical Surveys. Results from these surveys are included in the body of this report. • Parameters for the Delphi Prospect surface electromagnetic survey include: o Configuration: Moving Loop EM (MLEM) o Line and station spacing: 200m x150m, infill 75m o TX Loop size: 300x300m double turn o Receiver: SMARTem o Sensor: High Temp SQUID • Parameters for the Delphi North Down Hole Electromagnetic (DHEM) Survey are provided Appendix 2 of this report
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.*	• Planned future work at the Sinclair Nickel Project includes geophysical surveys, re-logging of historic diamond drill core and RC and Diamond Drilling.