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ASX Code: TLM


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Shares on Issue:
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Options on Issue:
4,650,000 (Unlisted)

**ASX Media Release – 27 October 2016**

# *Sinclair Nickel Project Drilling Results and Exploration Update*

## *Assay results confirm multiple massive nickel sulphide intersections*

## Highlights

Diamond and Reverse Circulation (RC) drilling complete for the current programs at Delphi, Delphi North and Schmitz Well South Prospects with massive and stringer nickel sulphide mineralisation identified in multiple targeted areas:

### Delphi North RC Drilling (*refer ASX release 7 October 2016*)

- SNRC010: **4m @ 4.79% Ni** from 154m down-hole;
- SNRC012: **5m @ 2.39% Ni** from 73m down-hole; and
- SNRC019: **9m @ 4.20% Ni** from 131m down-hole.

### Delphi North Diamond Drilling

- SND006: **3.1m @ 1.03% Ni** from 403.2m down-hole.
- SND009: (down dip from SNRC019), intersected **1.4m of massive nickel sulphides** and a thick sequence of high-MgO ultramafic rocks with stringer and disseminated sulphides (assays pending).

### Delphi Diamond Drilling

- SND007: intersected a narrow zone (~2m) of **stringer nickel sulphides** within a high-MgO ultramafic unit, the intersection represents a new nickel sulphide position (assays pending).

### Schmitz Well South RC drilling

- SNRC015: **1m @ 0.97% Ni** from 193m down-hole.

Down Hole Electromagnetic (DHEM) surveys completed on all diamond drill holes at Delphi North and Delphi. Multiple electromagnetic (EM) conductors identified for follow-up drill testing.

These highly encouraging results confirm Talisman's belief in the considerable prospectivity of the Sinclair ultramafic belt to host additional massive sulphide nickel deposits and support the next phase of exploration activity. Scheduled to commence early November 2016, these activities include:

- Program of diamond drill holes to test the down-plunge continuation of shallow mineralisation recently intersected at Delphi North.
- RC and diamond drilling across the Sinclair ultramafic trend including the Stirling, Sinclair North, Sinclair East and Parnassus prospects.

## Overview

*The 100% owned Sinclair Nickel Project 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.*

Talisman Mining Limited (ASX: **TLM**, "**Talisman**" or the "**Company**") is pleased to advise that additional results from the recent exploration program of diamond and RC drilling at the 100%-owned Sinclair Nickel Project have now been received. These latest results, when combined with zones of massive sulphide mineralisation from shallow RC drilling undertaken at Delphi North in September 2016, including **9m @ 4.2% Ni from 131m downhole in SNRC019** (refer *ASX Announcement – 7 October 2016),* provide further evidence of the considerable prospectivity of the Sinclair ultramafic belt to host additional massive sulphide nickel deposits.

In addition to recent drill results at the Delphi and Delphi North Prospects, RC drilling from the recently completed program at the Schmitz Well South Prospect (*Figure 3*) also confirmed the presence of wide zones of prospective, fertile high-MgO ultramafic rocks.

Talisman is highly encouraged by these recent results and will continue with a cost efficient, staged and focused exploration program at Sinclair during the forthcoming quarter at high priority targets in the near mine Sinclair Trend including further drilling at the Delphi North Prospect.

Delphi North

Delphi North is a high priority target corridor (*Figure 1*) displaying a strong correlation with the Sinclair mine geological environment. It has confirmed historic nickel sulphide mineralisation over a strike length of 700m and is interpreted to represent a fertile mineralised setting with potential to host significant mineralisation.

As previously reported (refer *ASX announcement – 07 October 2016*) two fences of RC drill holes at Delphi North were drilled to test a shallower area up dip of previously reported massive sulphide mineralisation intersected in hole DED009 (*Figure 1*). Results from this drilling confirmed near surface high-tenor nickel sulphide mineralisation in multiple zones of massive and stringer nickel sulphide mineralisation with significant intersections[1] including:

- **SNRC010: 4m @ 4.79% Ni** from 154m down-hole;
- **SNRC012: 5m @ 2.39% Ni** from 73m down-hole, and
- **SNRC019: 9m @ 4.20% Ni** from 131m down-hole.

A complete list of all drilling results is provided in Table 2.

Following these successful initial RC drill results the Company extended the planned drill program at Delphi North to include an additional diamond drill hole (SND009) beneath hole SNRC019.

SND009 intersected 1.4 metres of massive nickel sulphides visually similar to those reported from the nearby RC holes in an interpreted basal position approximately 33 metres vertically below the massive sulphides from hole SNRC019. In addition to the massive sulphide intersection the hole also intersected a broad zone (~30 metres) of high-MgO ultramafic rocks containing stringer, disseminated and minor matrix-

[1] Significant intersections are calculated on the basis of a >0.5% Ni and may include up to 1m of internal dilution, with a minimum composite grade of 1% Ni

style nickel sulphide mineralisation containing visual pyrrhotite and pentlandite nickel bearing sulphide minerals. Assay results are pending.

DHEM in SND009 delivered a number of modelled conductors that align closely with the massive sulphide intersections from recent RC and diamond drilling at Delphi North. A moderate conductance plate (3000 siemens) measuring approximately 140m x 50m intersects the recent sulphide intersections extending both to the north and south from existing drilling. A high conductance modelled anomaly of 15,000 siemens centred above and to the south of SND009 is interpreted to represent the thickest part of the massive nickel sulphides intersected to date. Talisman considers that these modelled conductors highlight the potential for Delphi North to host significant sulphide mineralisation.

Talisman is highly encouraged by the identification of this mineralised host ultramafic unit in close proximity to the previously intersected massive sulphides.

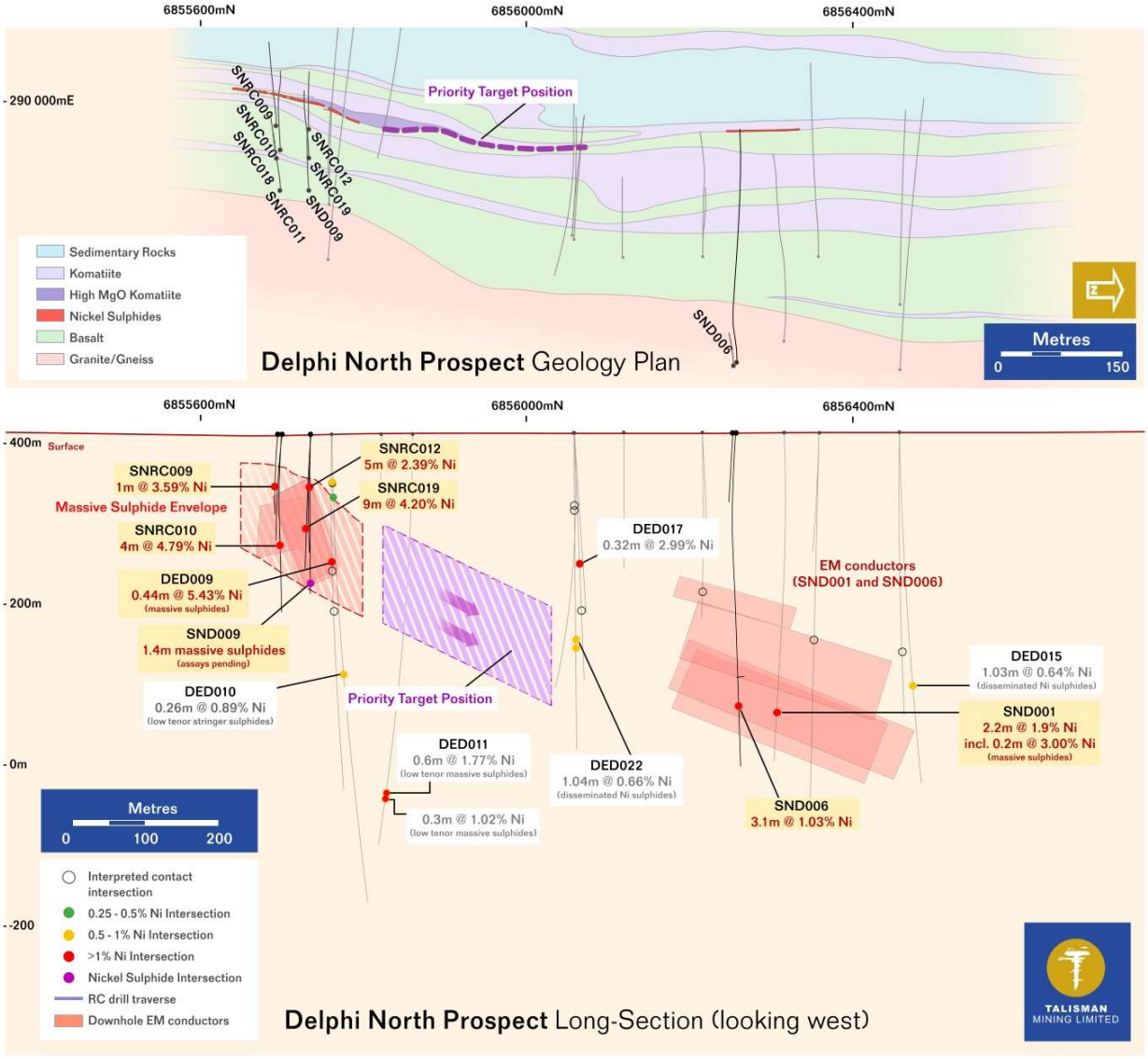


Figure 1: Delphi North long projection showing new and existing Ni massive sulphide intersections, newly modelled and historic DHEM conductors and an interpreted target corridor.

SND006 was drilled to test a conductor identified in the previously completed DHEM survey of SND001, some 50 metres to the south of SND001 (*Figure 1*). The hole was interpreted by Talisman to intersect the target toward the top of the modelled EM plate and as such has not fully tested the targeted plate. Multiple zones of brecciated to massive sulphides (pyrrhotite, chalcopyrite & minor pentlandite) were intersected in SND006 including **3.5m @ 1.01% Ni** from 403.2m down-hole.

Multiple ultramafic and sedimentary lithologies were intersected below the basal contact position and the geology is interpreted to be tightly folded hanging wall stratigraphy within a synclinal structure. It is also interpreted that the basal contact has been folded in a similar manner below the hole in a structural position similar to the Sinclair Mine geology. The brecciated to massive nature of the sulphide intersection in SND006 is consistent with Talisman's geological interpretation of this position and validates the current exploration strategy to target massive sulphide mineralisation at Delphi North.

The nickel sulphide intersections logged in SND006 are encouraging and further work to confirm Talisman's interpretation of the stratigraphy and mineralised environment is underway.

A DHEM survey has recently been completed in hole SND006. The survey identified multiple conductors, confirming the presence of nickel sulphide mineralisation in the vicinity of holes SND006 and SND001. The data has been processed and interpreted resulting in modelled plates with dimensions of 250m x 80m located in close proximity to SND006 and extending both north and south at a shallow plunge (*Figure 1*).

Drill results confirm that the Delphi North prospect remains one of the highest priority target areas and further drilling is set to commence in November 2016.

Delphi

The Company recently completed two diamond drill tails (SND007 and SND008) on historic RC holes SNRC002 and SNRC004 to target untested, previously identified, stratigraphic and Moving Loop Electromagnetic (MLEM) conductors at Delphi (*Figure 2*). These holes are offset from the main ultramafic trend.

**SND007** intersected a **wide zone of ultramafic rocks with minor matrix and stringer nickel sulphides**. Below the ultramafic unit, the drill hole encountered pyrite-rich sediments which may explain the existing MLEM anomaly. Assay results are currently pending, however the presence of matrix and stringer nickel sulphides within ultramafic rocks in SND007 represents the identification of a new and previously untested, potentially fertile ultramafic unit.

A DHEM survey was recently completed at SND007. The survey was unable to reach the end of hole due to poor ground conditions however the survey identified a growing EM anomaly towards the end of the surveyed interval proximal to the matrix and stringer nickel sulphides and deeper pyrite rich sediments previously logged. Additional geological and geophysical interpretation will be undertaken to accurately define this EM anomaly.

Talisman will continue detailed interpretation of this area.

SND008 intersected a prospective high-MgO ultramafic unit, however no discernible sulphide mineralisation was logged in the drill core to explain the existing MLEM anomaly. A DHEM survey recently completed at SND008 did not return any significant EM anomalism and the original surface EM anomaly remains unexplained. Assays are pending.

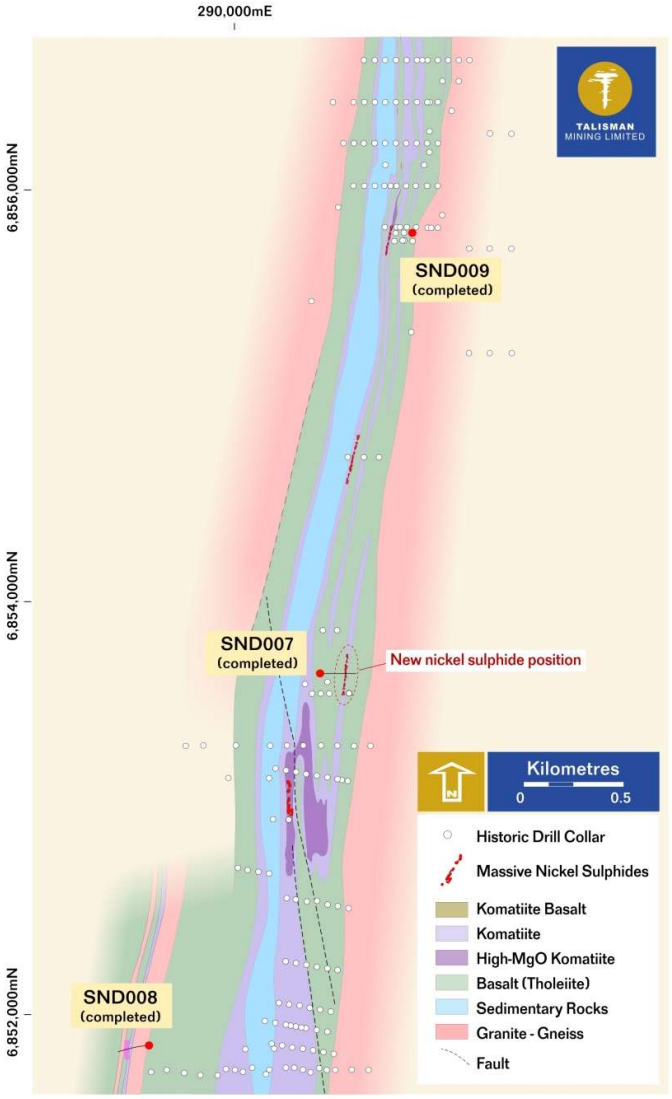


Figure 2: Delphi Prospect Geological Plan showing recent diamond drill holes and historic drill collars

Schmitz Well South

A fence of RC drill holes at Schmitz Well South to test an interpreted extension of the ultramafic unit under cover has recently been completed (*Figure 3*). Talisman secured a grant from the Western Australian Department of Mines of up to $55,000 ($110,000 total drill cost split 50/50) for the co-funding of this exploration drilling.

Drilling intersected broad zones of prospective high-MgO ultramafic rocks, containing multiple zones of trace to disseminated (cloud) sulphides throughout. Assay results returned anomalous nickel grades with the highest grade being **1m @ 0.97% Ni** from 193m down-hole in SNRC015.

The confirmation of the presence of fertile, high-MgO ultramafic units at Schmitz Well South is highly encouraging and validates Talisman's original interpretation that Schmitz Well South represents a continuation of the fertile Schmitz Well and Sinclair ultramafic trend. Detailed interpretation of the results from this drilling will continue to inform Talisman's interpretation and guide further exploration activities in the area.

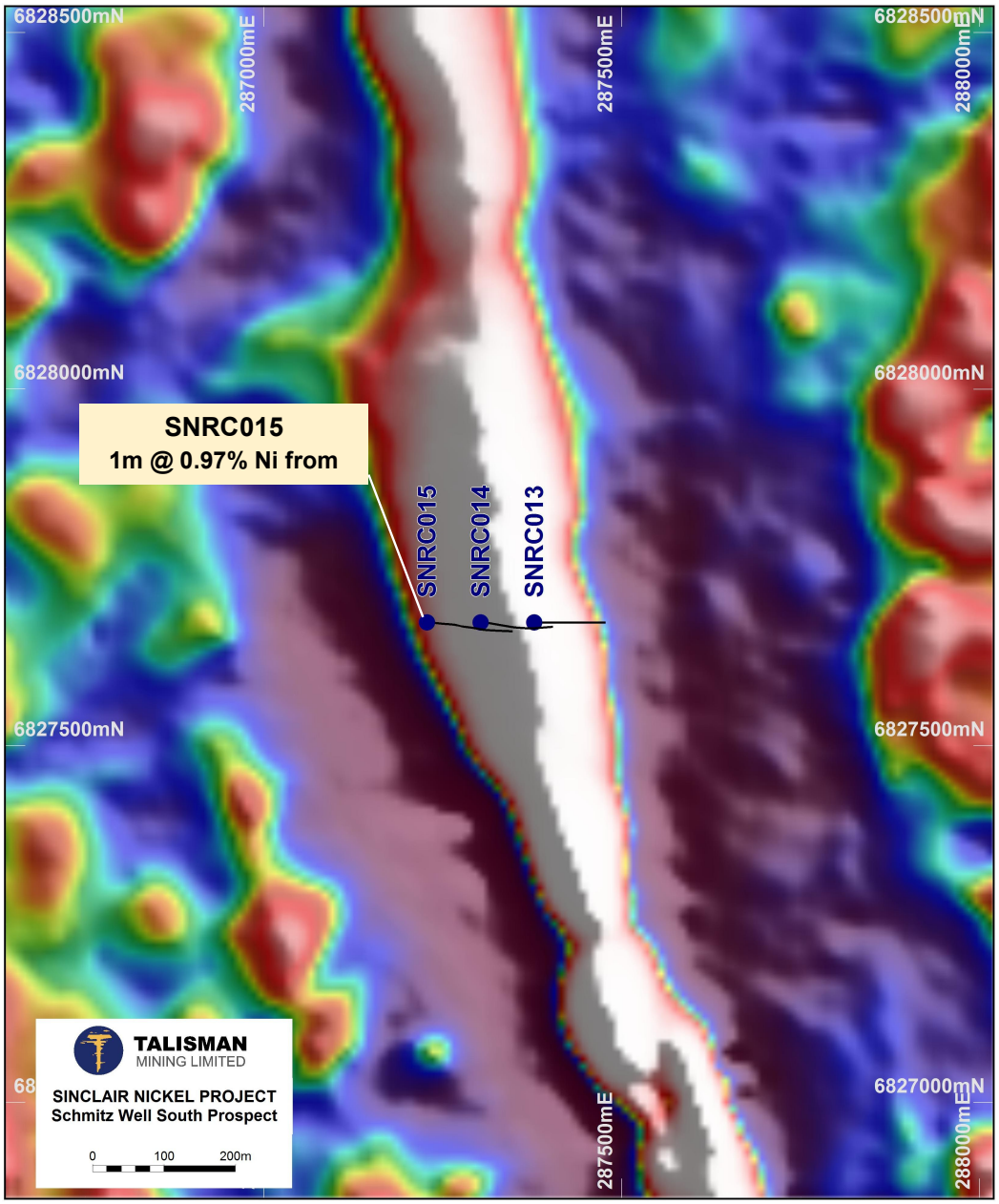


Figure 3: Plan view of Schmitz Well South showing magnetics, interpreted ultramafic unit under cover and completed RC drill holes.

## Additional planned activity

As part of Talisman's cost effective and focused exploration strategy at Sinclair a follow-up program of diamond drilling is scheduled at Delphi North and Stirling, as well as RC drilling at Sinclair East, Sinclair North and Parnassus. Drilling will commence in early November 2016 as part of the second phase of drilling over the wider Sinclair Trend.

### Delphi North

A series of diamond drill holes are planned along strike and down plunge from recent shallow massive sulphide intersections at Delphi North (*Figure 4*). It is interpreted that the massive sulphide mineralisation has a shallow plunge to the north similar to the Sinclair, Stirling and Skye nickel sulphides bodies.

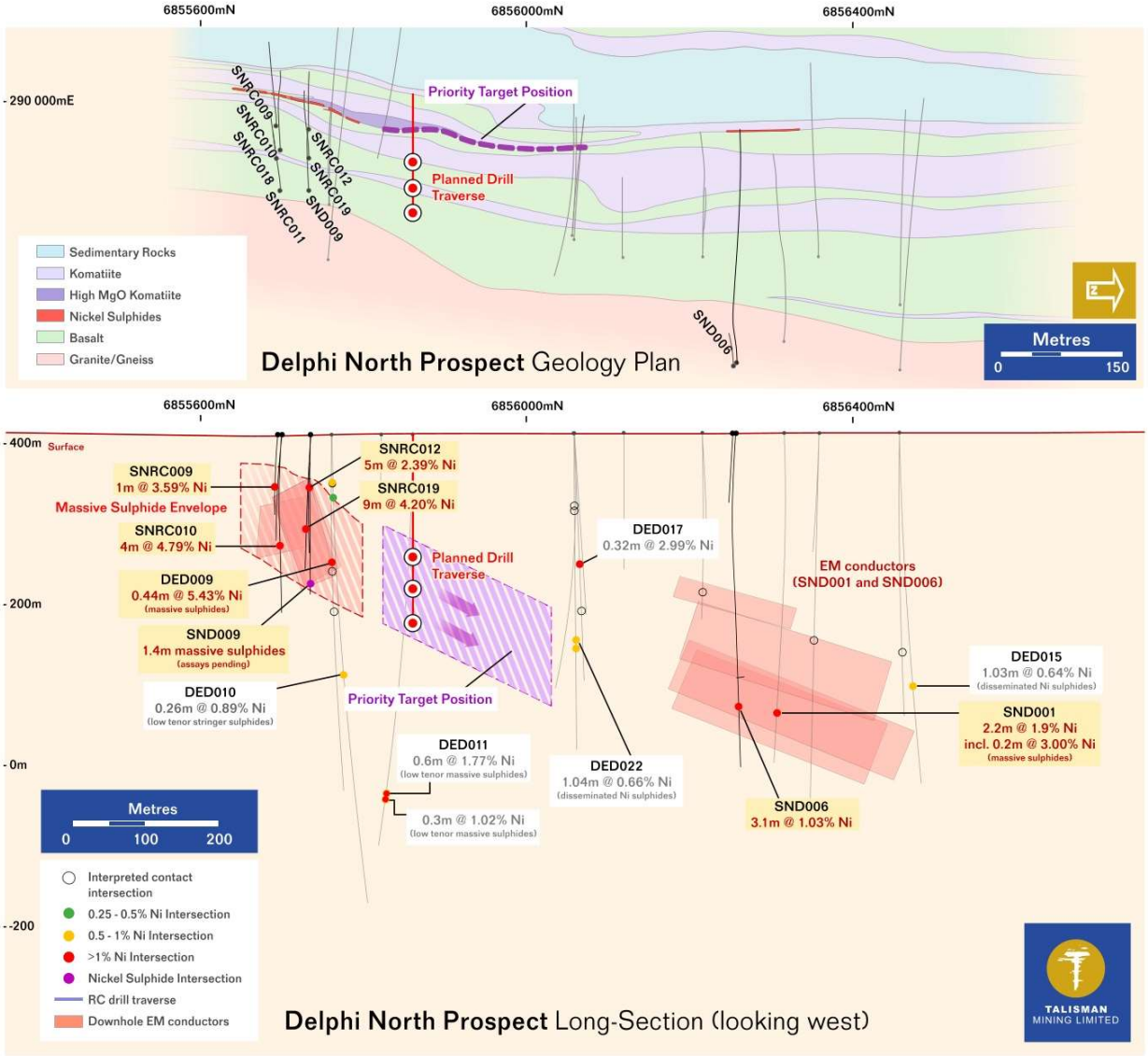


**Figure 4: Delphi North long projection showing new and existing Ni massive sulphide intersections, newly modelled and historic DHEM conductors, interpreted target corridor and planned diamond drilling.**

Stirling

Stirling represents a mineralised ultramafic environment parallel and approximately 600 metres to the south of Sinclair that has delivered historic intersections of massive and disseminated-style nickel sulphides.

As part of ongoing project assessment and exploration targeting reviews, Talisman has recently completed reinterpretation of historic DHEM and lithologies highlighting the potential for Stirling to host significant thicknesses of massive and disseminated nickel sulphide mineralisation located within a fold hinge structure.

Talisman will complete one diamond drill hole (*Figure 5*) targeting the interpreted mineralised position as a basis for ongoing work in the future.

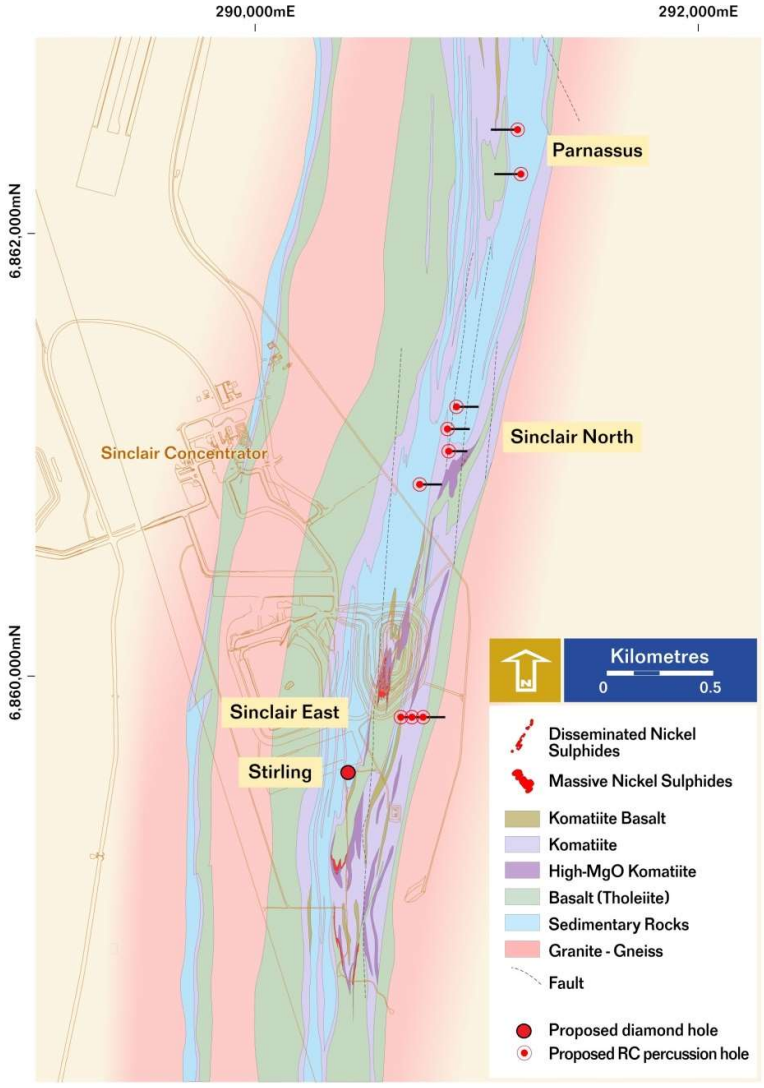


Figure 5: Interpreted geology of the Sinclair Trend showing planned drilling at Stirling, Sinclair North, Sinclair East and Parnassus

Sinclair East

Sinclair East represents a fertile ultramafic unit immediately to the east of Sinclair and existing mine infrastructure. Historic drilling at depth has returned 2.16m @ 2.12% Ni (CWD536B) however the mineralised position remains effectively untested, especially in the shallow environment.

Talisman has completed interpretations projecting this ultramafic position close to surface (*Figure 6*) and will complete a traverse of RC holes (*Figure 5*) to test for nickel sulphide mineralisation and the potential of this fertile ultramafic contact position to extend close to surface.

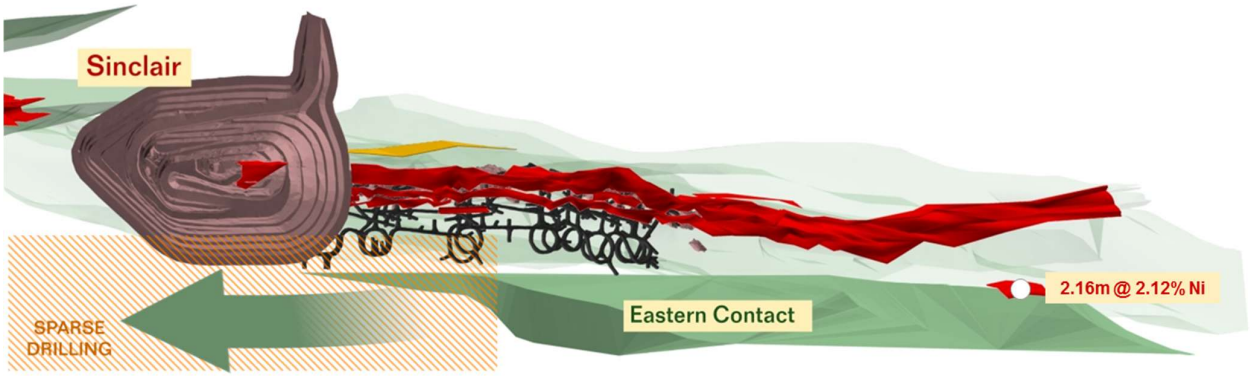


Figure 6: Interpretation of the Sinclair East ultramafic unit projected close to surface.

Sinclair North

Very limited drilling exists up dip and to the north of the Sinclair deposit itself. One of the few historic, shallow RC drill holes (CWWS003) that intersect the Sinclair ultramafic unit up dip of the main deposit intersected high-MgO ultramafic rocks and disseminated nickel sulphide mineralisation returning **2m @ 0.68% Ni** from 78m down-hole.

Talisman believes that the potential exists for repeats of Sinclair-style mineralised environments up dip, and to the north of Sinclair itself in a similar manner to those parallel channels identified below, and to the south of, Sinclair at Stirling and Skye. Talisman plans to complete a series of RC drill holes along strike from the historic mineralised intercept (*Figure 5*) to test the potential of the Sinclair ultramafic unit in the shallow environment.

Parnassus

At Parnassus historical drilling has intersected an additional interpreted basal contact position together with narrow intervals of disseminated nickel sulphides. Talisman will test the interpreted basal contact position for the presence of high-MgO ultramafic rocks and nickel sulphide mineralisation with two RC drill holes (*Figure 5*).

**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.*

*Table 1 – Drill-hole Information Summary, Sinclair Nickel Project*

Details and co-ordinates of drill-hole collars for diamond and RC / diamond completed to date at the Sinclair Nickel Project.

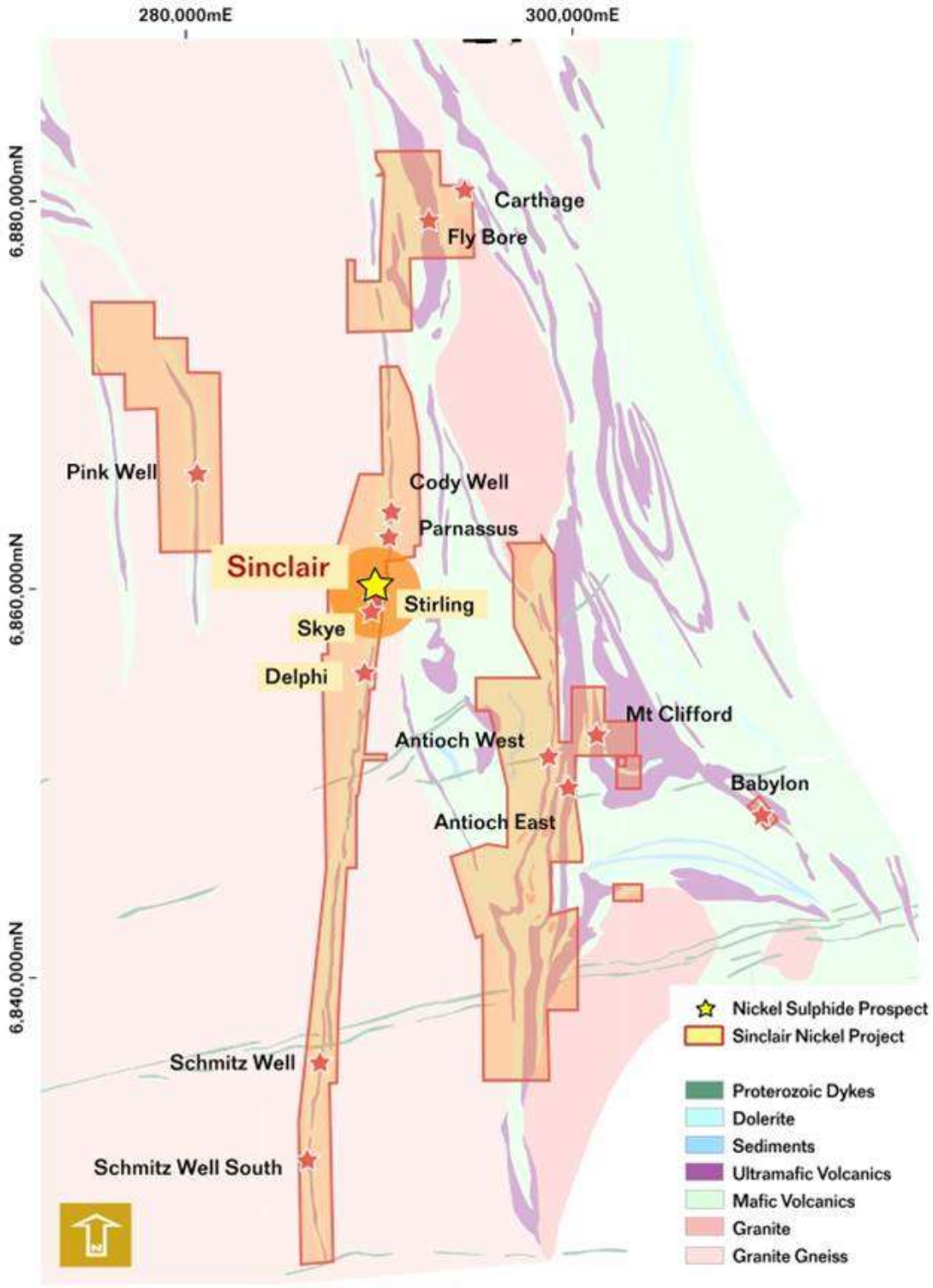
| *Hole ID* | Grid ID | Dip | Azimuth | East (m) | North (m) | RL (m) | Hole Type | Max Depth | Hole Status |
|---|---|---|---|---|---|---|---|---|---|
| ***Diamond Drilling – Delphi North*** | | | | | | | | | |
| *SND006* | MGA94_51 | -62° | 265° | 290,328 | 6,856,258 | 412 | RC/DDH | 486.8 | Complete |
| *SND007* | MGA94_51 | -62° | 90° | 289,661 | 6,853,658 | 412 | RC/DDH | 256.9 | Complete |
| *SND008* | MGA94_51 | -60° | 270° | 288,848 | 6,851,860 | 412 | RC/DDH | 241.9 | Complete |
| *SND009* | MGA94_51 | -62° | 265° | 290,116 | 6,855,734 | 412 | RC/DDH | 252.9 | Complete |
| ***RC Drilling – Delphi North*** | | | | | | | | | |
| *SNRC009* | MGA94_51 | -60° | 265° | 290,037 | 6,855,694 | 412 | RC | 136 | Complete |
| *SNRC010* | MGA94_51 | -62° | 265° | 290,067 | 6,855,699 | 412 | RC | 244 | Complete |
| *SNRC011* | MGA94_51 | -62° | 261° | 290,117 | 6,855,694 | 412 | RC | 184 | Complete |
| *SNRC012* | MGA94_51 | -66° | 270° | 290,041 | 6,855,734 | 412 | RC | 172 | Complete |
| *SNRC017* | MGA94_51 | -63° | 265° | 290,332 | 6,856,254 | 412 | RC | 94 | Complete |
| *SNRC018* | MGA94_51 | -61° | 270° | 290,077 | 6,855,694 | 412 | RC | 122 | Complete |
| *SNRC019* | MGA94_51 | -62° | 268° | 290,078 | 6,855,734 | 412 | RC | 188 | Complete |
| ***RC Drilling – Schmitz Well South*** | | | | | | | | | |
| *SNRC013* | MGA94_51 | -61° | 100° | 287,377 | 6,827,674 | 387 | RC | 196 | Complete |
| *SNRC014* | MGA94_51 | -61° | 100° | 287,302 | 6,827,674 | 387 | RC | 208 | Complete |
| *SNRC015* | MGA94_51 | -62° | 96° | 287,228 | 6,827,674 | 387 | RC | 250 | Complete |
| *SNRC016* | Planned hole not drilled | | | | | | | | |

*Table 2 – Sinclair Nickel Project – Significant intersections*

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

| Hole ID | Depth From (m) | Depth To (m) | Interval (m) | Ni (%) | Cu (ppm) | Co (ppm) |
|---|---|---|---|---|---|---|
| SNRC009 | 77 | 78 | 1 | 3.59 | 5,270 | 1,275 |
| SNRC010 | 154 | 158 | 4 | 4.79 | 3,065 | 1,417 |
| | 162 | 163 | 1 | 0.61 | 400 | 311 |
| | 169 | 170 | 1 | 0.56 | 108 | 150 |
| SNRC011 | No Significant Intercepts | | | | | |
| SNRC012 | 73 | 78 | 5 | 2.39 | 1,708 | 853 |
| SNRC013 | Assays Pending | | | | | |
| SNRC014 | Assays Pending | | | | | |
| SNRC015 | 193 | 194 | 1 | 0.97 | 409 | 233 |
| SNRC016 | Not yet Drilled | | | | | |
| SNRC017 | Not Assayed - Hole Abandoned | | | | | |
| SNRC018 | No Significant Intercepts | | | | | |
| SNRC019 | 131 | 140 | 9 | 4.2 | 3,643 | 1,334 |
| SND006 | 403.2 | 406.7 | 3.5 | 1.01 | 1,968 | 329 |
| SND007 | Assays Pending | | | | | |
| SND008 | Assays Pending | | | | | |
| SND009 | Assays Pending | | | | | |

*Appendix 1: Sinclair Nickel Project Location and Simplified Geology*



*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.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *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.<br>• Sampling techniques employed at the Sinclair Nickel 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. Reverse Circulation (RC) drilling samples collected by a cone splitter for single metre samples or sampling spear for composite samples,<br>• 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. RC drilling is completed with a face sampling hammer of nominal 140mm size.<br>• All historic drill holes completed by Xtrata were routinely surveyed using downhole NSG Gyroscope survey tools. Current drilling by Talisman is routinely surveyed using an electronic single shot camera, at a nominal 30 intervals down hole.<br>• All historic drill core completed by Xtrata was routinely orientated where possible at nominal 6m intervals using an EzyMark-OriBlock core orientation system. Talisman routinely orients all drill core where possible at nominal 6m metre intervals using ACE ACTIII core orientation system. |
| Drill sample recovery | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *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%. Surface<br>• RC sampling is good with almost no wet sampling in the project area.<br>• 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.<br>• 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* | • Logging records lithology, mineralogy, mineralisation, alteration, structure, weathering, colour and other primary features of the rock samples and is considered to be |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | representative across the intercepted geological units.<br>• Logging is both qualitative and quantitative depending on the field being logged.<br>• All drill-holes are logged in full to end of hole.<br>• DD core is routinely photographed digitally. |
| Sub-sampling techniques and sample preparation | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Sinclair diamond core is HQ and NQ2 size, sampled on 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.<br>• RC samples are split using a cone or riffle splitter. A majority of RC samples are dry. On occasions that wet samples are encountered they are dried prior to splitting with a riffle splitter.<br>• 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.<br>• 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.<br>• All QAQC controls and measures are routinely reviewed and reported on a regular basis whilst exploration campaigns are in progress.<br>• Duplicate samples were inserted at a frequency of 1 in 25, with placement determined by Ni grade and homogeneity.<br>• 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.*<br>• *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.*<br>• *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.<br>• 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.<br>• All drill assays are required to conform to the procedural QAQC guidelines as well as routine laboratory QAQC guidelines.<br>• 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.<br>• Lab checks (repeats) occurred at a frequency of 1 in 25. These alternate between both the pulp and crush stages. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | • 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.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • Significant intercepts have been verified by alternate company personnel<br>• No twinned holes are being drilled as part of this program.<br>• Logging and sampling data is captured and imported using Maxwell LogChief software.<br>• 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 software and databases. Datashed software has numerous validation checks which are completed at regular time intervals.<br>• 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.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • Historic drill collars locations were picked up by Sinclair Mine Surveyors.<br>• Talisman drill collar locations are pegged using a hand held GPS, and picked up by an independent survey contractor after completion of the drill hole.<br>• All historic drill holes completed by Xtrata were routinely surveyed using downhole NSG Gyroscope survey tools. Current drilling by Talisman is routinely surveyed using an electronic single shot camera, at a nominal 30 interval down hole.<br>• 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.*<br>• *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.*<br>• *Whether sample compositing has been applied.* | • Drill spacing at Sinclair was nominally 200m x 25m.<br>• No mineral resource is being reported for the Sinclair Nickel Project.<br>• 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.*<br>• *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.<br>• 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.*<br>• *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.<br>• There are no known Native Title Claims over the Sinclair Nickel Project.<br>• 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.<br>• 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.<br>• 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 Nickel Project lies within the Archean aged Norseman-Wiluna Greenstone Belt.<br>• 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:*<br>  • *easting and northing of the drill-hole collar*<br>  • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill-hole collar*<br>  • *dip and azimuth of the hole*<br>  • *down hole length and interception depth*<br>  • *hole length.*<br>• *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.* | • Drill hole information relating to the Sinclair Nickel Project is included in Table 1 Drill-hole Information Summary, Sinclair Nickel Project. |
| 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.*<br>• *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.*<br>• *The assumptions used for any reporting of* | • 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.<br>• Ni grades used for calculating significant intersections are uncut.<br>• 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.<br>• Length weighted intercepts are reported for mineralised |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *metal equivalent values should be clearly stated.* | intersections.<br>• 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.*<br>• *If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.*<br>• *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.<br>• Parameters for the Delphi Prospect surface electromagnetic survey include:<br>○ Configuration: Moving Loop EM (MLEM)<br>○ Line and station spacing: 200m x150m, infill 75m<br>○ TX Loop size: 300x300m double turn<br>○ Receiver: SMARTem<br>○ Sensor: High Temp SQUID<br>• 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).*<br>• *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. |