



31 January 2020

December 2019 Quarterly Activities Report

Lachlan Copper-Gold Project

RC Drilling of gold-in-soil anomalies

- Reverse circulation (**RC**) drilling campaign targeting gold-in-soil anomalies at the Melrose Hardings, Brooklyn and Kaolin Shaft Gold Prospects completed. Assay results returned for all holes except the last two Melrose Gold Prospect holes which are currently being processed.
- Numerous zones of elevated gold anomalism returned at the Melrose Gold Prospect, with the best result being:
 - **1m @ 2.03g/t Au** from 65m (MGRC0004)
- Low-level gold assays returned from the Hardings Prospect are interpreted to be consistent with the surface geochemical anomaly.
- Broad zones of low-level gold anomalism confirmed at the Brooklyn Prospect consistent with the surface geochemical anomaly, and elevated base metal anomalism encountered in altered felsic volcanic in the single hole completed at the Kaolin Shaft Prospect.

Diamond and RC Drill Testing of Blind Calf Copper-System

- Diamond drilling commenced in January 2020 at the Blind Calf Prospect targeting down plunge extensions of high-grade copper mineralisation.
- NSW Department of Planning, Industry & Environment (**DPIE**) approval received for RC drill program to test downhole electromagnetic conductors identified across Blind Calf region. Drilling to commence following completion of Blind Calf extensional diamond drilling program.

Regional geochemical sampling

- Applications for four separate auger drilling work programs submitted to NSW DPIE in December 2019 at the Lachlan Project have been approved. Drilling will target extensions of existing soil anomalies in areas of moderate transported cover, as well as new target areas.

Lucknow Gold Project

- Lucknow Gold Project land access agreement signed for diamond drilling to test the interpreted high-grade gold lode offset position.
- Application for an estimated 2,000m of drilling has been submitted to NSW DPIE for approval. Drilling to commence once NSW DPIE approval is received and Blind Calf extensional diamond drilling completed.

Corporate

- Divestment of the Sinclair Nickel Project completed on 11 October 2019.
- Available cash resources of approximately **\$16.1 million** at 31 December 2019 (equating to \$0.087 per share).





Lachlan Copper-Gold Project

During the quarter Talisman Mining Ltd (ASX: TLM, **Talisman**) completed the majority of a reverse circulation (**RC**) drill program at its Lachlan Copper-Gold Project (**Lachlan Project**) in NSW (*Appendix 2*) targeting gold-in-soil anomalies. A total of 14 holes for 1,932 metres were completed during the quarter at the Hardings, Brooklyn, Kaolin Shaft and Melrose Gold Prospects (*Figure 1*) (with an additional two holes at Melrose completed in early January 2020)¹. Planned RC drilling at the Blind Calf Au Prospect, as part of this program, was delayed due to a drill rig mechanical failure.

Assay results have been received for all but the final two Melrose Gold Prospect holes with drilling intersecting a sequence of intercalated altered felsic volcanics, porphyries and sediment units with varied intensity of quartz veining and sulphide mineralisation. The results highlight a broad zone of low-level gold anomalism with moderate grades associated with more intensive veining in drill chips.

Talisman is intending to undertake a program of selective downhole electromagnetic surveys (**DHEM**) following receipt of all assay results to further enhance the understanding of the potential prospectivity of these anomalies.

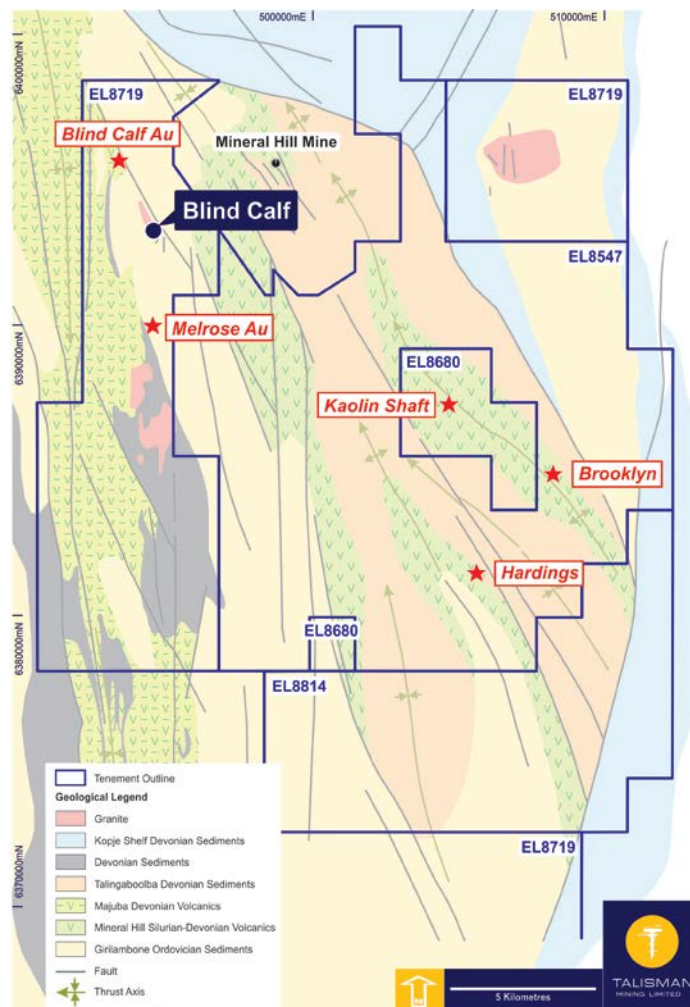


Figure 1: RC Drilling Campaign - Prospect location map²

¹ Refer ASX announcement dated 24 January 2020 for full details including JORC tables.

² Refer to Appendix 1 for Tenement details





RC Drilling of gold-in-soil anomalies

Harding's Prospect (EL8547): Gold-in-soils

Gold assay results from geochemical sampling in mid-2019 identified an anomaly at the Harding's Prospect (*Figure 1* and *Figure 2*) extending over 1km, with a peak assay value of +500ppb Au (0.5g/t Au) in soils³. Surface verification identified a sequence of sub-cropping highly altered volcanic rocks, which are interpreted to represent a continuation of the Mineral Hill volcanic sequence.

As previously announced⁴, a single drill traverse of four holes for 555m was completed during the December quarter across the peak of the gold-in-soil anomaly. Drilling encountered siliceous volcanic tuffaceous rocks with minor thin quartz veining and sulphides (pyrite) noted on drilling. Results from assays have shown thin isolated zones of elevated gold mineralisation with one intersection consistent with the surface geochemical anomalism. Gold assays returned were less than 0.5g/t and are not considered significant by Talisman.

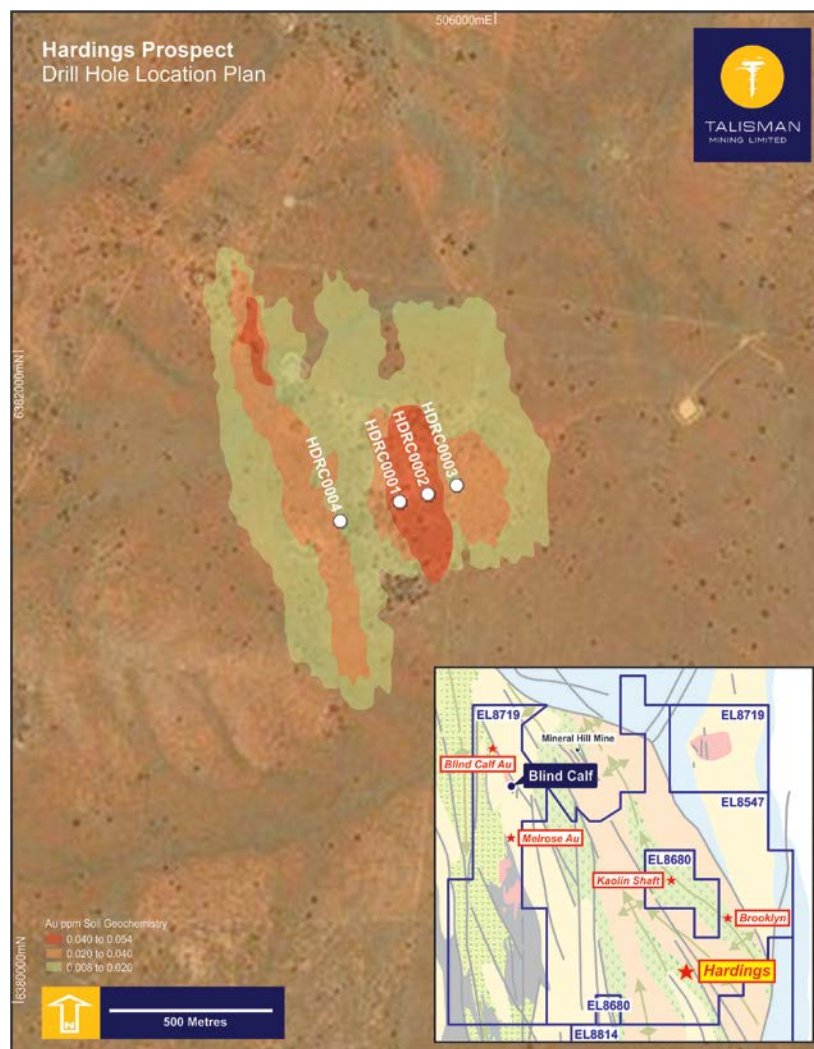


Figure 2: Harding's Prospect RC drill collar location plan⁵

³ Refer to ASX announcement dated 22 July 2019 for full details.

⁴ Refer ASX Announcement dated 19 December 2019 for full details.

⁵ Refer to Appendix 1 for Tenement details





Brooklyn-Kaolin Shaft Prospects (EL8680 & EL8547): Gold-in-soils

Gold assay results from regolith sampling undertaken in mid-2019 along the southeast extension of the Mineral Hill Corridor highlighted multiple gold-in-soil anomalies³. The area contains numerous historic workings and is hosted by altered volcanic rocks. The Kaolin Shaft and Brooklyn Prospects were two high-priority drill targets along this trend (*Figure 1, Figure 3 and Figure 4*).

As previously announced¹, two drill traverses were completed during the December quarter at these two areas. Assay results received from the Brooklyn Prospect, showed broad zones of low-level gold anomalism consistent with the surface geochemical anomaly (>0.25g/t Au) across the western most drill hole, BKRC0001, including two narrow zones at >0.5g/t Au. BKRC0002 and BKRC0003 did not return any significant results. Assay results from the one hole completed at the Kaolin Shaft Prospect returned elevated base metal (lead and zinc) anomalism associated with logged base-metal sulphides in an altered felsic volcanic rock sequence with the best result being:

- **2m @ 2.95% Zn** from 50m including **1m @ 4.77% Zn** from 50m (KSRC0001).

Further work on these prospects will be subject to the results of future DHEM surveys.



Figure 3: Brooklyn Prospect RC drill collar location plan⁶

⁶ Refer to Appendix 1 for Tenement details



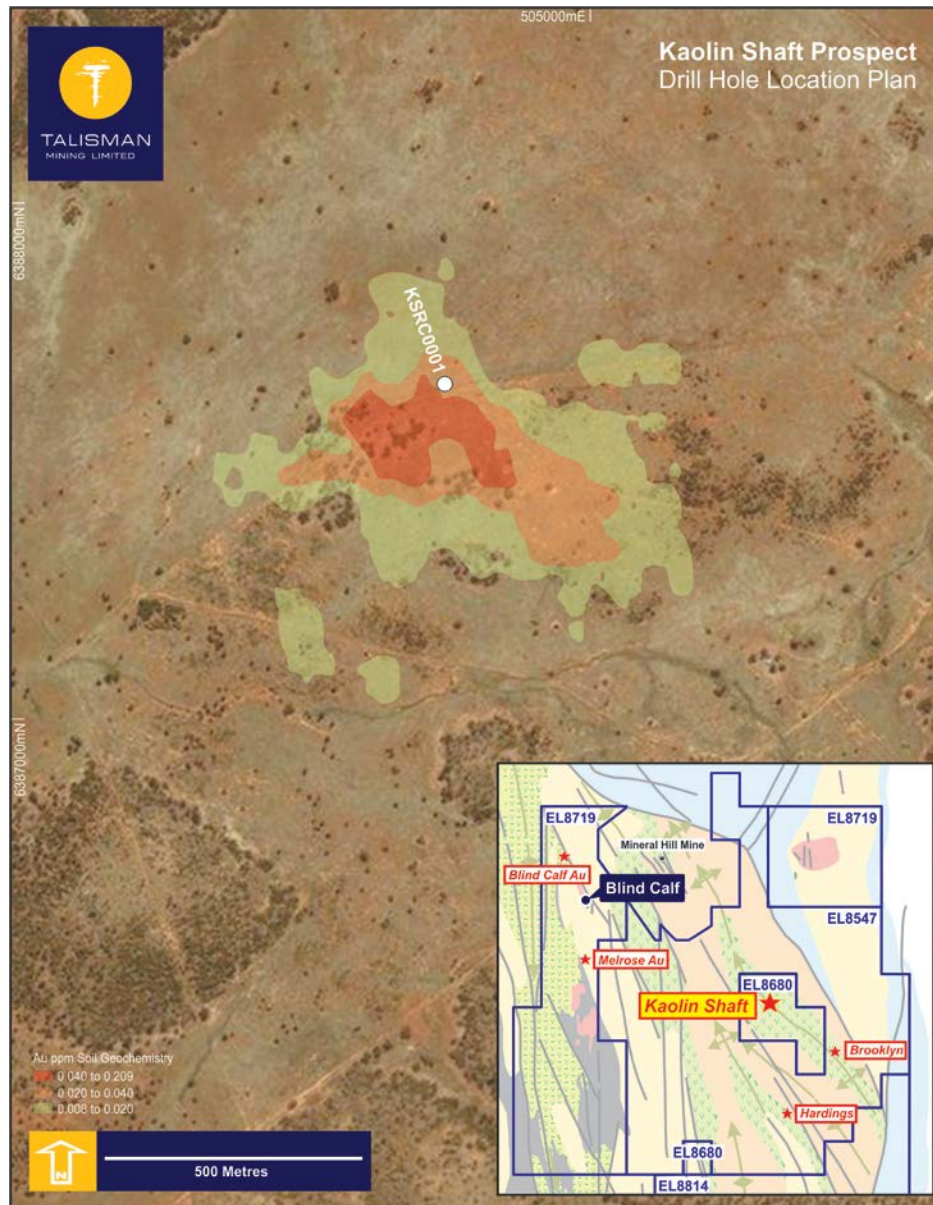


Figure 4: Kaolin Shaft Prospect RC drill collar location plan⁷

Melrose Prospect (EL8719): Gold-in-soils

Gold assay results from initial sampling at the Melrose Prospect identified an anomaly (*Figure 1 and Figure 5*) extending over 1.5km and returned a peak assay value of +400ppb Au (0.4g/t Au) in soils³. Surface verification identified a strongly altered gossanous unit and quartz veining in a sequence of altered volcanic rocks. Further geochemical sampling has extended this geochemical anomaly from 1.5km to more than 2.8km⁸.

A total of six RC drill holes for 928m were completed during the December quarter with the final two RC drill holes for an additional 260m completed in early January 2020 testing approximately 500m of the +2.8km strike (*Figure 5*). Drilling intersected a rock package exhibiting broad zones of moderate to strong

⁷ Refer to Appendix 1 for Tenement details

⁸ Refer to ASX announcement dated 26 November 2019 for full details.





alteration comprising intercalated felsic volcanics, quartz porphyries and sediments with varied intensity of quartz veining and sulphide mineralisation across all completed drill traverses. Assay results confirmed geological observations, returning broad low-level gold anomalism with moderate grade mineralisation associated with zones of more intense veining. The best result returned was from hole MGRC0004 which returned **1m @ 2.03 g/t Au** from 65m on the southern-most line drilled to date.

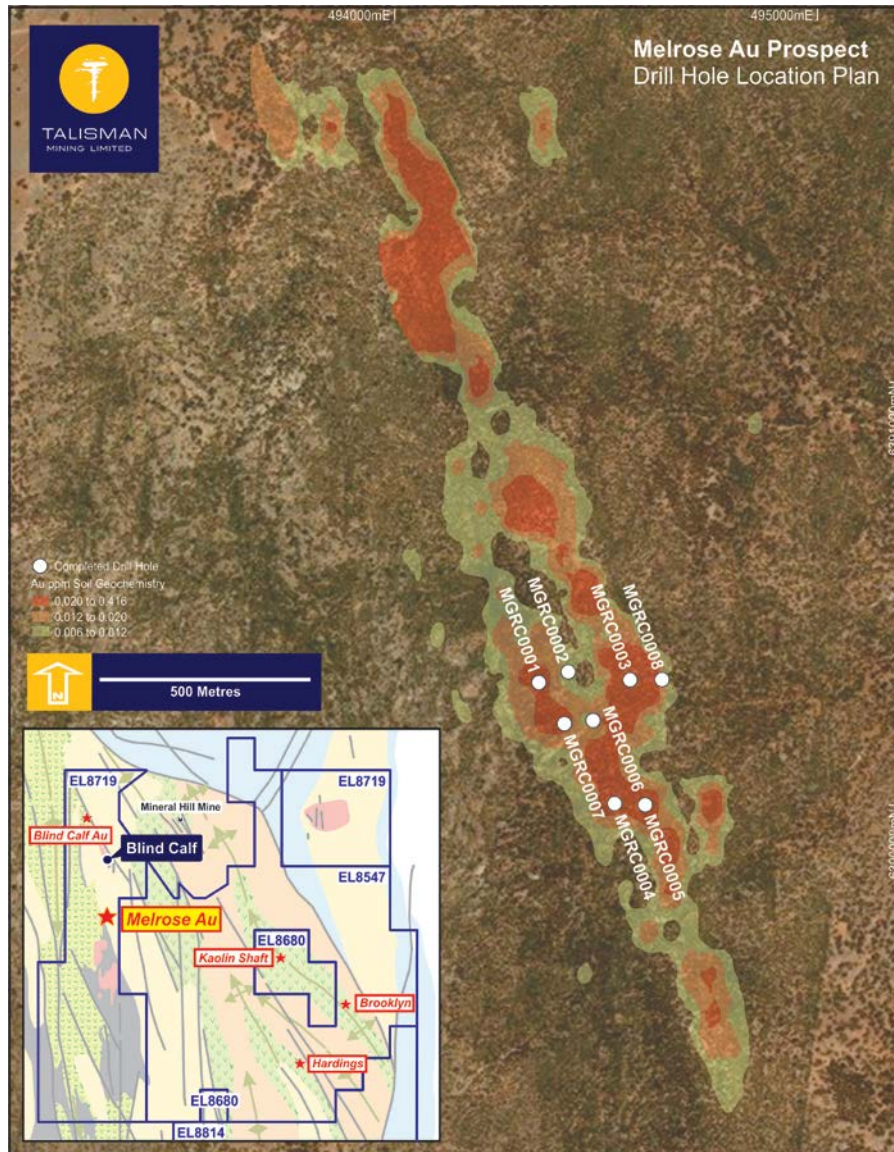


Figure 5: Melrose Gold prospect RC drill collar location plan⁹

Further work on the Melrose Prospect is anticipated to be undertaken once all assay results have been received and potential DHEM surveys have been completed and interpreted.

⁹ Refer to Appendix 1 for Tenement details





Diamond Drill Testing of Blind Calf Copper-System

RC drilling in July 2019 increased the footprint of the known and interpreted high-grade core in the Blind Calf-Dunbars copper lode system including:

- **10m @ 4.32% Cu** from 176m including **4m @ 7.68% Cu** from 180m (BCRC0029)¹⁰.

Two deeper RC holes (BCRC0019 and BCRC0022) focused on the down-plunge extension to the Blind Calf-Dunbars lode were affected by significant lift and thus did not effectively test the target area.

Approval from the NSW DPIE was received during the December quarter for three diamond drill holes (to be drilled from existing drill pads) for approximately 1,000m to test the down-plunge extension of the high-grade Blind Calf-Dunbars copper lode system mineralisation (*Figure 6*). Drilling has now commenced and is anticipated to continue for the next one to two months.

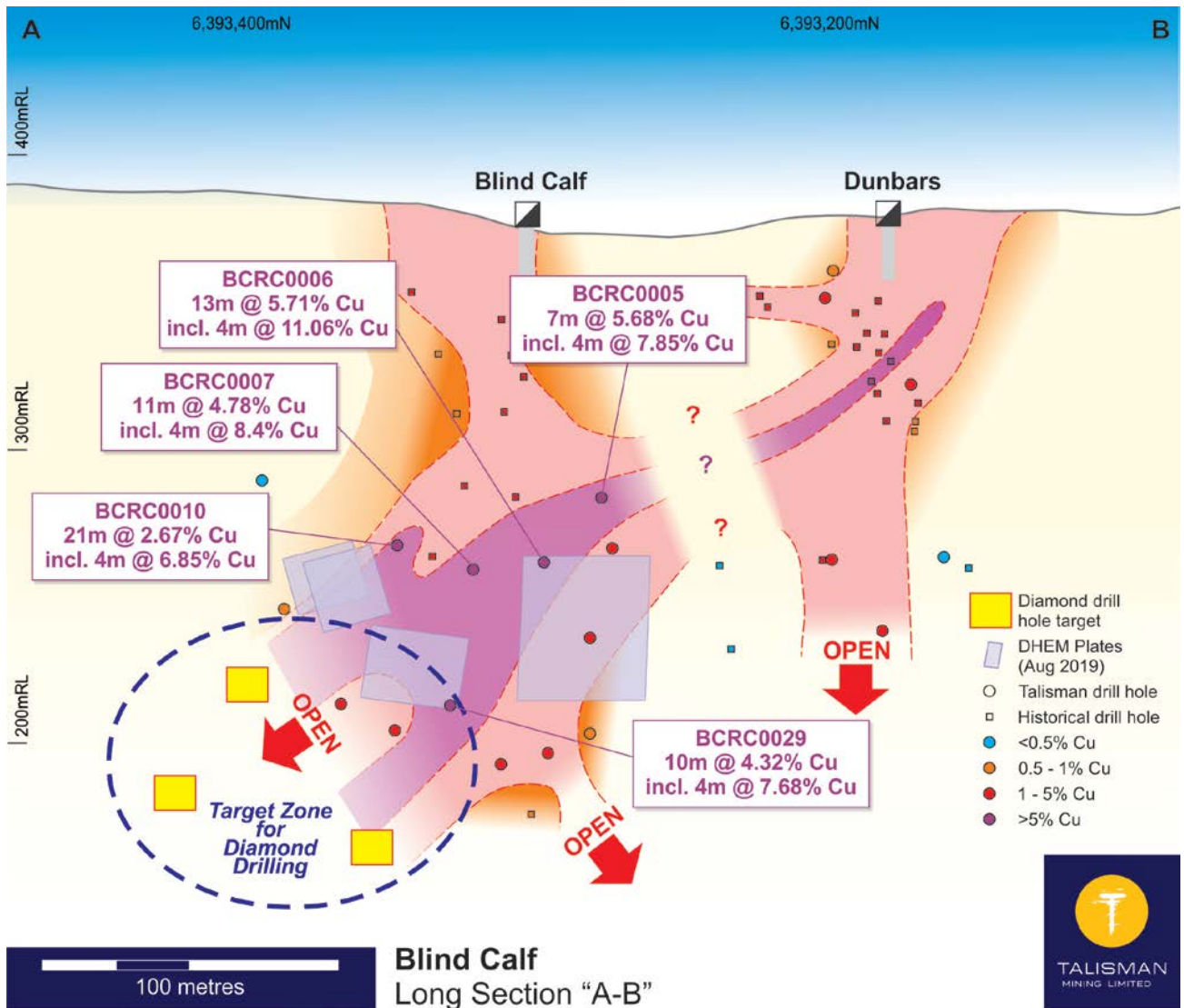


Figure 6: Blind Calf-Dunbars long section showing proposed diamond drill hole targets, current DHEM anomalies and previously reported Talisman and historic drill holes.

¹⁰ Refer to ASX announcement dated 9 September 2019 for full details.





Upcoming RC drill testing across Lachlan Project

Blind Calf Au (EL8719): Gold-in-soils

A soil sampling program approximately 1km along strike to the north-west of Blind Calf high-grade copper discovery identified a large strong gold-in-soil anomaly that extends for more than 1km³.

Drilling of three drill traverses to test the two separate anomalies in this area (*Figure 7*) was planned in the December 2019 quarter RC drilling program, however a mechanical failure of the RC drill rig has delayed this drilling. Once the RC drill rig is repaired, this planned drilling will be undertaken in conjunction with the RC drill testing of DHEM anomalies identified from previous drilling at the main Blind Calf Prospect¹⁰. This RC drilling is scheduled to commence following the completion of the current Blind Calf extensional diamond drilling program.

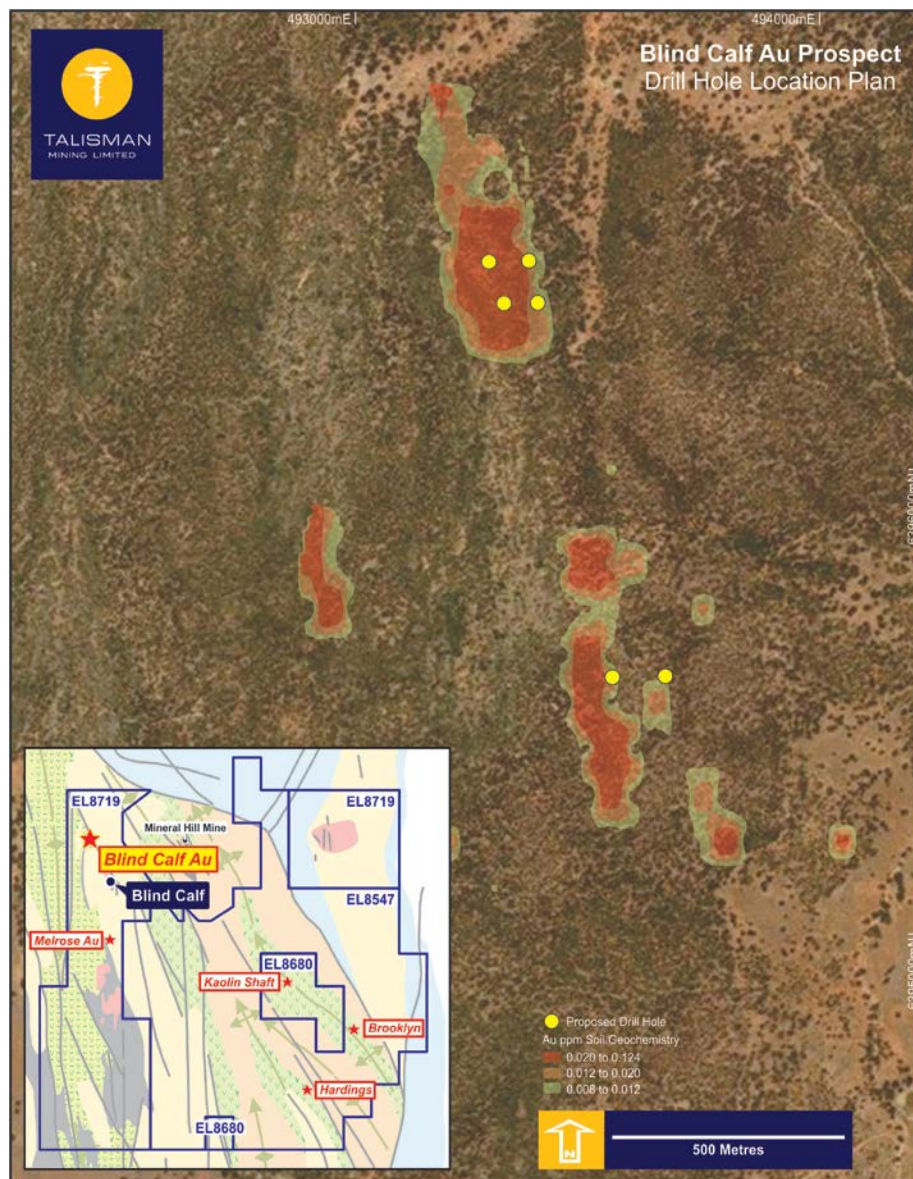


Figure 7: Blind Au gold-in-soil anomaly, showing proposed first pass RC drill traverse¹¹

¹¹ Refer to Appendix 1 for Tenement details





Blind Calf Regional DHEM Conductors (EL8719)

During the quarter approval was received from the NSW DPIE for a RC drill program of approximately 650m to test downhole electromagnetic conductors identified across the Blind Calf region. As previously announced¹⁰, DHEM surveys conducted on previous RC drilling undertaken to test interpreted potential parallel lodes proximal to the Blind Calf-Dunbar copper lode system identified a series of new DHEM conductive anomalies.

The planned drilling will target the conductive anomalies, which within the main Blind calf lode, appear to be associated with higher grade zones of copper mineralisation.

Drilling is scheduled commence following completion of Blind Calf extensional diamond drilling program.

Regional geochemical sampling

Approvals from the NSW DPIE were also received during the quarter for four shallow auger drilling programs across multiple areas to infill and extend areas of known gold and base metal anomalism as well as number of new target areas within the Lachlan Project. Auger drilling is being utilised in areas where transported cover sequences have been identified, such areas not being amenable to traditional soil sampling techniques.

Lucknow Gold Project

Early in January 2020, Talisman successfully executed Land Access Agreements (**LAA**) with key local land holders, a significant process step in preparing for diamond drill testing of the interpreted high-grade extensions of the historic Lucknow Gold Mine. With the LAA's now in place, an application has been submitted to the NSW DPIE for an estimated 2,000m of drilling targeting these high-grade zones. Pending approval of this application, drilling is currently anticipated to commence immediately following the completion of the current diamond drilling campaign at the Blind Calf Prospect.

Gold mineralisation at the Lucknow Gold Project (**Lucknow Project**) is intimately associated with the major NNW trending Lucknow Fault (*Figure 8 & Figure 9*) which dips 60 to 70° to the northeast. The fault separates hanging wall serpentinite from the footwall volcanic rocks. The volcanic rocks of the Oakdale Formation on the footwall are competent and subject to brittle deformation, whereas the hanging wall serpentinite is far less competent, and more subject to ductile deformation.

It is interpreted that the jog in the Lucknow Fault caused dilation, and the formation of east-west trending, vertical fractures in the footwall. These fractures contain the quartz plus calcite high grade gold bearing veins at the Lucknow Project. The veins are zoned such that away from the Lucknow Fault contact they consist of barren quartz, moving to calcite plus quartz, then calcite only. Historic gold mineralisation is localised at the intersection of steep dipping east-west quartz plus pyrite+/-calcite veins, and the ultramafic-dacite contact along the Lucknow Fault. The bonanza grade gold mineralisation occurs as steeply plunging shoots.



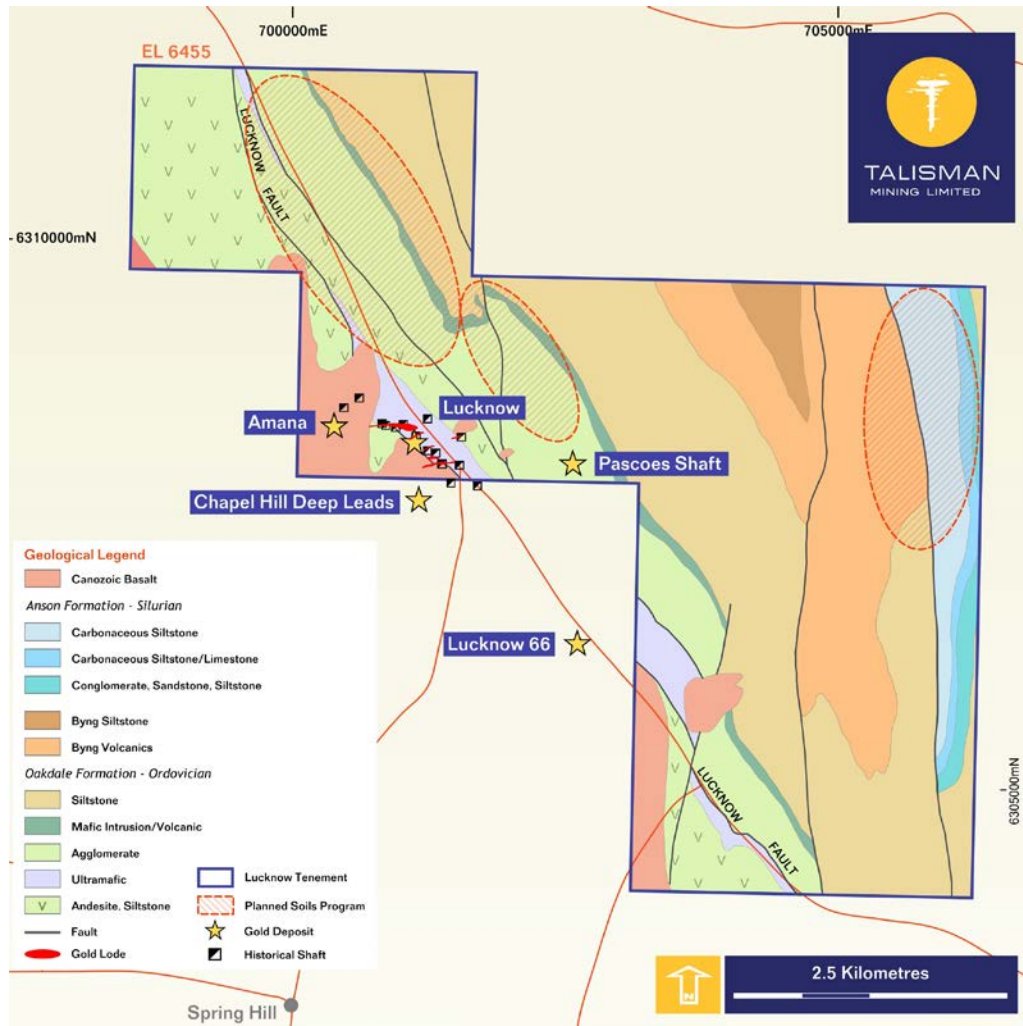


Figure 8: Lucknow Project simplified geology¹².

Talisman will target the interpreted fault offset extensions of the high-grade Lucknow Project gold mineralisation (*Figure 10*), with an initial two diamond drill holes. There is no previous drilling targeting this interpreted fault offset position.

¹² Refer to Appendix 1 for Tenement details



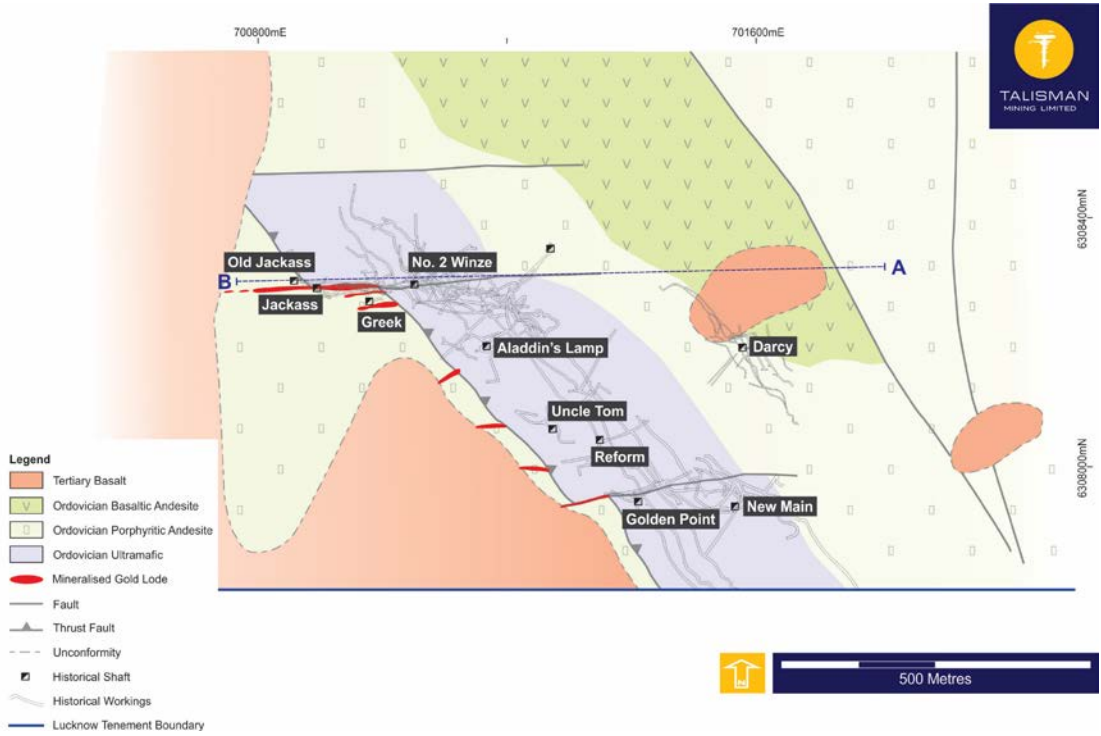


Figure 9: Lucknow Project mine shaft locations and simplified geology.

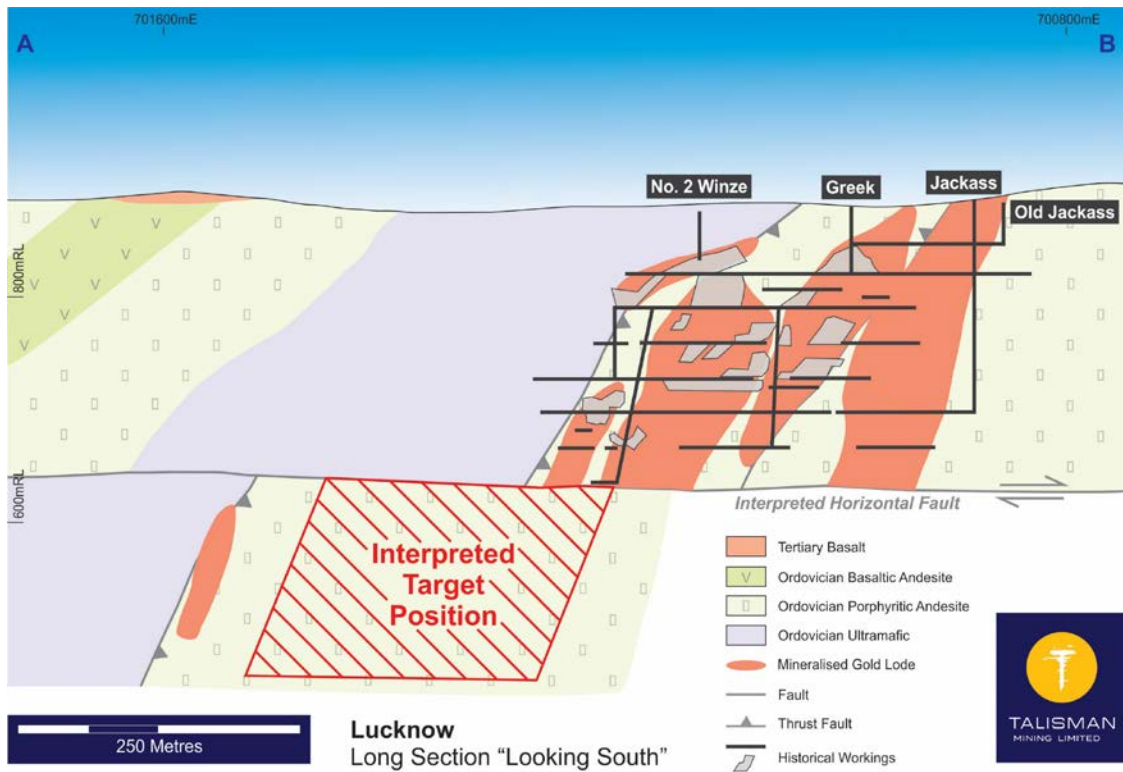


Figure 10: Lucknow Project interpreted long section, showing the interpreted faulted offset mineralisation target position.





Corporate

Sinclair Nickel Project

As previously announced¹³ in September 2019 Talisman entered into a binding share sale agreement to divest its Sinclair Nickel Project in Western Australia to Saracen Nickel Pty Ltd, a wholly owned subsidiary of Saracen Mineral Holdings Ltd (ASX: SAR) (the **Transaction**). The Transaction was implemented by way of a sale of all of the shares in Talisman Nickel Pty Ltd.

Completion of the Transaction occurred on 11 October 2019¹⁴.

Cash Balance

As at 31 December 2019, Talisman had \$16.1 million cash available for its operating and investing activities.

Ends

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Shaun Vokes
Joint Company Secretary

¹³ Refer to ASX announcement dated 27 September 2019 for full details.

¹⁴ Refer to ASX announcement dated 11 October 2019 for full details.





About Talisman Mining

Talisman Mining Limited (ASX:TLM) is an Australian mineral development and exploration company. The Company's aim is to maximise shareholder value through exploration, discovery and development of complementary opportunities in base and precious metals.

Talisman has also secured tenements in the Cobar/Mineral Hill region in Central NSW through the grant of its own Exploration Licenses and through separate farm-in agreements. The Cobar/Mineral Hill region is a richly mineralised district that hosts several base and precious metal mines including the CSA, Tritton, and Hera/ Nymagee mines. This region contains highly prospective geology that has produced many long-life, high-grade mineral discoveries. Talisman has identified a number of areas within its Lachlan Cu-Au Project tenements that show evidence of base and precious metals endowment which have had very little modern systematic exploration completed to date. Talisman believes there is significant potential for the discovery of substantial base metals and gold mineralisation within this land package.

Talisman has also entered into a farm-in with privately-owned Lucknow Gold Limited in relation to the Lucknow Gold Project (EL6455) in New South Wales. The Lucknow Goldfield was discovered in 1851 and was one of the earliest goldfields to be mined commercially in Australia. Historic production records at the Project are incomplete, however in excess of 400,000 ounces of gold has reportedly been produced at grades of 100 to 200 g/t gold¹⁵. Very little modern exploration has been completed outside of the existing mine workings and Talisman intends to undertake a program of geochemical surface sampling and mapping at the Project ahead of a drilling program to test for potential down plunge extensions of the high-grade gold ore shoots and repeat structures throughout the Project area.

Competent Person's Statement

Information in this announcement that relates to Exploration Results and Exploration Targets is based on, and fairly represents information and supporting documentation compiled 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 has reviewed the contents of this announcement and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

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.

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.

¹⁵ NSW DIGS report, First Annual Exploration Report EL5770, 2001 - R00030162





Appendix 1 Talisman Tenement Holdings

Project / Tenement	Location and Blocks (Area)	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Surrendered during Quarter	Joint Venture Partner / Farm-In Party
SINCLAIR NICKEL PROJECT	Western Australia					N/A
E37/1231	3	100%	0%	-	-	
L36/198	(103.1 HA)	100%	0%	-	-	
L37/175	(83.9 HA)	100%	0%	-	-	
M36/444	(568.0 HA)	100%	0%	-	-	
M36/445	(973.0 HA)	100%	0%	-	-	
M36/446	(843.0 HA)	100%	0%	-	-	
M37/362	(981.5 HA)	100%	0%	-	-	
M37/383	(841.7 HA)	100%	0%	-	-	
M37/384	(536.7 HA)	100%	0%	-	-	
M37/385	(926.8 HA)	100%	0%	-	-	
M37/386	(983.8 HA)	100%	0%	-	-	
M37/424	(905.5 HA)	100%	0%	-	-	
M37/426	(482.2 HA)	100%	0%	-	-	
M37/427	(818.6 HA)	100%	0%	-	-	
M37/590	(120.0 HA)	100%	0%	-	-	
M37/692	(136.1 HA)	100%	0%	-	-	
M37/735	(959.0 HA)	100%	0%	-	-	
M37/816	(818.4 HA)	100%	0%	-	-	
M37/818	(806.5 HA)	100%	0%	-	-	
M37/819	(380.1 HA)	100%	0%	-	-	
M37/1063	(604.0 HA)	100%	0%	-	-	
M37/1089	(574.0 HA)	100%	0%	-	-	
M37/1090	(478.0 HA)	100%	0%	-	-	
M37/1126	(603.0 HA)	100%	0%	-	-	
M37/1127	(603.0 HA)	100%	0%	-	-	
M37/1136	(986.0 HA)	100%	0%	-	-	
M37/1137	(850.0 HA)	100%	0%	-	-	
M37/1148	(44.7 HA)	100%	0%	-	-	
M37/1168	(190.0 HA)	100%	0%	-	-	
M37/1223	(675.0 HA)	100%	0%	-	-	
M37/1275	(1,961.0 HA)	100%	0%	-	-	





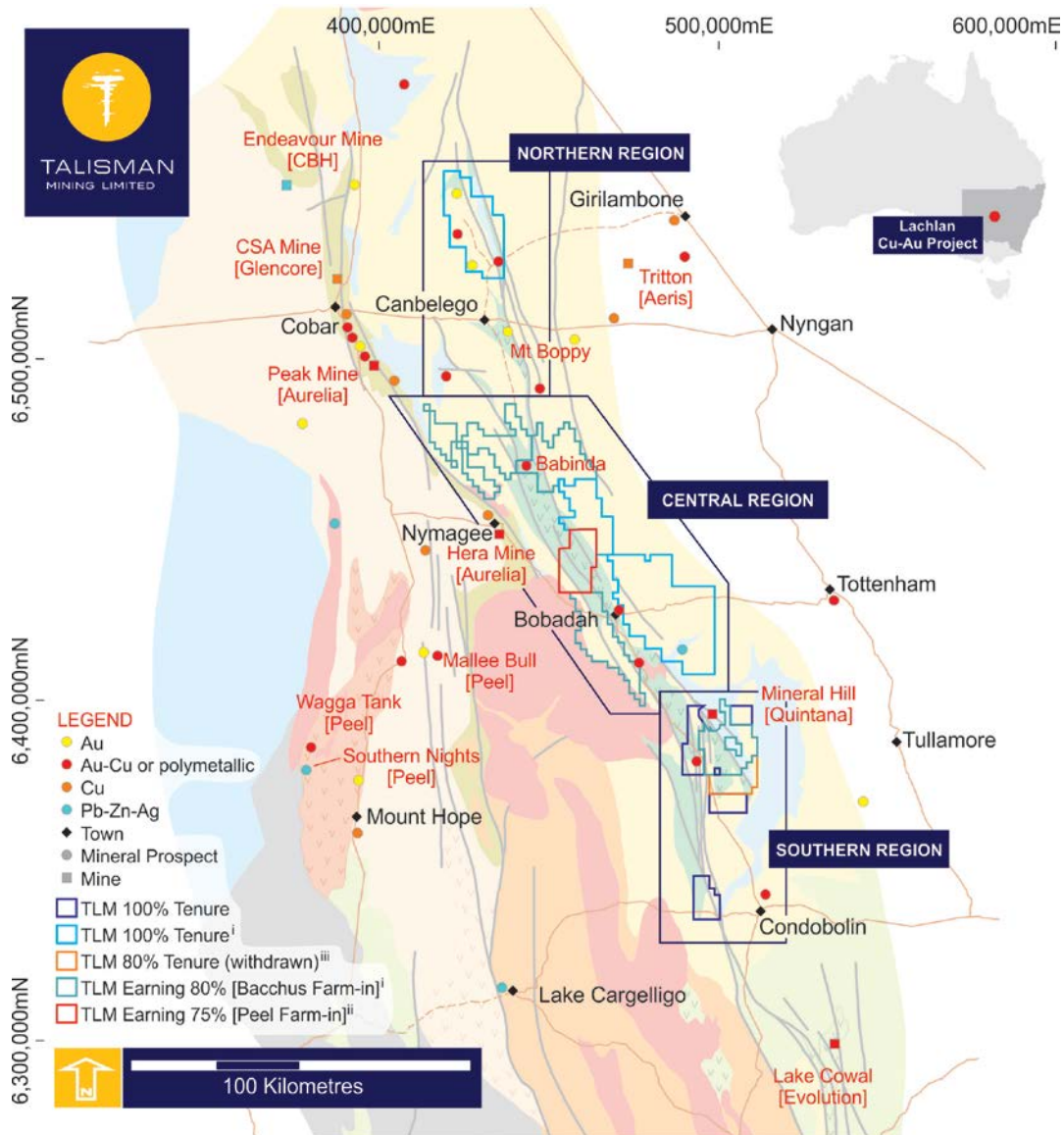
Project / Tenement	Location and Blocks (Area)	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Surrendered during Quarter	Joint Venture Partner / Farm-In Party
LACHLAN PROJECT	New South Wales					
EL8615	(726km ²)	100%	100%	-	-	Bacchus Resources Pty Ltd (right to 20% interest)
EL8659	(373km ²)	100%	100%	-	-	
EL8677	(193km ²)	100%	100%	-	-	
EL8414	(174km ²)	0%	0%	-	-	Peel Mining Ltd (TLM earning up to 75%)
EL8547	(205km ²)	0%	0%	-	-	Bacchus Resources Pty Ltd (TLM earning up to 80%)
EL8571	(258km ²)	0%	0%	-	-	
EL8638	(192km ²)	0%	0%	-	-	
EL8657	(134km ²)	0%	0%	-	-	
EL8658	(256km ²)	0%	0%	-	-	
EL8680	(20km ²)	0%	0%	-	-	
EL8718	(86km ²)	100%	100%	-	-	N/A
EL8719	(191km ²)	100%	100%	-	-	
EL8814*	(92km ²)	80%	80%	-	-	Bacchus Resources Pty Ltd
OTHER	NSW					
EL8451	(276km ²)	0%	0%	-	-	Peel Mining Ltd (TLM earning up to 75%)
LUCKNOW PROJECT	New South Wales					
EL6455	(29km ²)	0%	0%	-	-	Lucknow Gold Ltd (TLM earning up to 70%)

* Talisman and its subsidiary Haverford entered into a joint venture with Bacchus in relation to EL8814. Talisman and Haverford have given notice to withdraw from this joint venture and are progressing with the transfer of their joint venture interest to Bacchus. Haverford will continue to be the registered holder of EL8814 until this process has been completed.





Appendix 2 Lachlan Copper- Gold Project tenure



- i. As previously announced to the ASX¹⁶, Haverford Holdings Ltd (Haverford), a 100% owned subsidiary of Talisman, has entered into a Farm-In Agreement (Farm-in) with Bacchus Resources Pty Ltd (Bacchus) over certain Lachlan Cu-Au Project tenements. In accordance with the terms of the Farm-in:
 - Haverford can earn up to an 80% interest in the Bacchus Tenements (EL8547, EL8571, EL8638, EL8657, EL8658 and EL8680) by sole funding \$2.3M of on-ground exploration expenditure over four years; and
 - Should Haverford earn an interest in the Bacchus Tenements, Bacchus is entitled to receive a 20% interest in the Haverford Tenements (EL8615, EL8659 and EL8677). Should Haverford not earn an interest in the Bacchus Tenements, Bacchus may elect to take a 20% interest in the Haverford Tenements.
 - Should Haverford earn into the Bacchus Tenements, a formal joint venture will be entered into which provides that Bacchus will be free carried for 10% of its joint venture interest until a decision to mine. Post a decision to mine, Bacchus can then elect whether to contribute or not, if Bacchus elects not to contribute, Haverford shall acquire Bacchus' interest in the joint venture for 95% of fair value as agreed by the joint venture participants
- ii. As previously announced to the ASX¹⁷, Haverford has entered into a Farm-In Agreement (Farm-in) with Peel Mining Limited (ASX:PEX) over PEX's Mt Walton (EL8414) and Michelago (EL8451) Projects (collectively the Peel Tenements). In accordance with the terms of the Farm-in, Haverford can earn up to a 75% interest in the Peel Tenements by sole funding \$0.7M of on-ground exploration expenditure over five years.
- iii. Talisman and its subsidiary Haverford entered into a joint venture with Bacchus in relation to EL8814. Talisman and Haverford have given notice to withdraw from this joint venture and are progressing with the transfer of their joint venture interest to Bacchus. Haverford will continue to be the registered holder of EL8814 until this process has been completed.

¹⁶ Refer Talisman ASX announcement "Further NSW Gold and Base Metals Tenure Secured" 09 January 2018.

¹⁷ Refer Talisman ASX announcement "AGM Presentation" 23 November 2017.





Appendix 3 Lucknow Gold Project tenure



i. As previously announced¹⁸, Talisman, through its 100% owned subsidiary Talisman B Pty Ltd (TLMB) entered into a farm-in agreement with privately-owned Lucknow Gold Ltd (Lucknow Gold) in relation to the Lucknow Project in New South Wales.

Under the terms of the Farm-In:

- TLMB the right to earn up to a 70% interest in the Lucknow Project (EL6455), by sole funding a minimum of \$1.5M on exploration over four years and issuing \$250k worth of Talisman shares (to a maximum of 3,000,000 shares under certain conditions) to Lucknow Gold.
- Should TLB earn an interest in the Lucknow Project by meeting its sole funding commitments TMLB may elect to form an unincorporated exploration joint venture (EJV) and each party will contribute to future expenditure based on their participating interest in the EJV.

¹⁸ Refer ASX announcement dated 26 August 2019 for full details.

