



**TALISMAN
MINING LIMITED**

ASX Code: TLM



24th November 2014

COMPANY SNAPSHOT

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Capital Structure

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

Options on Issue:
4,250,000 (Unlisted)

ASX: TLM

Sinclair Nickel Project – Progress Update

Key Points

- Initial assessment of the Stirling and Skye Prospects, located adjacent to and below the Sinclair Nickel Deposit, has commenced with a view of defining and confirming potential exploration drill targets.
- This initial phase of exploration activity includes:
 - the creation of a 3-dimensional geological model for the Stirling and Skye Prospects; and
 - a review of high-priority historical geophysical data by Newexco in the near-mine region.
- Geological and geophysical review of the Delphi Prospect has also commenced.
- Consultant engaged to assess the potential for initial JORC Code (2012) compliant resource estimates, based on existing historical drilling, for both the Sinclair mine area and the deposit extension.
- Talisman continues to liaise with Xstrata Nickel Australasia Operations Pty Ltd to facilitate completion of its acquisition of the Sinclair Nickel Project.



Nickel bearing massive sulphide from the Sinclair Nickel Project



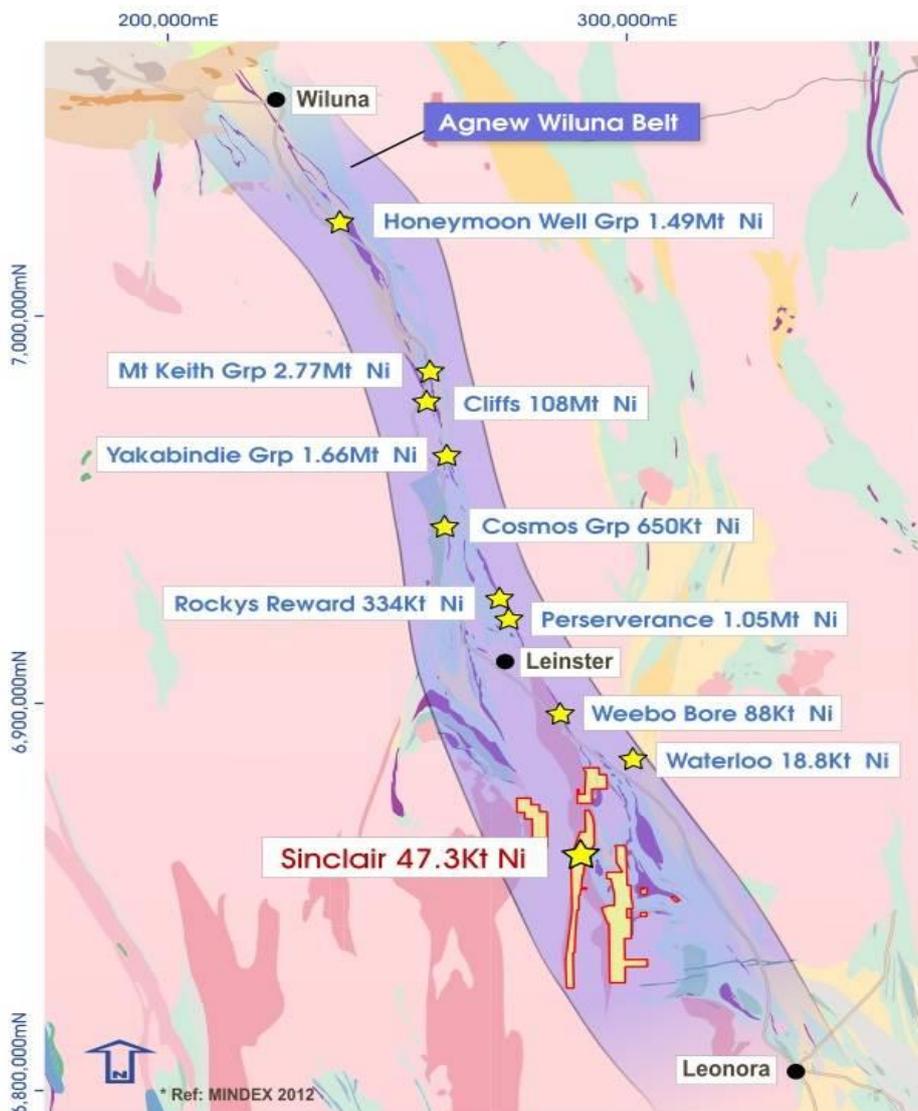
Talisman Mining Limited (ASX: TLM) is pleased to provide an update on a number of activities associated with its recently announced acquisition of the **Sinclair Nickel Project** in Western Australia from Xstrata Nickel Australasia Operations Pty Ltd (XNAO), a subsidiary of Glencore (see *ASX Announcement – 20 October 2014*).

The Company is working closely with XNAO to progress completion of the acquisition.

In anticipation of this, the Company has commenced a number of preliminary exploration activities and has also commissioned an independent consultant to evaluate the potential for initial JORC code compliant Mineral Resource estimates for both the Sinclair mine area and the deposit extension.

Project Overview

The Sinclair Nickel Project is an advanced nickel sulphide project with extensive, near-new and well-maintained infrastructure and outstanding exploration upside. The project represents a unique combination of immediate exploration potential and optionality to return to production. Sinclair is located in the prolific Agnew-Wiluna Greenstone Belt in WA's North-eastern Goldfields (see **Figure 1**), which is one of the world's premier nickel provinces with over 9 million tonnes of reported contained nickel metal.



The project offers a number of exploration and resource definition opportunities including:

- exploration upside with the potential to confirm an extension of the Sinclair nickel deposit along strike and beyond the end of existing mining development, where historical drilling has identified nickel sulphide mineralisation for a further 1km;
- other immediate near-mine targets within the Stirling and Skye ultramafic channels, located adjacent to and below the Sinclair deposit.
- a highly prospective 300km² tenement package that hosts extensive ultramafic rock packages and numerous walk-up nickel sulphide drill targets all of which are located within a 30km radius of the mine.

Figure 1: The Sinclair Nickel Project showing regional geology, nickel deposits and reported contained nickel (tonnes)* of the Agnew-Wiluna Belt (*MINDEX 2012)



Exploration Activities

Near-Mine Exploration Potential

Skye and Stirling Prospects

The **Skye** and **Stirling** Prospects comprise two additional mineralised ultramafic channels, which have been identified in drilling to the south and directly beneath the main Sinclair ore body in close proximity to the Sinclair underground mine development (see **Figure 2**).

The Skye and Stirling Prospects show strong similarities to the Sinclair ore body, with massive nickel sulphides associated with at least two positions at the base of a complexly folded high-MgO ultramafic body. Both prospects contain drilling on a 50m x 20m pattern at their near-surface positions, but are largely untested down-plunge and to the north beneath Sinclair (see **Figure 2**).

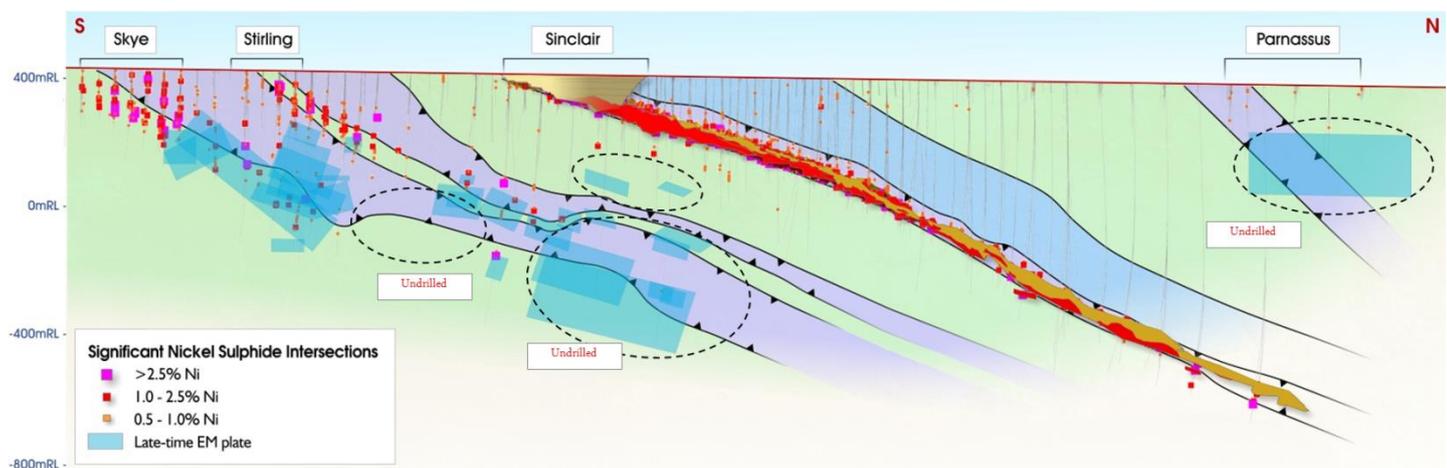


Figure 2: Longitudinal projection showing Stirling, Skye ultra-mafic channels, nickel sulphide intercepts, late-time EM plates in close proximity to the existing Sinclair Mine infrastructure and areas not tested by drilling.

Talisman has engaged external consultants to assist with the next steps of exploration at the Skye and Stirling Prospects, with a view to defining and confirming potential drill targets. This work will include the creation of a three-dimensional geological model for the Stirling and Skye prospects and a review of high-priority historical geophysical data in this near-mine area.

Geophysical Review of Priority EM Conductors

The massive nickel sulphide mineralisation at Skye and Stirling shows good down-plunge continuity with a strong electromagnetic (EM) response. Importantly, several strong late-time EM conductors remain to be tested for thicker and/or higher grade mineralisation beneath the Sinclair deposit (see **Figure 2**).

Talisman has engaged nickel geophysics specialists Newexco to review and validate high-priority EM targets, and to identify possible massive nickel sulphide targets relative to previous mineralised drill-holes.

3D Geological Modelling

In conjunction with the geophysical review, Talisman has also recently engaged geological consultants SRK to assist with the development of robust 3D models of the key rock types, mineralization and controlling structures at both Skye and Stirling.

This 3D geological model is intended to enable Talisman to better constrain ore-bearing positions and to assist in facilitating accurate drill hole targeting at Skye and Stirling (and Sinclair).



Next Steps

By using a combination of the refined 3D geological and geophysical models Talisman intends to develop potential exploration drill targets designed to test optimal mineralised positions along the Skye and Stirling mineralised channels.

Delphi Prospect

The Delphi Prospect and surrounding area hosts the southern continuation of the prospective Sinclair Ultramafic channel and has historically returned several nickel sulphide intersections in limited drilling over a strike length of at least 8km (see **Figure 3**).

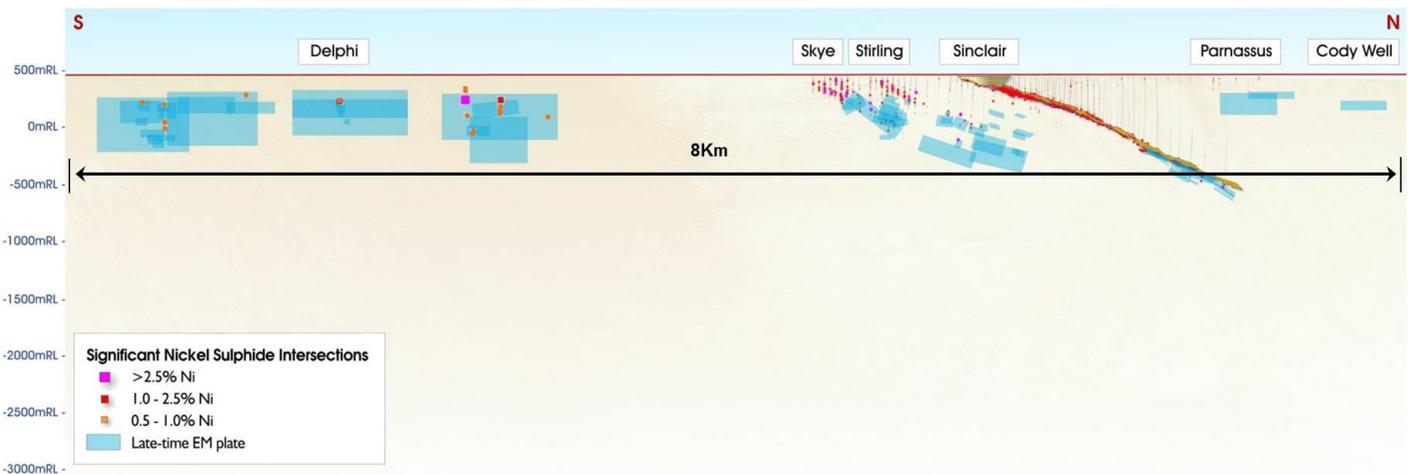


Figure 3: Sinclair Trend longitudinal projection showing 8km of strike extent, late-time EM plates and historical mineralised intercepts.

The widespread distribution of heavily disseminated, stringer and, in some places, massive nickel sulphides highlights the prospectivity of the area, and Talisman is prioritising exploration activities at the Delphi prospect accordingly.

Talisman is currently reviewing the Delphi prospect data, whilst Newexco have been engaged to review geophysical data at the prospect.

The objective of this combined review is to develop systematic exploration programmes to gather further geological and geochemical data and to potentially test existing electro-magnetic targets away from mineralised drill-holes at Delphi.

Sinclair Nickel Deposit – Potential Initial Resource Estimate

The Sinclair deposit comprises an elongated body of massive and heavily disseminated sulphide mineralisation with a shallow plunge of around 20 degrees to the north (see **Figure 4**). The underground operation mined the deposit to around 445m below surface and offers a near-mine nickel sulphide exploration opportunity within the down-plunge extensions of the Sinclair ore body.

Nickel mineralisation at Sinclair continues down-plunge beyond the current underground mine infrastructure and has been identified in drilling for a further 1km along strike from the end of actual mining development.



Talisman has engaged a consultant to evaluate the potential for JORC code (2012) compliant resource estimates, based upon existing historical drilling, for both:

- the Sinclair deposit mine area; and
- the Sinclair deposit extension.

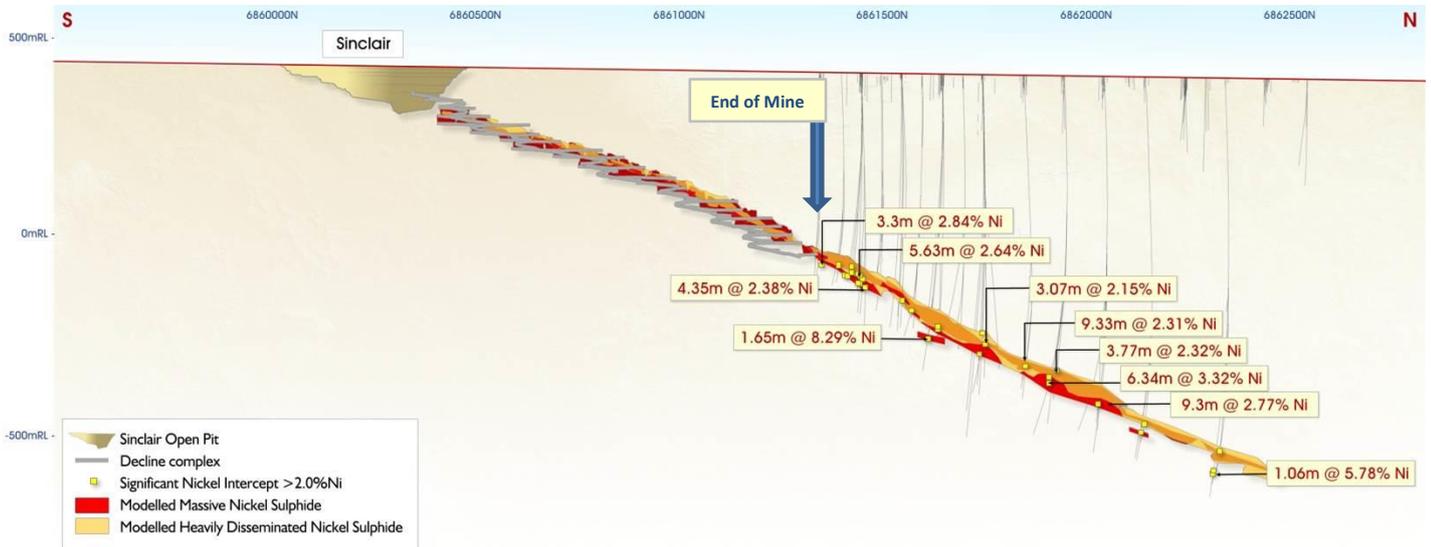


Figure 4: Sinclair Nickel deposit longitudinal projection with mine development showing mineralised Ni drill intercepts greater than 2% Ni beyond the limit of existing mine development (previously reported to ASX on 20 October 2014 – Talisman to Acquire Sinclair Nickel Project)

Due to the complexity of the Sinclair ore body, definition drilling needs to be closely-spaced in order to better define higher-grade shoots associated with tight folding and remobilised massive sulphide.

It is considered that the existing historical broadly-spaced drilling traverses across the mine extension position are wide enough apart to miss significant high-grade massive sulphide mineralisation.

This has been demonstrated by the last four northern-most drill traverses which intersected high-grade mineralisation with grades greater than 2.5% Ni over widths of up to 6.34m and evidence that underground mining in some of the final mining levels yielded significant increases in mineralised volume compared with the geological model (as defined by surface diamond drilling).

Given the above, it is possible that a JORC code compliant resource may not be possible at this time for the Sinclair extension. However this may change with further infill drilling in the future.

ENDS

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Competent Persons' Statement

Information in this ASX release that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Graeme Cameron, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Graeme Cameron is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Graeme Cameron consents to the inclusion in this report of the matters based on information in the form and context in which it appear.