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Sinclair Exploration Update

RC drilling at Schmitz Well South and Delphi North complete.

Highlights

- Completion of a five-hole reverse circulation (RC) drill programme and selective downhole electromagnetic (DHEM) surveys at Sinclair Nickel Project.
- Drilling confirms continuity of the prospective Sinclair ultramafic belt at Schmitz Well South Prospect.
- Further massive and disseminated nickel sulphides intersected at Delphi North prospect:
  - 2m @ 1.95% Ni from 198m down-hole
    including: 1m @ 2.97% Ni from 199m down-hole

Talisman Mining Ltd (ASX: TLM) has now completed a five hole RC drill programme at its 100% owned Sinclair Nickel Project to follow-up recent highly encouraging results at the Schmitz Well South and Delphi North Prospects.

Schmitz Well South Prospect

Four RC holes for 880m (*Table 1*) were completed along strike and down-dip from recent encouraging air-core (AC) drilling results at Schmitz Well South (*Figure 1*) (*refer ASX release 23 August 2017).* Previous AC drilling intersected oxide material after disseminated and stringer nickel sulphides within the ultramafic rocks with elevated platinum & palladium values which are indicative of komatiite hosted, magmatic nickel sulphide mineralisation. Results included;

- SNAC0083 - 1.0m @ 0.68% Ni from 27m down-hole; and
- SNAC0096 - 5.0m @ 0.50% Ni from 50m down-hole.

Historic AC drilling did not intersect the interpreted prospective basal contact position which is understood to be the most favourable host site for massive nickel sulphide accumulations. The recent RC drill programme was designed to test this prospective position.

RC drilling in all holes intersected a consistent, thick sequence of high-magnesian ultramafic rocks including minor disseminated sulphides but did not return any significant nickel intersections.

Talisman interprets the results to represent a possible channel flow environment with the potential to host accumulations of nickel sulphides. The thick ultramafic sequence overlies a basaltic footwall unit similar to that seen at the Sinclair Mine and other locations along the ultramafic belt.

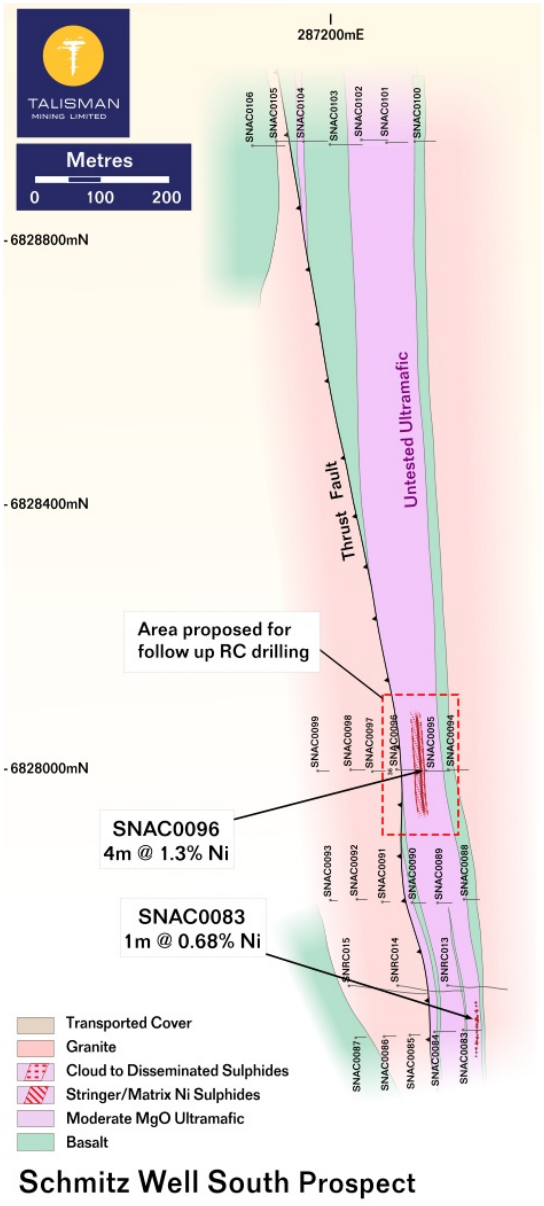

Figure 1: Schmitz Well South Prospect plan map showing interpreted geology, drilling to date and planned RC follow-up drilling.

DHEM geophysical surveys were completed in three of the RC holes at Schmitz Well South with no significant conductive bodies identified.

Importantly, Talisman considers that the presence of high-magnesian ultramafic rocks identified in the current RC and earlier AC drilling (*refer ASX release 23 August 2017)* confirms the continuation of the fertile Sinclair ultramafic sequence and the prospectivity of the belt. Further assessment of this lightly explored and geologically complex area is underway and future planned work will continue to develop the understanding of the Schmitz Well South Prospect.

Delphi North Prospect

Delphi North is a mineralised target corridor which displays strong correlation to the Sinclair mine geological environment. Nickel sulphide mineralisation has been confirmed over a strike length of 700m and Talisman considers the area has the potential to host further nickel sulphide mineralisation.

Talisman completed one RC drill hole for 243m (*Table 1*) in the latest programme to further understand the interpreted massive and disseminated nickel sulphide mineralisation in the vicinity of high conductance electromagnetic (EM) conductors identified from previous drilling (*refer ASX releases 07 October 2016 and 9 January 2017*).

The drill hole intersected the lower edge of previously modelled EM conductors and encountered massive and disseminated nickel sulphide mineralisation on the basal contact (*Figure 2)*. Assays returned (*Table 2*):

- SNRC031: 2m @ 1.95% Ni from 198m down-hole
  including: 1m @ 2.97% Ni from 199m down-hole

The recent drill hole continues to highlight the potential for additional sulphide mineralisation at Delphi North where previous RC and diamond drilling has returned significant results (*refer ASX releases 07 October 2016 and 9 January 2017 and Figure 2)* including:

- SNRC010: 4.0m @ 4.79% Ni from 154m down-hole;
- SNRC012: 5.0m @ 2.39% Ni from 73m down-hole;
- SNRC019: 9.0m @ 4.20% Ni from 131m down-hole;
- SND009: 2.6m @ 3.41% Ni from 174m down-hole; and
- SND010: 2.5m @ 3.35% Ni from 207m down-hole.

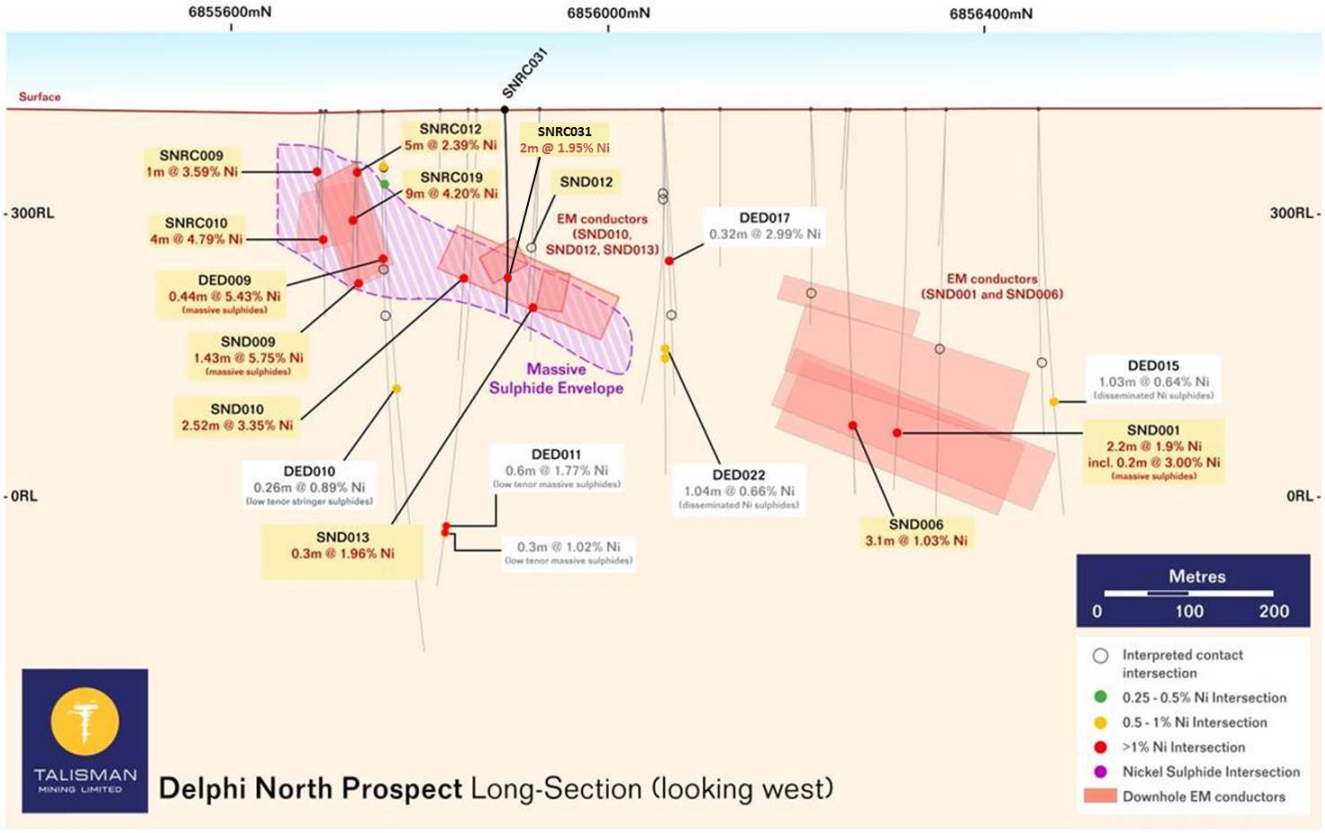

Figure 2: Delphi North Prospect projected long section showing nickel massive sulphide intersections, modelled DHEM conductors and an interpreted Massive Sulphide Envelope and RC follow-up drilling.

Talisman will continue to evaluate the potential of the Delphi North Prospect to host economic nickel sulphide mineralisation and to develop exploration programs across the wider Sinclair Nickel Project as part of it's staged, cost effective exploration strategy.

About the Sinclair Nickel Project:

The 100% owned Sinclair Nickel Project is located in the world-class Agnew-Wiluna greenstone belt in WA's north-eastern Goldfields. 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% nickel. Sinclair has extensive infrastructure and includes a substantial 290km^2 tenement package covering more than 80km of strike in prospective ultramafic contact within a 35km radius of existing processing plant and infrastructure. (see Appendix 1)

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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 holds a 30% interest in the Springfield Exploration Joint Venture with Sandfire Resources NL (ASX: SFR, Sandfire) (70% and JV manager). Springfield is located in a proven VMS province in Western Australia's Bryah Basin and contains multiple prospective corridors and active exploration activities. Springfield hosts the high-grade Monty copper-gold deposit which is located 10 kilometres from Sandfire's DeGrussa operations and held in the Monty Mining Joint Venture with Sandfire (30% TLM and 70% SFR). Monty is one of the highest-grade copper-gold discoveries made globally in recent decades and a Feasibility Study on its development was completed in March 2017. The Feasibility Study highlighted the strong technical and financial viability of Monty. The Monty deposit is currently under development and Talisman has secured project debt financing for 100% of its share of pre-production capital costs.

Talisman holds 100% of the Sinclair Nickel Project (see above).

Talisman has also secured tenements in the Cobar/Mineral Hill region in NSW through the grant of 100% owned Exploration Licenses and the submission of Exploration Licence Applications. 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 tenements that show evidence of base and precious metals endowment and have had very little modern exploration completed to date. Talisman believes there is significant potential for the discovery of substantial base metals and gold mineralisation within this land package.

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 RC drilling completed in the recent drilling campaign at the Sinclair Nickel Project.

Hole ID	Grid ID	Dip	Azimuth	East (m)	North (m)	RL (m)	Hole Type	Max Depth (m)	Prospect
SNRC027	MGA94_51	-60°	90°	287,251	6,828,000	383	RC	220	Schmitz Well South
SNRC028	MGA94_51	-60°	90°	287,251	6,828,050	383	RC	222	Schmitz Well South
SNRC029	MGA94_51	-60°	90°	287,252	6,828,100	383	RC	207	Schmitz Well South
SNRC030	MGA94_51	-60°	90°	287,252	6,828,950	383	RC	231	Schmitz Well South
SNRC031	MGA94_51	-60°	270°	290546	6,855,890	412	RC	243	Delphi North

Table 2 – Sinclair Nickel Project – Significant intersections

Significant intercepts for Ni percent are calculated using a 0.5% Ni cut off, where total intercept grade is greater than 1% over a minimum interval of 1m, including 2m of internal waste.

Hole ID	*Depth From (m)*	*Depth To (m)*	*Interval (m)*	*Ni (%)*	*Cu (ppm)*	*Co (ppm)*
SNRC027	*No Significant Intercepts*					
SNRC028	*No Significant Intercepts*					
SNRC029	*No Significant Intercepts*					
SNRC030	*No Significant Intercepts*					
SNRC031	198	200	2	1.95	2005	945
Including	199	200	1	2.97	2660	1545

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 has been completed by Talisman Nickel Pty Ltd, a wholly owned subsidiary of Talisman Mining Ltd. Sampling techniques employed at the Sinclair Project include:
		  • Saw cut diamond drill core (DD) samples in NQ2 and HQ size sampled on geological intervals (0.2 m to 2 m
		  • Reverse Circulation (RC) drilling samples collected by a cone splitter for single metre samples or sampling scoop for composite samples, and;
		  • Air-core drilling samples collected using scoop sampling techniques for both composite and single metre samples.
		• Sampling is controlled by Talisman protocols and QAQC procedures as per industry standard.
		• Samples were dried, crushed (where required), split and pulverised (total prep) to produce a 1g sub sample for base metal analysis by four acid digest with an ICP/OES or AAS finish and / or a 50g sub sample for gold and PGE analysis by fire assay.

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).*	• RC drilling is completed with a face sampling hammer of nominal 140mm size.
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 RC drill sample recovery is generally high with sample recoveries and quality recorded in the database. • 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.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *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.*	• Air-core samples are collected from drill sample piles using scoop sampling techniques through the sample pile to generate a representative sample for both composite and single metre samples. • Samples were submitted to ALS Chemex Laboratories for preparation. The sample preparation follows industry best practice where all drill samples are dried, pulverized and (>85%) sieved through 75 microns to produce a 1g charge for 4-acid digest with an ICP-MS or AAS finish and / or a 50g charge for fire assay with and AAS finish.

Criteria	JORC Code explanation	Commentary
	• *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.*	• 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 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 are routinely reviewed and reported on a regular basis • 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 and gold 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. • Selected Sinclair drill samples submitted for Au analysis using a 50g charge fire assay with AAS finish. • 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 25 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 regular 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 Ocris Mobile 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 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*	• Talisman RC drill collar locations are pegged using a hand-held GPS. The coordinate system used is the Geocentric Datum of Australia (GDA) 1994. Coordinates

Criteria	JORC Code explanation	Commentary
	locations used in Mineral Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	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 varies depending on requirements • 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.*
		• Relevant 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.* • *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.*	• 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 0.5% Ni. • Ni grades used for calculating significant intersections are uncut. • All results reported in this document have been derived from 1m split samples. • Length weighted intercepts are reported for mineralised intersections.

Criteria	JORC Code explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• 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.*	• Other exploration data collected is not considered as material to this document at this stage. Other data collection will be reviewed and reported when considered material.
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 RC drilling and geophysical surveys.

APPENDIX 1

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