



31 July 2020

June 2020 Quarterly Activities Report

Lucknow Gold Project, NSW

- Maiden diamond drilling program commenced in mid-June 2020 targeting the interpreted high-grade lode offset position of the historical Lucknow Project (historical production +400,000oz at an estimated mined grade of +100g/t Au).
- The first hole, completed subsequent to quarter-end, intersected stringer/sulphide mineralisation in carbonate-rich zones, interpreted to represent the more distal extensions of the targeted main gold lodes. Significant intersections received to date include:
 - LUDD001: 0.81m @ 2.34 g/t Au from 467.1m
Inc: 0.14m @ 4.10 g/t Au from 467.1m
0.45m @ 1.34 g/t Au from 491.5m
- Drilling of the second hole, LUDD002, is now underway targeting high-grade mineralisation to the west of the historical stopes in the Darcy Shaft.

Lachlan Copper-Gold Project, NSW

- Assay results from the four-hole diamond drill program at Blind Calf returned several narrow mineralised intersections including 0.6m @ 5.81% Cu from 165m down-hole within a broader zone of 1.75m @ 2.52% Cu.
- Results confirm that the mineralised Blind Calf host structure continues some 80-100m below previous intersections and remains open at depth.
- Initial Hyperspectral analysis and litho-geochemical mapping has shown clear metal zonation within the Blind Calf system which will aid future drill targeting of high-grade areas.

Response to COVID-19

- Field operations were suspended and a temporary reduction in Director's fees and Executive salaries implemented in response to the COVID-19 pandemic, with all employees working from home on a reduced working week from April-June 2020 with reduced salaries on a pro-rata basis.
- As of July 2020 there is now a reduced Executive Team and workforce under revised part-time working arrangements, resulting in significantly reduced personnel costs moving forward.
- Measures remain in place across the corporate office and exploration sites to protect the safety and well-being of all employees and contractors.

Corporate

- Successful mining executive and investor and major shareholder, Kerry Harmanis, appointed as Non-Executive Chairman in July 2020. With a career spanning more than 40 years in the WA mining industry, Mr Harmanis was the founder and Executive Chairman of nickel miner Jubilee Mines.





Lucknow Gold Project, NSW

Due to the health and safety concerns associated with the onset of the COVID-19 pandemic, Talisman postponed the planned April commencement of its maiden diamond drill program to test the interpreted extensions of the historical high-grade Lucknow Gold Mine (*Figures 1-3*) at the Lucknow Gold Project (*Appendix 1*). Following ongoing communication with the drilling contractor and monitoring of operating conditions, it was deemed safe and practical to commence the maiden diamond drill program at Lucknow in mid-June.

The program is designed to test the interpreted fault off-set position of the historical gold lodes at Lucknow (where historical production was in excess of 400,000oz at an estimated average mined grade of +100g/t gold) and represents the first drilling to be completed by any explorers into this target area (*Figure 2*).

The first hole, LUDD001, was completed subsequent to the end of the quarter and drilling of the second hole (LUDD002), which has been designed to test the area to the west of historical stoping in the Darcy Shaft (*Figure 2*), commenced in late July 2020.



Figure 1: Diamond Drill Rig set-up on site (LUDD001) at the Lucknow Gold Project.

Geological interpretations based on drilling by previous explorers and historical mine records show an easterly-dipping contact between an ultramafic unit and an andesitic volcanic, with high-grade mineralisation developed in quartz/carbonate veins at approximately 40° to this contact.

Mine records indicate that the bonanza grade gold mineralisation occurs as steeply-plunging shoots at or near this contact. Moving to the west away from the contact results in a gradual decrease in gold grades, with historical mine plans showing that stoping extended out a distance of approximately 150m from the contact in some areas.

LUDD001 intersected a highly fractured zone from 296-301m down-hole, which is interpreted to represent the flat-lying fault (*Figure 3 and Figure 4*) that has offset the main lode controlling stratigraphy.





Below this flat-lying structure, LUDD001 intersected what the Company's geological team interprets to represent the footwall lithologies, including a zone of quartz + carbonate stockwork containing abundant sulphide mineralisation (pyrite/pyrrhotite).

This zone is thought to represent the distal extensions of the high-grade mineralisation some 250m to the west of the interpreted position of the ultramafic-andesite contact, which is now thought to have been further disrupted by a steeply dipping, north-west trending cross-cutting second fault structure.

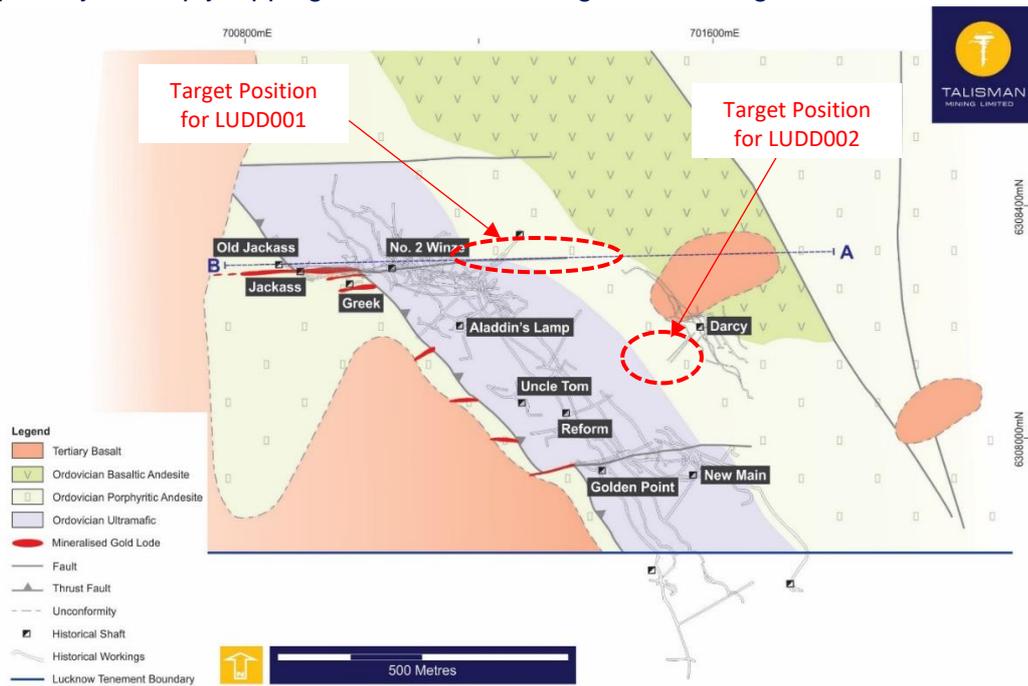


Figure 2: Lucknow Project mine shaft locations and simplified geology with target positions for LUDD001 and LUDD002.

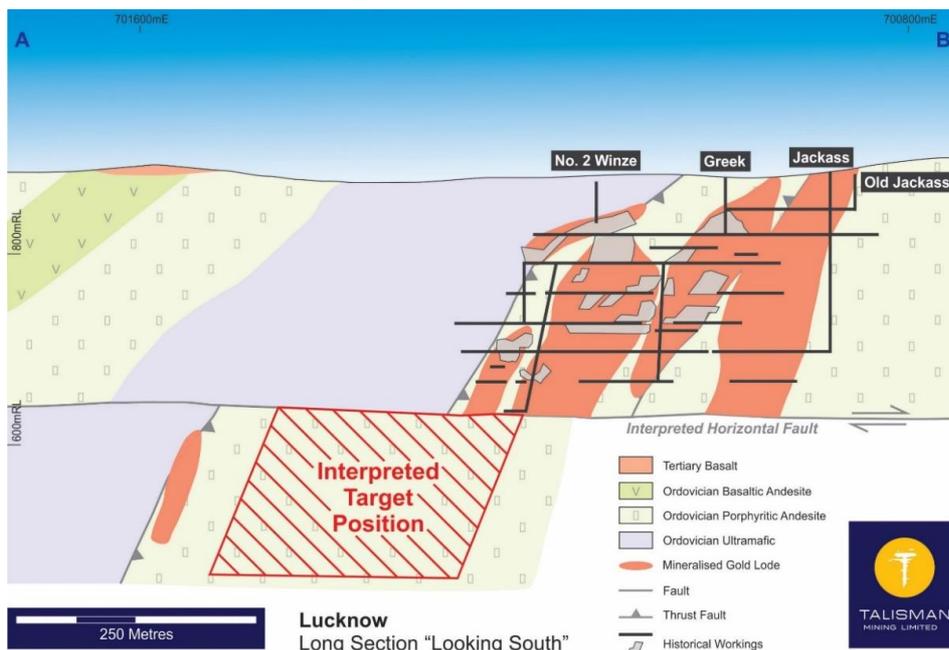


Figure 3: Lucknow Project interpreted long section, showing the interpreted faulted offset mineralisation target position.





Assay results from selected samples of quartz-carbonate +/- sulphide stringer veins from this zone returned significant gold mineralisation, with grades of individual veins in excess of 4.0 g/t Au¹.

Significant intersections from LUDD001 received to date include:

- LUDD001: 0.81m @ 2.34 g/t Au from 467.13m
 Inc: 0.14m @ 4.10 g/t Au from 467.13m
 0.45m @ 1.34 g/t Au from 491.55m

In addition to the flat-lying structure, LUDD001 intersected a second steeply-dipping structure which has resulted in an additional east to west offset of the hanging wall ultramafic contact position (*Figure 4*).

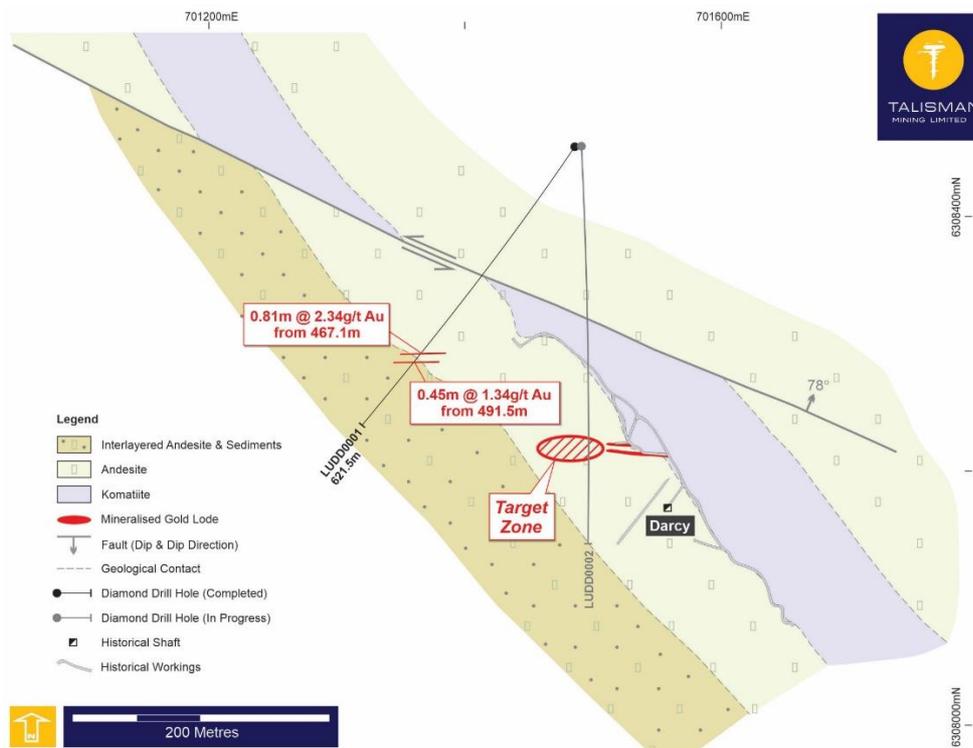


Figure 4: Composite plan view (600mRL), showing interpreted geology, completed and current TLM drill holes, and the drill hole target area.

The fact that significant mineralisation was encountered despite LUDD001 not intersecting the targeted ultramafic contact is considered to be an encouraging result.

The results provide evidence of the continuation of the gold-bearing veins beneath the flat-lying structure and, more importantly, show that these veins are persistent further to the west away from the controlling ultramafic-andesite contact than has previously been seen (*Figure 4*).

Drilling of the second diamond hole, LUDD002, is currently underway and has been designed to test interpreted high-grade mineralisation to the west of historical stoping accessed from the Darcy Shaft.

LUDD002 is also designed to intersect this steeply-dipping fault again in the upper portions of the drill hole to provide additional structural data and enable 3D modelling of the structure to be undertaken.

This will allow better assessment of the potential location of the ultramafic-andesite contact to the north, where additional bonanza grade ore shoots may have been relocated.

¹ Refer ASX announcements dated 24 July 2020





Lachlan Copper-Gold Project, NSW

Blind Calf-Dunbars Copper Lode System – Diamond Drilling

Assay results from the diamond drilling completed at Blind Calf during the March Quarter were returned from the laboratory. Selective samples were collected from three of the four holes drilled.

Initial observations from logging of the core highlighted a highly complex deformed rock package of fine to medium grained sediments, with brecciated quartz sulphide veining, boudinage quartz sulphide veining (*Figure 5*), sulphide stringer veins and disseminated sulphide throughout the host sedimentary rock package.

These sulphide zones returned anomalous assay results with the better grades from the zones of brecciated semi-massive sulphide in BCDD003 which returned **0.6m @ 5.81% Cu from 165m** within a broader zone of **1.75m @ 2.52% Cu from 165m** down-hole².

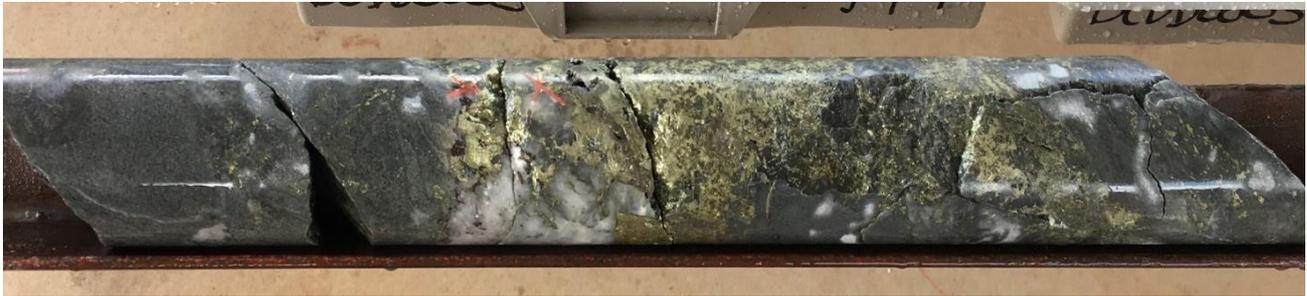


Figure 5: Blind Calf Prospect – BCDD003: Brecciated quartz & semi-massive chalcopyrite sulphide vein

BCDD001, which intersected the Blind Calf structure some 80-100m below previous intersections, returned an intercept of **0.6m @ 1.9% Cu from 243m²**, along with a number of similar intersections throughout the hole which correlate with the observed zones of disseminated and stringer sulphides. This is significant as it confirms that the mineralised system is persistent and remains open at depth (*Figure 6*).

Prior RC drilling by Talisman has shown the Blind Calf-Dunbars System to be a copper-bearing sheared quartz lode, extending along strike for approximately 300m and to a depth of over 200m. Drilling has identified a zone of high-grade copper mineralisation (+5% Cu) within the main lode system.

While assay results from the three recent diamond drill holes returned narrow intercepts of copper mineralisation, previous RC drilling by Talisman returned high-grade copper intercepts over wider intervals, including³:

- BCRC005 7m @ 5.68% Cu from 98m
- BCRC006 13m @ 5.71% Cu from 129m
- BCRC007 11m @ 4.78% Cu from 127m
- BCRC010 21m @ 2.67% Cu from 117m
- BCRC029 10m @ 4.32% Cu from 176m

² Refer ASX announcements dated 5 May 2020

³ Refer ASX announcements dated 26 February 2018, 5 July 2018, 30 November 2018 and 9 September 2019 for full details of drill hole intersections.



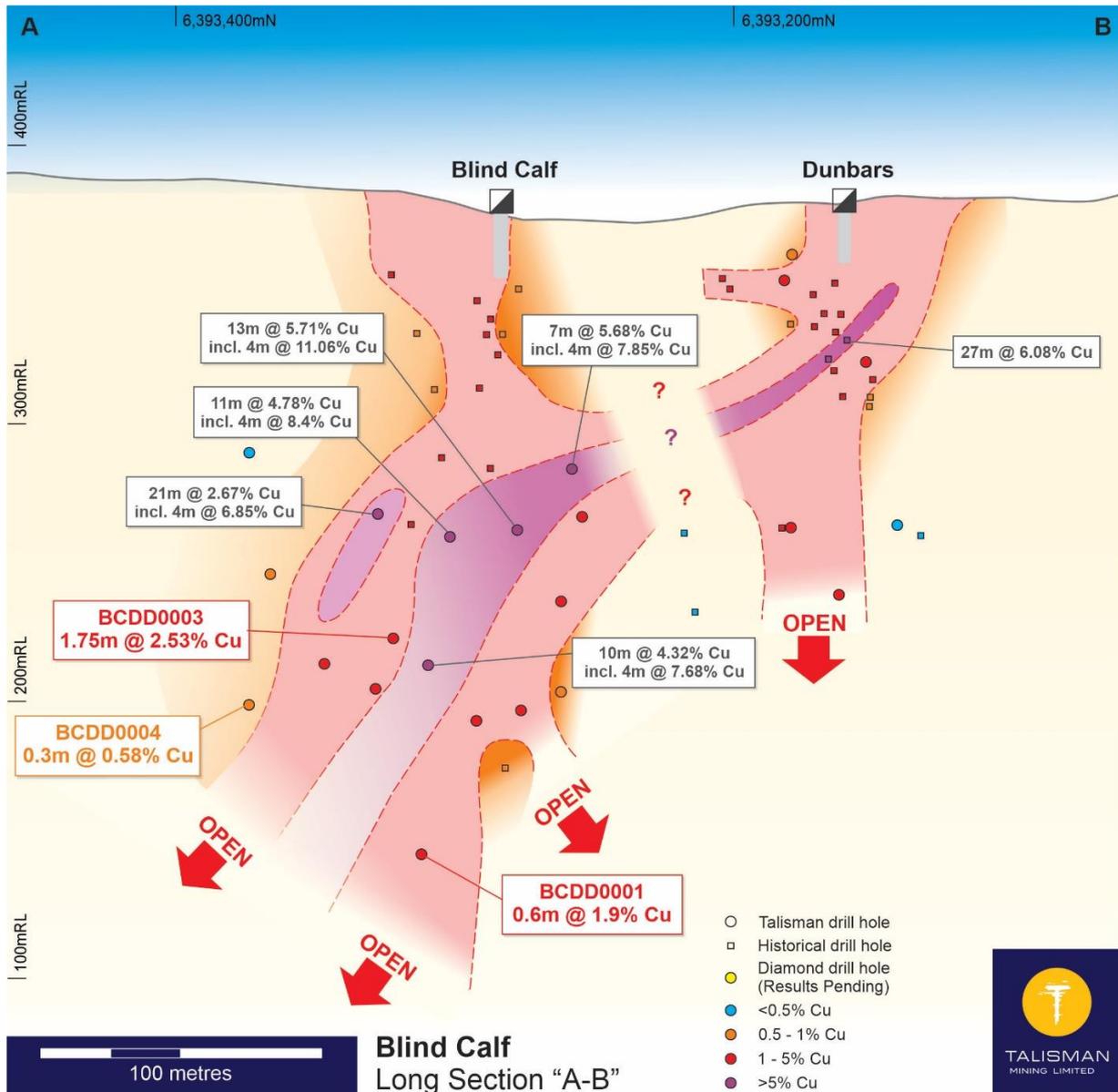


Figure 6: Blind Calf-Dunbars long section showing proposed diamond drill-hole targets, current DHEM anomalies and previously reported Talisman and historic drill holes⁴.

Blind Calf – Alteration Mapping

Global Ore Discovery (Brisbane) was engaged to undertake a detailed examination of the available geochemical data set for the Blind Calf and Dunbars deposits focusing on specific alteration mineralogy and chemistry associated with the copper mineralisation. The aim of this work was to determine whether alteration and chemical vectors to high grade mineralisation can be identified on a prospect scale and, if successful, to use these vectors to help target deeper zones of mineralisation below the current Blind Calf-Dunbars mineralised structure and other parallel mineralised structures to the east and west.

⁴ Refer ASX announcements dated 26 February 2018, 5 July 2018, 30 November 2018 and 9 September 2019 for full details of drill hole intersections.





The outcomes of the initial hyperspectral study of the localised Blind Calf mineralisation has proven to be highly encouraging and has provided some clear vectoring tools for higher grade mineralisation within the system. Further spectral work will be undertaken in the short to medium term with the aim of building a three-dimensional alteration and chemical model.

A detailed review of all geophysical results also commenced during the quarter. The physical properties obtained from the drill core will help to design the most appropriate geophysical method or methods for exploring the deeper or down-plunge extent of the Blind Calf mineralisation as well as mineralised parallel structures to the east and west.

Other

A project-wide geological Technical Review was undertaken during the period. The outcomes of this review are currently being considered, which will help guide future exploration activity at the Lachlan Project. Talisman has multiple drill-ready gold and copper targets identified for future RC drill testing including Blind Calf regional DHEM conductors, Blind Calf Au, Kaolin Shaft, Cumbine and Noisy Ned.

Following the tenement review, Haverford (a wholly owned subsidiary of Talisman) has determined that it no longer wishes to continue undertaking exploration on EL8638 (Rosevale) and EL8657 (Rookery) and has relinquished its 51% interests in these tenements.

Corporate

In late March 2020 Talisman temporarily suspended all field work, including drilling, at its NSW projects in response to the onset and rapid escalation of the COVID-19 pandemic.

In early April, Talisman implemented the following temporary changes to ensure the strength of the business:

- Non-Executive Directors took a 50% reduction in their Director fees and Executive salaries were reduced by 25%; and
- All employees (including Executives) worked from home on a three or four day work with salaries reduced on a pro-rata basis.

In June 2020, following the staged lifting of COVID-19 restrictions across the country, the Company was able to resume exploration drilling and ongoing business development activities and implemented the staged lifting of a number of these measures across a downsized team.

Talisman now has a reduced Senior Executive Team and workforce with revised part-time working arrangements implemented as of July 2020, resulting in significantly reduced personnel costs from Q3 2020 onwards.

Measures remain in place across the corporate office and exploration sites to protect the safety and well-being of all our employees and contractors during the evolving COVID-19 pandemic.





Cash Balance

As at 30 June 2020, Talisman had \$12.9 million cash available for its operating and investing activities.

Payments to related parties of the entity and their associates

In accordance with Section 6.1 of the June 2020 quarter Appendix 5B, Talisman provides the following in relation to payments made during the quarter to related parties:

<u>Description</u>	<u>\$A'000</u>	<u>Explanation</u>
Directors Fees	117	Short term and post-employment benefits paid to executive and non-executive directors

Ends

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Name of Director or Secretary authorising lodgement:

Dan Madden - Managing Director

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 gold⁵. 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.

⁵ NSW DIGS report, First Annual Exploration Report EL5770, 2001 - R00030162





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.





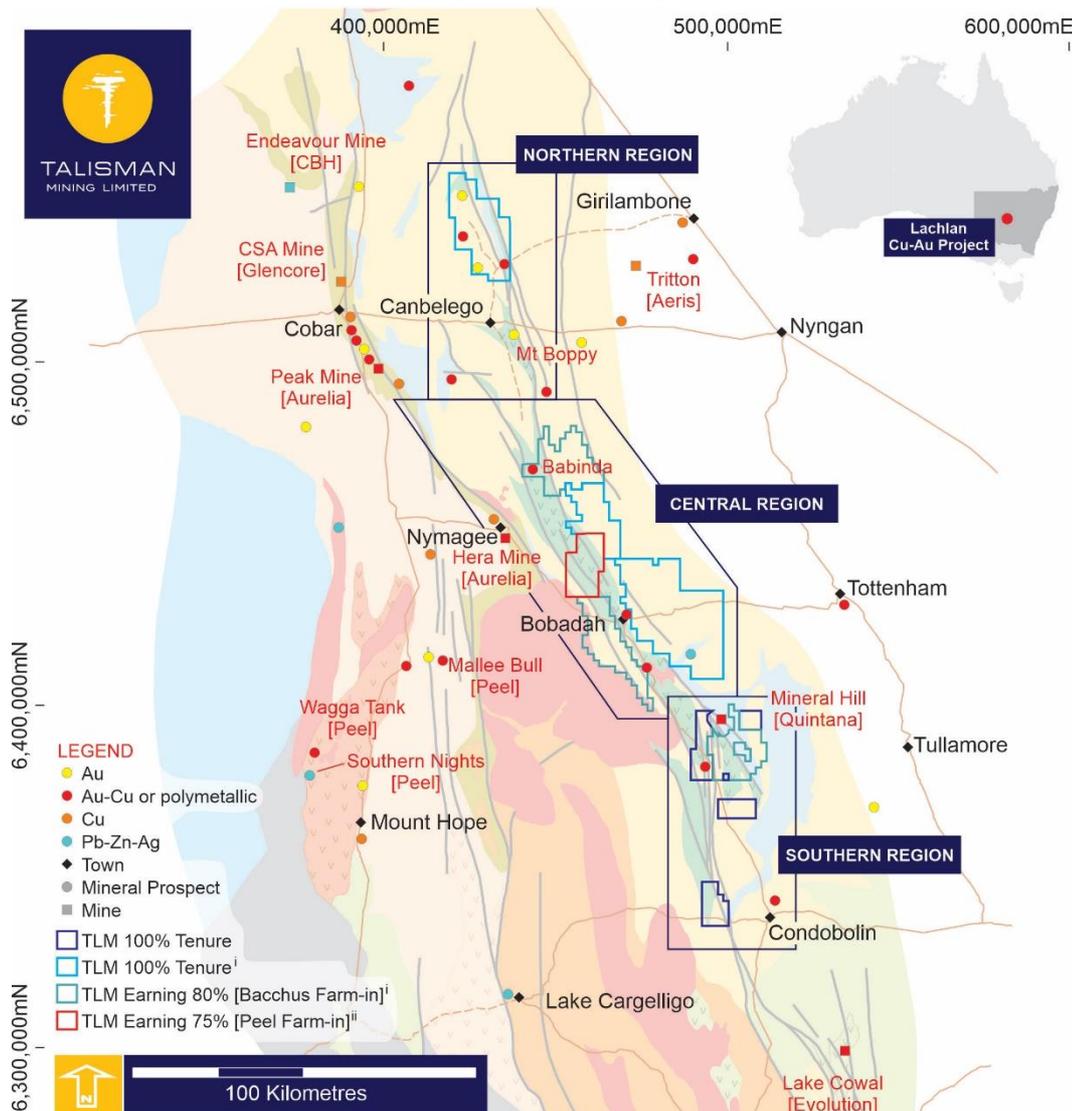
Appendix 1 Talisman Tenement Holdings

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
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)	51%	51%	-	-	Bacchus Resources Pty Ltd (TLM earning up to 80%)
EL8571	(258km ²)	51%	51%	-	-	
EL8638	(192km ²)	51%	0%	-	51%	
EL8657	(134km ²)	51%	0%	-	51%	
EL8658	(256km ²)	51%	51%	-	-	
EL8680	(20km ²)	51%	51%	-	-	
EL8718	(86km ²)	100%	100%	-	-	N/A
EL8719	(191km ²)	100%	100%	-	-	
OTHER	NSW					
EL8451	(276km ²)	0%	0%	-	-	Peel Mining Ltd (TLM earning up to 75%)
EL8977	(463km ²)	0%	100%	100%	-	N/A
LUCKNOW PROJECT	New South Wales					
EL6455	(29km ²)	0%	0%	-	-	Lucknow Gold Ltd (TLM earning up to 70%)





Appendix 2 Lachlan Copper- Gold Project tenure



- i. As previously announced to the ASX⁶, Haverford Holdings Ltd (Haverford), a 100% owned subsidiary of Talisman, has entered into a Farm-In Agreement with Bacchus Resources Pty Ltd (Bacchus) over certain Lachlan Cu-Au Project tenements (FIA). The terms of the FIA were amended by the parties on 18 February 2020 to include a number of clarifications. In accordance with the terms of the FIA (as amended):
- Haverford was deemed to have earned a 51% interest in the Bacchus Tenements (EL8547, EL8571, EL8638, EL8657, EL8658 and EL8680) by sole funding \$1.3M of on-ground exploration expenditure within the required three-year period; and
 - Haverford could earn a further 29% interest in the Bacchus Tenements (being 80% in aggregate) by incurring a further \$0.6M of third-party exploration expenditure between 18 February 2020 and 17 August 2021 (Second Earn-In Period) on the Bacchus Tenements.
 - Bacchus is entitled to receive a 20% interest in the Haverford Tenements (EL8615, EL8659 and EL8677) at the end of the Second Earn-in Period; and
 - at the end of the Second Earn-In Period, a formal joint venture will be entered into in respect of both the Bacchus Tenements and the Haverford Tenements 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 or determined by an expert
- Following a tenement review Haverford relinquished EL8638 (Rosevale) and EL8657 (Rookery).
- ii. As previously announced to the ASX⁷, 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.

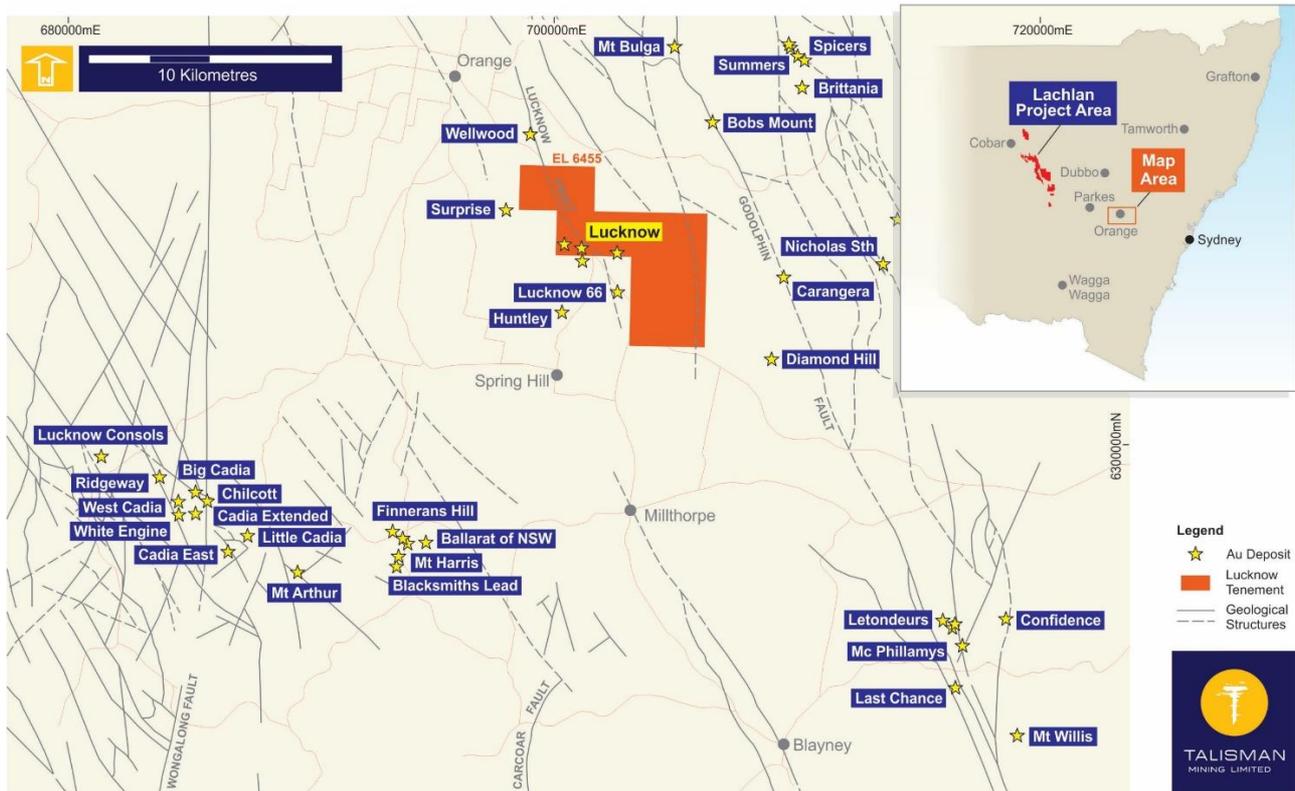
⁶ Refer Talisman ASX announcement "Further NSW Gold and Base Metals Tenure Secured" 09 January 2018.

⁷ Refer Talisman ASX announcement "AGM Presentation" 23 November 2017.





Appendix 3 Lucknow Gold Project tenure



i. As previously announced⁸, 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 TLMB 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.

⁸ Refer ASX announcement dated 26 August 2019 for full details.

