



25 July 2019

June 2019 Quarterly Activities Report

Lachlan Cu-Au Project

- 19-hole RC drilling program at Blind Calf commenced comprising an estimated 4,000m of drilling to test:
 - down plunge extension of high-grade mineralisation;
 - untested DHEM conductors;
 - parallel copper lodes in the immediate footwall to the known Blind Calf mineralisation; and
 - separate untested copper rich lodes to the southeast, south and northwest of Blind Calf.
- An extensive geochemical sampling program identified five high priority targets for RC drill testing including:
 - a large very high-grade gold-in-soil anomaly at the Harding's Prospect, extending over 1km with a peak of +500ppb Au
 - twin parallel high-grade gold-in-soil anomalies at Melrose with a peak of +400ppb Au
 - gold-in-soil anomalies along the Mineral Hill corridor at Kaolin Shaft and Brooklyn
 - a large gold-in-soil anomaly at Blind Calf Au prospect
- Work programs for RC drill testing of a number of these targets have been prepared and submitted for statutory approval

Sinclair Nickel Project

- Results were received from regional aircore drilling program at multiple prospects along the Sinclair Trend to test the interpreted prospective ultramafic basal contact
- Broad shallow nickel mineralisation intersected in three adjacent aircore traverses over 500m of strike at the Amy Rix Prospect. Follow-up RC drilling is planned. Best results include:
 - SNAC0197: 21m @ 1.03% Ni from surface
 - SNAC0200: 32m @ 0.78% Ni from surface

Corporate

- Final Class Ruling received from the Australian Taxation Office in relation to the Return of Capital confirms no portion of the return of capital payment will be deemed as a dividend to the class of shareholders to which the Class Ruling applies
- Cash balance at the end of the June quarter of \$10.6 million with no debt





Lachlan Copper-Gold Project

Reverse Circulation Drilling

Talisman Mining Limited's (ASX:TLM, **Talisman**) third program of reverse circulation (**RC**) drilling at the Lachlan Cu-Au Project (**Lachlan Project**) in NSW (*Appendix 2*) commenced during the quarter (*Figure 1*).

The drilling program consists of approximately 4,000m of drilling in 19 holes across three target areas including down plunge extensions and DHEM conductors at Blind Calf as well as a number of parallel lodes to the north west, south and south east of the Blind Calf-Dunbars system. Some of these later target areas have had no previous drilling despite returning high-grade copper results from surface outcrop sampling.

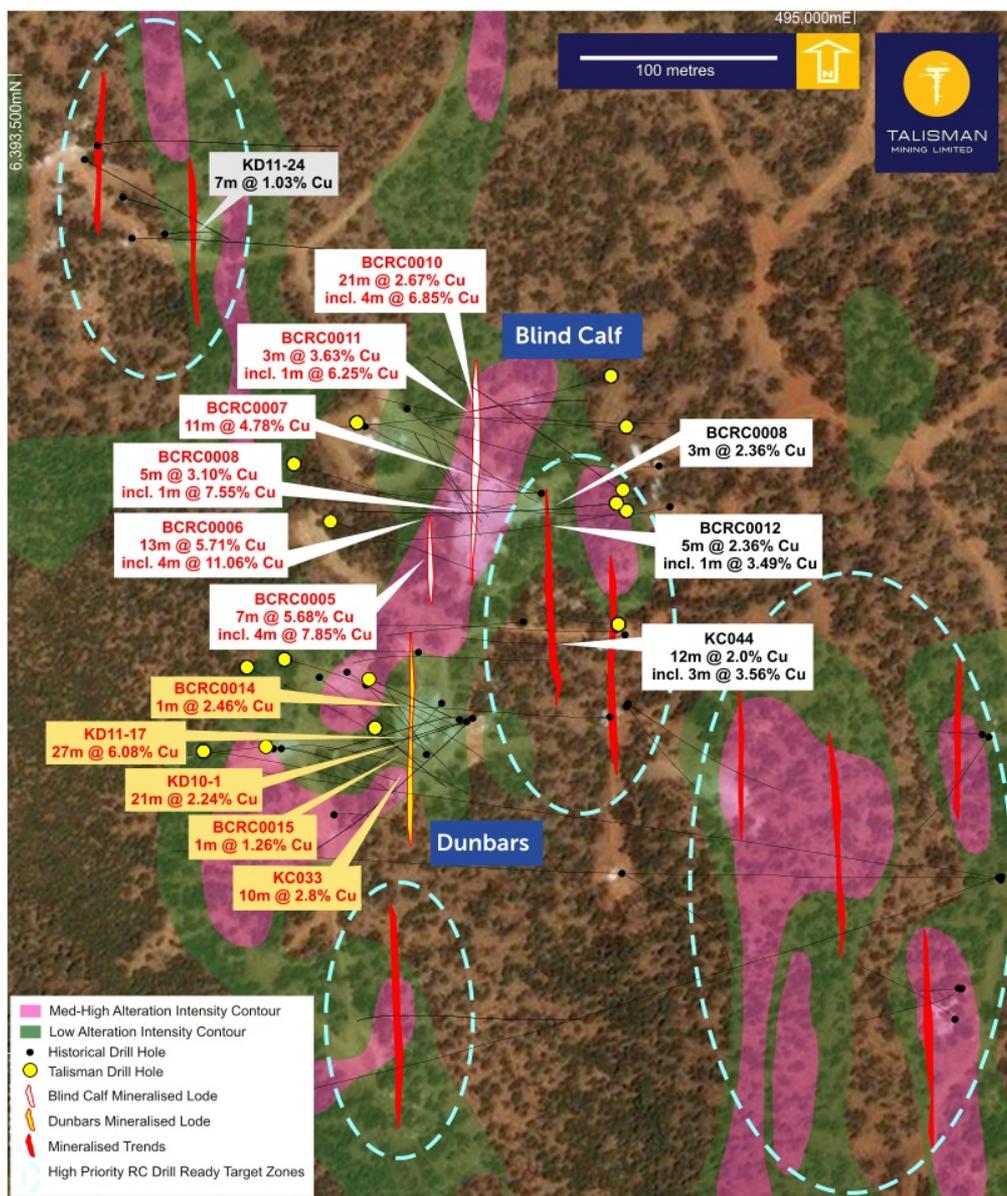


Figure 1: Blind Calf-Dunbars collar plan showing selected TLM and historic intersections, highlighting new proximal drill-ready target area (refer to TLM June 2018 and December 2018 Quarterly Activities Reports and KDR announcement 18/11/2011).





The RC drilling program is on track to be completed by the end of July with assay results expected during the September quarter 2019.

Regional Geochemical Sampling

An extensive soil and auger geochemical sampling campaign utilising two teams for more than 6,000 samples was completed during the June quarter 2019. This program identified a total of five new high priority targets.

The identification of these new geochemical anomalies from the first areas covered by the regional sampling campaign validates Talisman's systematic geological approach and has provided high priority targets for RC drill testing currently in the planning phase.

Field checking and verification of the new anomalies has been completed, and programs of work for first-pass RC drill testing of a number of these targets have been prepared and submitted to the NSW Department of Planning, Industry and Environment (**DPE**) for approval. Subject to DPE approvals, the next phase of RC drilling at the Lachlan Project is scheduled for late in the September quarter 2019 and will include the following targets (*refer to Talisman ASX announcement dated 22 July 2019*):

Harding's Prospect

Gold assay results have identified an anomaly at the Harding's Prospect (*Figure 2*) extending over 1km, with a peak assay value of +500ppb Au (0.5 g/t Au) in soils. Surface verification of this outstanding gold anomaly has shown a sequence of sub-cropping highly altered volcanic rocks, which are interpreted to represent a continuation of the Mineral Hill volcanic sequence.

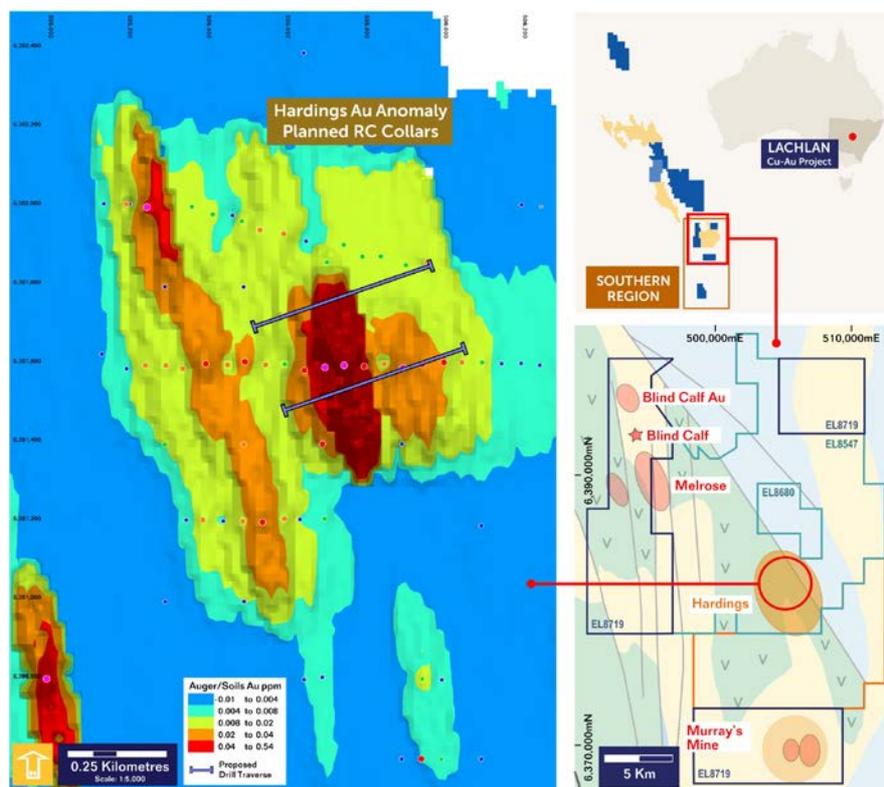


Figure 2: Harding's gold-in-soil anomaly (peak +500ppb Au) showing proposed first pass RC drill traverses.





Melrose Prospect

Gold assay results have identified an anomaly at the Melrose Prospect (*Figure 3*) extending over 1.5km which remains open to the north and returned a peak assay value of +400ppb Au (0.4 g/t Au) in soils. Surface verification of this gold anomaly has identified a strongly altered gossanous unit and quartz veining in a sequence of altered volcanic rocks (*Figure 3 inset*).

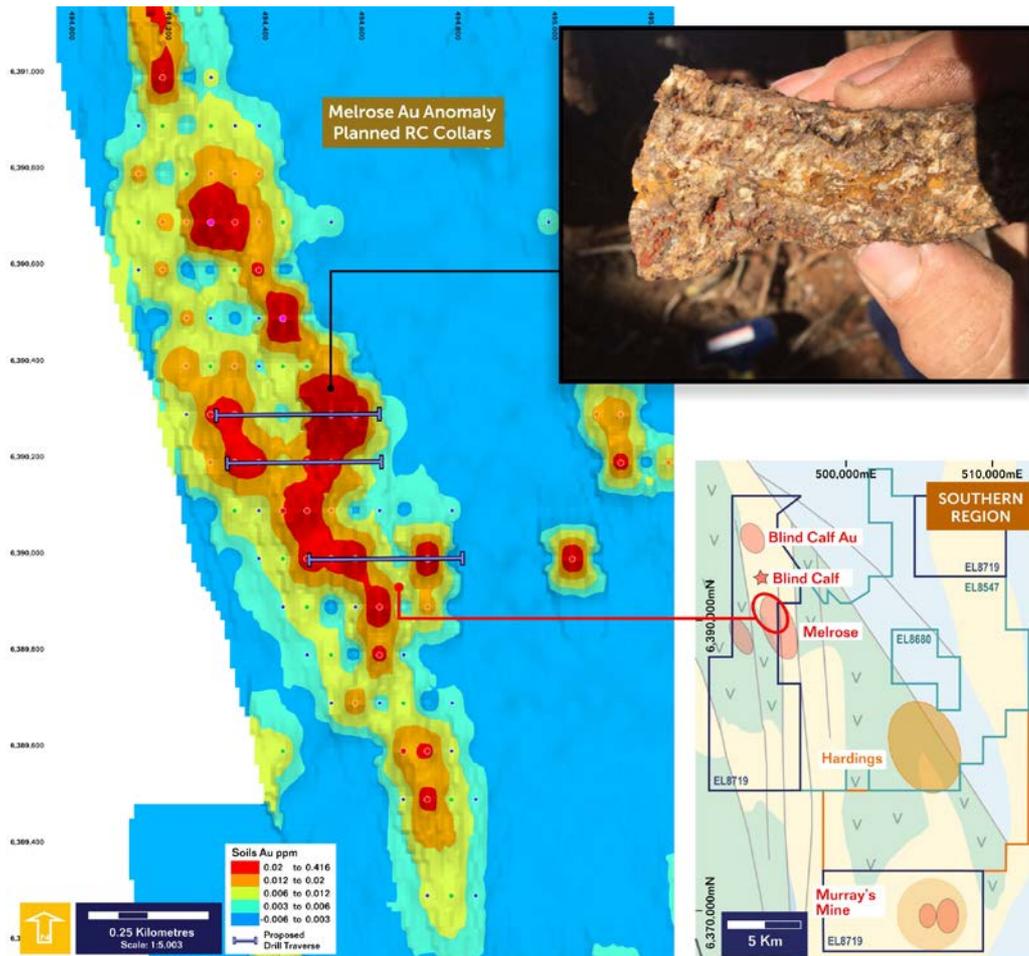


Figure 3: Melrose gold-in-soil anomaly (peak +400ppb Au), showing proposed first pass RC drill traverses.

Brooklyn-Kaolin Shaft Prospects

Gold assay results from regolith sampling along southeast extension of the Mineral Hill Corridor has highlighted multiple gold-in-soil anomalies. The area contains numerous historic workings and is hosted by altered volcanic rocks. The Kaolin Shaft and Brooklyn Prospects are two high-priority drill targets along this trend.

Historic shallow (<100m) drilling and surface sampling along this trend has returned a number of anomalous gold and base metal (copper and zinc), results in close proximity to the contact between the Mineral Hill Rift sequence volcanics and adjacent sedimentary rock suites including:

- MD08: 20m @ 3.27g/t Au¹ from 16m,
- CBORC002: 11m @ 3.70% Zn² from 69m,

¹ Result taken from report number R00000081. Geological Survey of NSW DIGS reporting system

² Result taken from report number R00010379. Geological Survey of NSW DIGS reporting system





- DUR01: 6m @ 2.10% Cu³ from 32m,
- TBE002: 6m @ 1.27g/t Au⁴ from 11m,
- BD03: 6m @ 8.67% Zn⁵ from 54.42m and
- BD03: 7m @ 2.60% Zn⁵ from 90.95m

Four drill traverses have been planned to test these two new areas.

Blind Calf Au

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

The newly identified gold anomaly is closely associated with a geophysical feature characterised by a flexure in a regional magnetic trend. Detailed mapping has shown a similar flexure associated with strong alteration in the vicinity of the high-grade copper lodes. Site validation of the large gold anomaly has identified a similar system to that at Blind Calf with a north-south trending shear zone and associated shear veins dipping steeply to the west, hosted within Ordovician sediments close to the contact with Devonian volcanics.

Three drill traverses have been planned to test the two separate anomalies in this area.

Cumbine Prospect

Recently completed 3D modelling of part of the detailed airborne magnetic data has highlighted a new target in close proximity to the recently completed Cumbine Prospect RC drilling (*Figure 4*).

First-pass RC drilling was completed at the Cumbine Prospect to test an historic induced polarisation (**IP**) geophysical anomaly associated with historic anomalous gold-in soils and rock chip samples on the flanks of an outcropping felsic volcanic sequence. Drilling encountered a contiguous sequence of altered felsic rocks, with broad zones of elevated gold results throughout all four of the completed holes.

A number of zones of brecciation and quartz veining were logged and have been interpreted as fault zones. These zones have higher elevations of gold (>0.5g/t Au), with one zone in CURC0003 returning 7m @ 1.95g/t Au from 109m including 1m @ 5.83g/t Au⁶.

The new 3D modelling has shown a strong magnetic anomaly to the south east of this previous drilling and two drill holes have been planned to test the new magnetic anomaly (*Figure 4*).

³ Result taken from report number R00014162. Geological Survey of NSW DIGS reporting system

⁴ Result taken from report number R00019938. Geological Survey of NSW DIGS reporting system

⁵ Result taken from report number R00023040. Geological Survey of NSW DIGS reporting system

⁶ Refer TLM ASX Announcement dated 20 November 2018 for full details



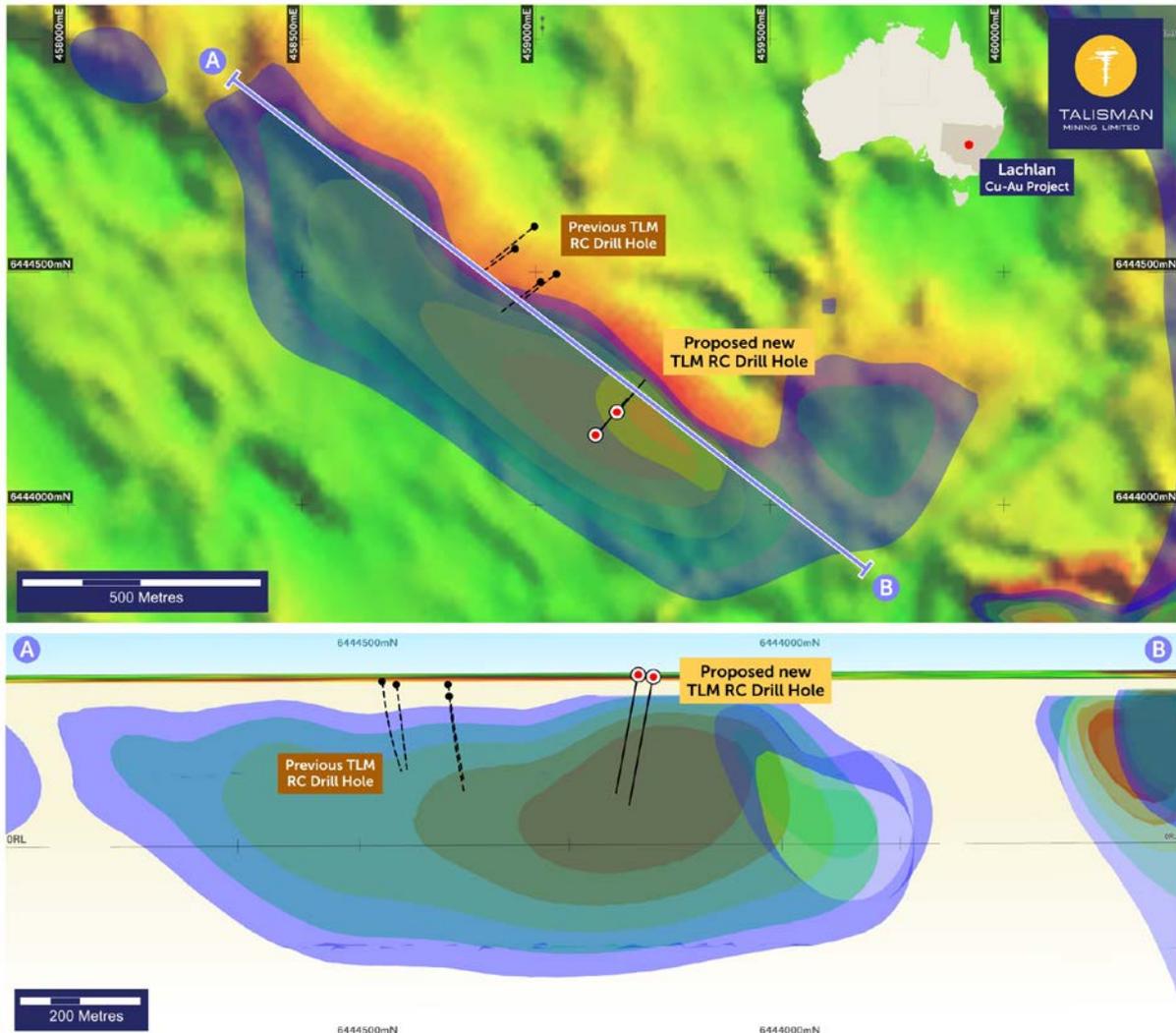


Figure 4: Plan and oblique section of the Cumbine Prospect showing new modelled 3D magnetic anomaly, proposed new drill holes and previously completed drilling by Talisman.

Sinclair Nickel Project

Aircore Drilling

During the June 2019 quarter, assay results from a total of 95 aircore holes (4,416m) drilled across the Sinclair tenement package along the length of the Sinclair Trend in the previous quarter were received. This drilling was designed to test the ultramafic basal contact in areas previously untested as well as to follow up areas of interest from historic drilling at the Amy Rix Prospect (*refer to Talisman ASX announcement dated 20 May 2019*).

Drilling encountered a variety of lithologies including sediments, felsic intrusives, ultramafic and mafic lithologies, with strongly oxidised 'gossanous' material logged from surface at the Amy Rix Prospect.

Results from analysis of the Amy Rix Prospect samples has highlighted a broad zone of oxide nickel mineralisation from surface over three adjacent drill traverses over a strike distance of 500m. This zone of gossanous nickel mineralisation remains open along strike in both directions.





Results from analysis include:

- SNAC0195: 14m @ 0.73% Ni from surface⁷, inc. 4m @ 1.29% Ni from 4m
- SNAC0196: 24m @ 0.77% Ni from surface⁷
- SNAC0197: 21m @ 1.03% Ni from surface⁷, inc. 10m @ 1.34% Ni from 4m
- SNAC0198: 11m @ 0.69% Ni from surface⁷, inc. 2m @ 1.34% Ni from 4m
- SNAC0199: 13m @ 0.66% Ni from surface⁷
- SNAC0200: 32m @ 0.78% Ni from surface⁷

These encouraging results in aircore drilling at the Amy Rix Prospect warrant follow up work, with mapping and rock chipping of the outcrop to be conducted to validate the aircore anomalies. Further deeper RC drilling will be considered following completion of this validation exercise.

Results from other areas targeted with the shallow aircore drilling showed elevated nickel, however no significant results were returned.

RC Drilling

Four RC holes were drilled at the Schmitz, Delphi and Parnassus Prospects to test areas that have historic potential for significant mineralisation. A further two RC holes were drilled to test the interpreted ultramafic basal contact under a significant amount of cover at Outcamp Well and Cody Well North.

All drilling encountered sulphidic ultramafic lithologies, and a variety of sediments. Two holes, one at Delphi and one at Parnassus, were cased for future geophysical surveys.

Results from analysis of samples showed elevated nickel, however, no significant intersections were returned.

Further Work

A review of geology and interpretations will now be undertaken to further understand the mineralisation and lithologies along the wider Sinclair Trend. Ongoing drilling may also be considered to reduce the line spacing and further test the potential of selected ultramafic sequences.

Corporate

ATO Class Ruling on Return of Capital

During the quarter the Company advised that the Australian Taxation Office (**ATO**) had published a final Class Ruling (**CR 2019/39**) in relation to the Return of Capital completed on 8 March 2019.

The Class Ruling confirmed no portion of the Return of Capital payment will be deemed to be a dividend to the class of shareholders to which the Class Ruling applies.

Taxation implications from the Return of Capital payment may vary depending on a shareholder's individual circumstances. Shareholders should seek advice from an appropriate professional adviser

⁷ refer to TLM ASX announcement "Sinclair Exploration Update", dated 20 May 2019 for full details.





on the taxation implications of the Return of Capital payment and the application of the Class Ruling based on their individual circumstances.

More details of the Class Ruling are contained in the Company's ASX release dated 21 June 2019 and on the ATO's website (<http://ato.gov.au/Law>).

Cash Balance

As at 30 June 2019, Talisman had \$10.6 million cash available for its operating and investing activities.

Ends

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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 100% of the Sinclair Nickel Project 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 290km² tenement package covering more than 80km of strike in prospective ultramafic contact within a 35km radius of existing processing plant and infrastructure.

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.

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
SINCLAIR NICKEL PROJECT	Western Australia					N/A
E37/903	13	100%	-	-	100%	
E37/1231	3	100%	100%	-	-	
L36/198	(103.1 HA)	100%	100%	-	-	
L37/175	(83.9 HA)	100%	100%	-	-	
M36/444	(568.0 HA)	100%	100%	-	-	
M36/445	(973.0 HA)	100%	100%	-	-	
M36/446	(843.0 HA)	100%	100%	-	-	
M37/362	(981.5 HA)	100%	100%	-	-	
M37/383	(841.7 HA)	100%	100%	-	-	
M37/384	(536.7 HA)	100%	100%	-	-	
M37/385	(926.8 HA)	100%	100%	-	-	
M37/386	(983.8 HA)	100%	100%	-	-	
M37/424	(905.5 HA)	100%	100%	-	-	
M37/426	(482.2 HA)	100%	100%	-	-	
M37/427	(818.6 HA)	100%	100%	-	-	
M37/590	(120.0 HA)	100%	100%	-	-	
M37/692	(136.1 HA)	100%	100%	-	-	
M37/735	(959.0 HA)	100%	100%	-	-	
M37/816	(818.4 HA)	100%	100%	-	-	
M37/818	(806.5 HA)	100%	100%	-	-	
M37/819	(380.1 HA)	100%	100%	-	-	
M37/1063	(604.0 HA)	100%	100%	-	-	
M37/1089	(574.0 HA)	100%	100%	-	-	
M37/1090	(478.0 HA)	100%	100%	-	-	
M37/1126	(603.0 HA)	100%	100%	-	-	
M37/1127	(603.0 HA)	100%	100%	-	-	
M37/1136	(986.0 HA)	100%	100%	-	-	
M37/1137	(850.0 HA)	100%	100%	-	-	
M37/1148	(44.7 HA)	100%	100%	-	-	
M37/1168	(190.0 HA)	100%	100%	-	-	
M37/1223	(675.0 HA)	100%	100%	-	-	
M37/1275	(1,961.0 HA)	100%	100%	-	-	



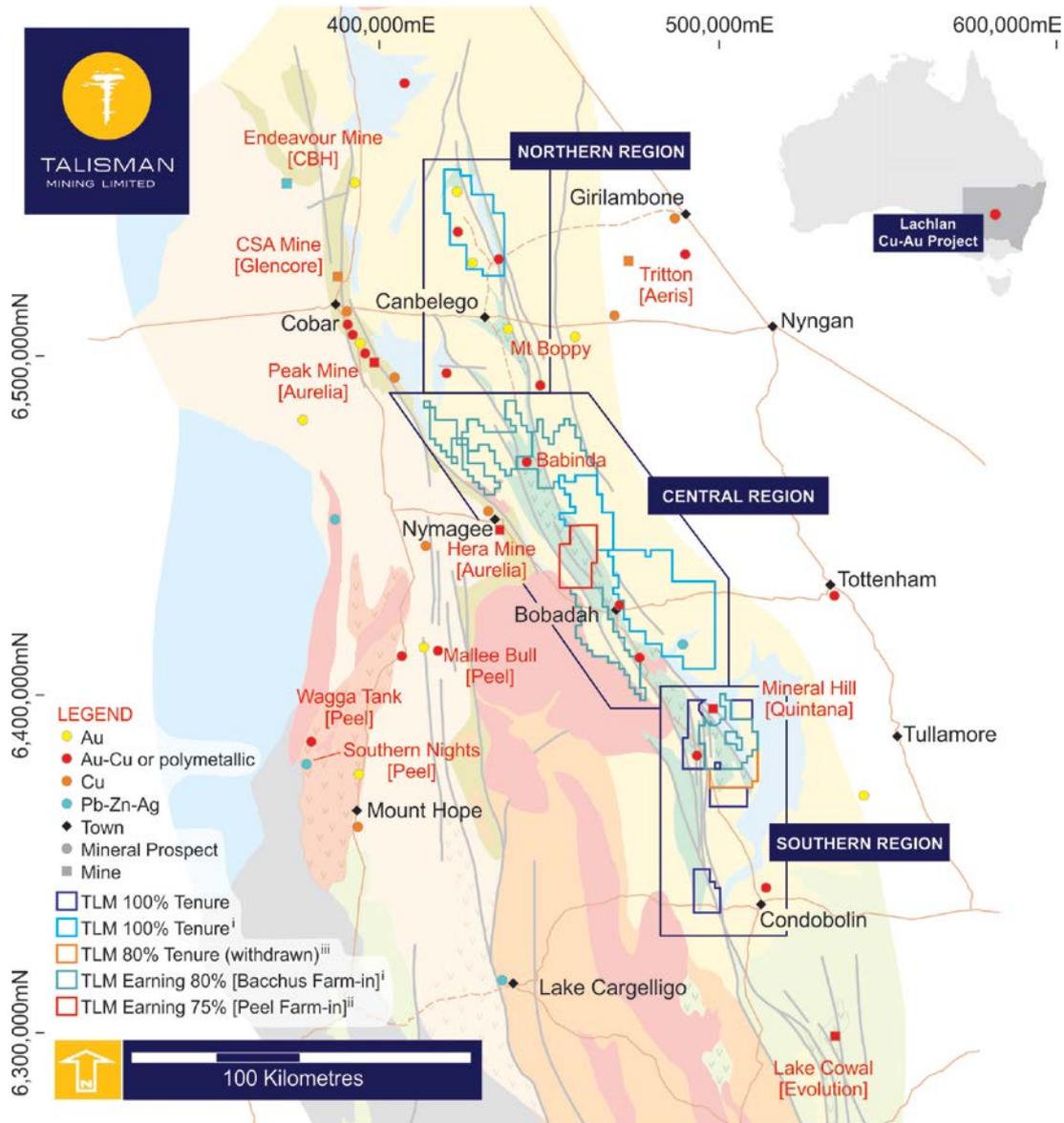


Project / Tenement	Location and Blocks (Area)	Interest at Beginning of Quarter	Interest at End of Quarter	Acquired during Quarter	Surrendered during Quarter	Joint Venture Partner / Farm-In Party
LACHLAN PROJECT	New South Wales					
EL8615	(726km ²)	100%	100%	-	-	Bacchus Resources Pty Ltd (right to 20% 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)	0%	80%	-	-	Bacchus Resources Pty Ltd
OTHER	NSW					
EL8451	(276km ²)	0%	0%	-	-	Peel Mining Ltd (TLM earning up to 75%)





Appendix 2 Lachlan Copper- Gold Project tenure



- i. As previously announced to the ASX⁸, 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 a 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 ASX⁹, 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. In March 2019, after Haverford and Bacchus failed to reach agreement on the full terms of a joint venture in relation to EL8814 (**Mt. Nobby JV**), Bacchus commenced Proceedings against Haverford in the Supreme Court of NSW seeking a declaration of the specific terms of the joint venture. No material activities have been undertaken (and no activities are proposed to be undertaken) on EL8814, and Talisman intends to transfer its interest in EL8814 to Bacchus. Pending resolution of the Proceedings, Talisman remains the registered owner of EL8814. The Proceedings do not affect the separate Farm-in with Bacchus.

⁸ Refer Talisman ASX announcement "Further NSW Gold and Base Metals Tenure Secured" 09 January 2018.

⁹ Refer Talisman ASX announcement "AGM Presentation" 23 November 2017.





Appendix 3 Sinclair Nickel Project tenure

