



26 August 2019

Farm-in to the Lucknow High-Grade Gold Project

Highlights

- Farm-in agreement for the high-grade Lucknow Gold Project within the Macquarie Arc in NSW.
- Lucknow is one of the highest-grade goldfields in the world, with historic production of more than 400,000 ounces at an average estimated mined grade of +100 g/t Au.
- Future drilling to test potential down plunge extensions of high-grade gold bearing ore shoots.
- Talisman can earn 51% by sole funding \$700,000 on exploration within 24 months and a further 19% by sole funding an additional \$800,000 in the following 24 months.
- Lucknow is located approximately 200km from Talisman's existing Lachlan Copper-Gold project and will leverage the Company's experience operating in NSW during the past 18 months.

Talisman Mining Ltd (ASX: **TLM**; **Talisman** or **the Company**) advises it has entered into a farm-in agreement (**FIA**) with privately-owned Lucknow Gold Limited (**Lucknow Gold**) in relation to the Lucknow Gold Project (EL6455) in New South Wales (**the Project**).

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 ¹.



Historic Sample: Gold in calcite from Wentworth Mine, Lucknow, NSW

¹ NSW DIGS report, First Annual Exploration Report EL5770, 2001 - R00030162





The Lucknow Goldfield is located within the Macquarie Arc in NSW which hosts extensive gold and copper mineralisation including the large Cadia-Ridgway (Cu-Au) and McPhillamys (Au) deposits, as well as the Browns Creek (Cu-Au), Forrest Reefs (Au) and Junction Reefs (Au) deposits (*Figure 1*).



Figure 1: Lucknow Project and surrounding gold deposits and major geological structures within Macquarie Arc NSW.

Today the Project still ranks as one of the highest-grade gold mines globally, however very little modern exploration has been completed outside of the existing mine workings. 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.

Management Comment

Commenting on the Project FIA, Talisman Managing Director Dan Madden said:

“There have been numerous recent examples in Australia of exciting new gold discoveries being made by using modern exploration techniques to target depth extensions in known goldfields. Lucknow is one of the world’s highest-grade gold mining areas with reported mined gold grades in excess of 100 g/t, so the potential value of any new areas of mineralisation that can be identified is clear.





The farm-in agreement is consistent with Talisman's approach towards business development targeting advanced exploration or project development opportunities in gold and base metals where we believe we can generate value for Talisman shareholders. Lucknow is located within the same broad area as our Lachlan Copper-Gold Project and will enhance our exploration activities in this very prospective mining region.

We look forward to commencing on ground exploration activities at Lucknow which are expected to begin late in the current quarter."

Lucknow Geological Summary and Initial Exploration

Gold mineralisation at the Project is intimately associated with the major NNW trending Lucknow Fault (Figure 2) 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.

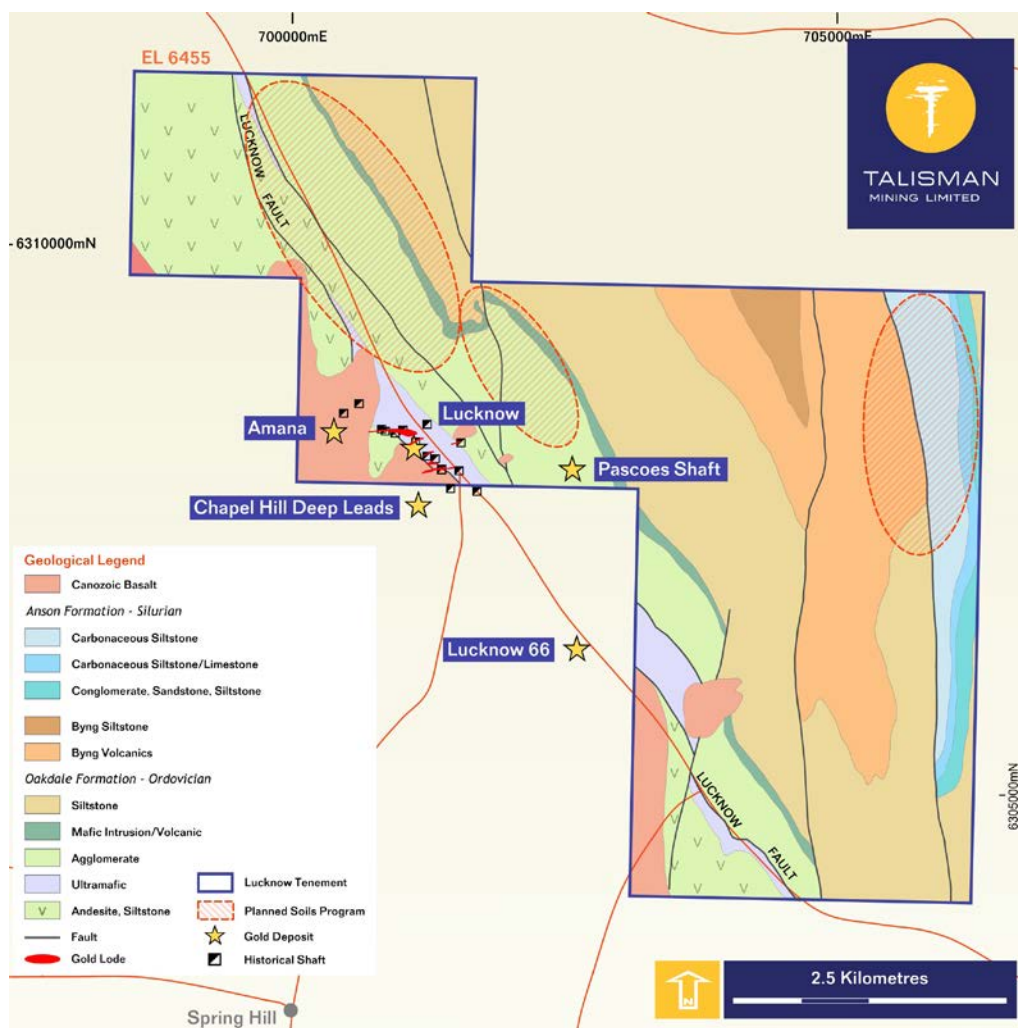


Figure 2: Lucknow Project, Geology and initial planned surface sampling program.





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 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.

There are approximately 20 recorded gold-bearing veins within the Lucknow Goldfield which occur at irregular intervals within the footwall volcanic rocks.

Initial exploration by Talisman will include surface geochemical sampling and mapping along the north-western extension of the Lucknow Fault as well as further to the east along a north-south trending fault where previous sampling has identified copper anomalism and low-level gold anomalism (*Figure 2*).

In addition to the surface sampling and mapping, the geological interpretation of the Lucknow Goldfield will be reviewed to gain a better understanding of the structural controls on gold mineralisation. Once completed the interpretation will be used to target untested down-plunge extensions of the historic high-grade gold bearing ore shoots.

Farm-in Agreement Key Terms

Talisman's wholly owned subsidiary, Talisman B Pty Ltd (**Talisman B**), has entered into the FIA with Lucknow Gold relating to the Project. Talisman will be manager of the exploration program throughout the earn-in period.

Talisman B has the right to earn up to a 70% interest in the Project, by spending a minimum of \$1.5M on exploration over four years and issuing \$250k worth of Talisman shares (under certain conditions) to Lucknow Gold.

On entering into the FIA, Talisman will issue \$100k worth of shares to Lucknow Gold (at the 15-day VWAP prior to entering into the agreement). Talisman B then has a minimum expenditure commitment of \$350k (**Minimum Expenditure**) within the first 12 months.

On satisfying the Minimum Expenditure requirement, Talisman B can then elect to withdraw or continue to earn-in to gain a 51% legal and beneficial interest in the Project by sole funding a further \$350k (cumulative expenditure of \$700k) within the next 12 months (cumulative total 24 months) (**First Interest**).

During the First Interest earn-in period, Talisman is required to:

- upon Talisman B incurring cumulative FIA earn-in expenditure of \$500k, issue Lucknow Gold with \$100k worth of shares (using the 15-day VWAP prior to the date on which the \$500k expenditure threshold is met); and
- upon Talisman B incurring cumulative FIA earn-in expenditure of \$650k, issue Lucknow Gold with a further \$50k worth of shares (using the 15-day VWAP prior to the date on which the \$650k expenditure threshold is met).





Should Talisman acquire the First Interest it will have the option to sole fund a further \$800k on exploration expenditure (cumulative expenditure of \$1.5M) within a further 24-month period (cumulative total 48 months) in order to acquire an additional legal and beneficial interest of 19% (**Second Interest**) in the Project, thereby taking its total interest to 70%.

Talisman can withdraw from the FIA at any time during the first 12 months by satisfying the Minimum Expenditure commitment and anytime thereafter by ensuring the minimum pro-rata statutory expenditure commitments on the Project tenements have been satisfied.

At any time after Talisman B has earned the First Interest, Talisman B may elect to form an unincorporated exploration joint venture (**EJV**). If Talisman B earns the Second Interest its participating interest in the EJV will be 70% and Lucknow Gold will be 30%, otherwise it will be 51% and Lucknow Gold will be 49%.

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.

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.

