



News Release
TSX:TLO

TALON METALS SECURES ALL FUNDING REQUIRED TO EARN AN INTEREST IN THE TAMARACK PROJECT

Road Town, British Virgin Islands (November 26, 2015) – Talon Metals Corp. (“**Talon**” or the “**Company**”) (TSX:TLO) is pleased to announce that it has entered into definitive agreements with Resource Capital Fund VI L.P. (“**RCF**”) and an amending agreement and debt settlement agreement with Kennecott Exploration Company (“**Kennecott**”), a subsidiary of the Rio Tinto Group, whereby Talon will receive US\$15 million from RCF to be used by Talon to earn an 18.45% interest in the Tamarack Nickel-Copper-PGE Project (the “**Tamarack Project**”), located in Minnesota, USA. All of the funds to be received by Talon from RCF will be used to conduct further exploration at the Tamarack Project (including making certain land option payments).

HIGHLIGHTS OF RCF FINANCING

- RCF has agreed to provide Talon with US\$15 million, as follows: (a) US\$1 million via a private placement subscription (the “**RCF Subscription**”) for common shares in the capital of Talon (each, a “**Common Share**”) at a subscription price of C\$0.12 per common share (the “**RCF Subscription Price**”); and (b) US\$14 million via an unsecured convertible loan (the “**RCF Unsecured Loan**”, and together with the RCF Subscription, the “**RCF Financing**”). The RCF Unsecured Loan will mature on the maturity date (the “**Maturity Date**”) being the earlier of: (i) the date that is three years from the Closing Date (as defined below); and (ii) the date upon which RCF elects to accelerate the due date upon the occurrence of certain events, including an event of default.
- The RCF Unsecured Loan will bear interest at the rate of 12% per annum. All interest will accrue and become payable on the Maturity Date. Talon may only prepay the RCF Unsecured Loan (including accrued interest), in full or in part, with the prior approval of RCF.
- Under the terms of the RCF Unsecured Loan, RCF may elect to convert all or part of the principal amount of the RCF Unsecured Loan (including all capitalized interest) into Common Shares at any time at a conversion price of C\$0.156 per Common Share (the “**Conversion Price**”), representing a 30% premium to the RCF Subscription Price. Interest that has not been capitalized is to be converted at a price equal to the volume weighted average trading price for the 20 trading days prior to the conversion. Any amount being converted pursuant to RCF’s conversion right shall be converted from United States dollars into Canadian dollars based on the currency exchange rate as reported by Bloomberg as of 5:00 p.m. (EST) on the first business day preceding the conversion date.

- For as long as the RCF Unsecured Loan agreement is in effect or while RCF and its affiliates, on a partially diluted basis, hold Common Shares equal to or exceeding 10% of all Common Shares issued and outstanding, RCF has the right to participate in any equity or debt financings of the Company (other than certain exempt issuances) at the same price and on the same terms, on a *pro rata* basis, such that RCF may maintain its percentage interest in Common Shares on a partially diluted basis, assuming the full exercise of all rights under the RCF Unsecured Loan to receive Common Shares, including all rights of conversion.
- At all times, (a) while any obligation remains outstanding under the RCF Unsecured Loan agreement, or (b) RCF and its affiliates, on a partially diluted basis, hold Common Shares equal to or exceeding 10% of all Common Shares issued and outstanding, RCF will have the right to nominate one individual to serve on the Company's board of directors.
- A number of events constitute an event of default under the RCF Unsecured Loan agreement, including certain material adverse changes, the delisting of the Common Shares from the Toronto Stock Exchange ("**TSX**"), the abandonment or termination of a material portion of the Tamarack Project or a change of control of the Company. Upon an event of default, interest will accrue at the default interest rate of 17% per annum.

HIGHLIGHTS OF KENNECOTT AMENDMENTS

- Kennecott has agreed to: (a) forgive the principal amount of the unsecured loan previously granted by Kennecott to Talon (*i.e.*, US\$4.5 million), and (b) defer the US\$2.5 million and US\$4 million option payments originally due by Talon on June 26, 2015 (previously deferred to December 21, 2015) and June 26, 2016, respectively, until after the earn-in period, and convert the interest payable thereunder (*i.e.*, US\$349,114) into Common Shares at a conversion price of C\$0.09 per Common Share (the "**Kennecott Share Issuance**") which represents a 25% discount to the RCF Subscription Price. Consequently, Talon will no longer have any debts payable to Kennecott.
- Kennecott and Talon have also agreed to amend the Exploration and Option Agreement dated June 25, 2014 between Talon Nickel (USA) LLC (as subsidiary of Talon) and Kennecott (the "**Earn-in Agreement**") to provide, among other things, that upon receipt by Kennecott from Talon of the sum of US\$15 million, Talon will earn an 18.45% interest in the Tamarack Project. Notably, Talon will have no further funding requirements to earn its interest in the Tamarack Project, including no longer being required to make payments of US\$6.5 million to Kennecott to earn its interest in the Tamarack Project.
- Once Kennecott has spent the funds advanced by Talon on exploration activities in respect of the Tamarack Project, subject to certain self-funding rights by Kennecott during the earn-in period, Kennecott will have 180 days to elect whether to: (a) proceed with a 81.55/18.45 joint venture on the Tamarack Project, with Kennecott owning an

81.55% participating interest, and Talon owning an 18.45% participating interest; or (b) grant Talon the right to purchase Kennecott's interest in the Tamarack Project for a total purchase price of US\$114 million (previously US\$107.5 million). In the event Kennecott grants Talon the right to purchase its interest in the Tamarack Project, and Talon elects to proceed with the purchase option, Talon will have up to 18 months to close the transaction, provided it makes an upfront non-refundable payment of US\$14 million (previously US\$6.5 million), thereby reducing the purchase price to US\$100-million (same purchase price as before).

“Kennecott’s forgiveness of the unsecured loan in the amount of US\$4.5 million and deferral of the cash payments in the amount of US\$6.5 million until after the earn-in period, combined with RCF’s new US\$15 million investment (approximately C\$20 million), allows Talon to earn its proportionate interest in the approximate 18 km Tamarack Intrusive Complex. Notably, the entire US\$15 million to be received from RCF will be used by Kennecott to advance the Tamarack Project, with not a penny being spent on Talon salaries or overhead”, said Henri van Rooyen, CEO of the Company. “This transaction constitutes one of the largest capital raisings in 2015 (on the TSX and TSX Venture Exchange) amongst exploration companies, and is a testament to the quality and potential of the Tamarack Project.

FINDER’S FEE

The Company has also agreed to pay Haywood Securities Inc. (“**Haywood**”) a finder’s fee for its efforts in facilitating the RCF Financing. Such fee is comprised of, (a) US\$300,000 (converted into Canadian dollars based on the Bank of Canada noon rate on November 25, 2015) payable in Common Shares at the RCF Subscription Price, and (b) 1,000,000 non-transferable compensation warrants (each, a “**Compensation Warrant**”). Each Compensation Warrant shall be exercisable for one Common Share at the Conversion Price at any time before the Maturity Date.

SPECIAL MEETING OF SHAREHOLDERS

The transactions disclosed in this news release are cross-conditional and subject to certain closing conditions, including, the receipt of shareholder approval and the approval of the TSX. Assuming such conditions are met, the transactions are expected to close (the “**Closing Date**”) prior to the end of the year.

Talon intends to hold a special meeting of its shareholders on December 29, 2015. At the special meeting, Talon will seek shareholder approval for the issuance (including, potential issuances) of all Common Shares issuable under the RCF Financing, Kennecott Share Issuance and to Haywood. Shareholders of record as of November 25, 2015 will be entitled to vote their Common Shares at the meeting. Talon intends to finalize and distribute proxy materials, which will include voting instructions. Such materials will be mailed to shareholders of record, and copies will be posted under Talon’s profile on SEDAR (www.sedar.com).

About Talon

Talon is a TSX-listed company focused on the exploration and development of the Tamarack Nickel-Copper-PGE Project in Minnesota, USA (which comprises the Tamarack North Project and the Tamarack South Project). The Company has a well-qualified exploration and mine management team with extensive experience in project management.

For additional information on Talon, please visit the Company's website at www.talonmetals.com or contact:

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Forward-Looking Statements

This press release contains forward-looking information which is not comprised of historical facts. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information contained or referred to in this press release includes, but may not be limited to, the receipt of funds from RCF pursuant to the RCF Convertible Loan and the RCF Subscription, the Kennecott Share Issuance and the amendment to the Earn-in Agreement becoming effective, the acquisition by the Company of a 18.45% interest in the Tamarack Project and the timing of the completion of such transactions and the meeting of the Company's shareholders.

Factors that could cause actual results to differ materially from those described in such forward-looking information include, but are not limited to, risks related to Talon's, RCF's or Kennecott's inability to satisfy a condition precedent to the completion of their respective transactions (including obtaining the requisite shareholder approval at the shareholder's meeting and the necessary regulatory approvals), the occurrence of an event of default and risks related to the inability of each of the Company, RCF and Kennecott to perform their respective obligations under their respective agreements as well as certain other risks set out in the Company's public documents, including its annual information form dated March 31, 2015, filed under the Company's profile on SEDAR at www.sedar.com.

The forward-looking information in this press release reflects the current expectations, assumptions and/or beliefs of the Company based on information currently available to the Company. In connection with the forward-looking information contained in this press release, the Company has made assumptions about: the Company's business, the economy and the Company's industry in general as well as the Company's, RCF's and Kennecott's ability to complete the transactions and to perform its obligations thereunder. The Company has also assumed that no significant events occur outside of the Company's normal course of business. Although the Company believes that the assumptions inherent in the forward-looking information are reasonable, forward-looking

information is not a guarantee of future performance and accordingly undue reliance should not be put on such information due to the inherent uncertainty therein.

Any forward-looking information speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.