

	<p>News Release TSX:TLO</p>
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**TALON ENTERS INTO OPTION AGREEMENT WITH KENNECOTT EXPLORATION  
(A SUBSIDIARY OF THE RIO TINTO GROUP) TO ACQUIRE UP TO A 60%  
INTEREST IN THE TAMARACK PROJECT**

**Road Town, British Virgin Islands (November 7, 2018)** – Talon Metals Corp. (TSX: TLO) announced today that its wholly owned indirect subsidiary, Talon Nickel (USA) LLC (collectively, “**Talon**” or the “**Company**”), has entered into an option agreement (the “**Option Agreement**”) with Kennecott Exploration Company (“**Kennecott**”), a subsidiary of the Rio Tinto Group, pursuant to which Talon will have the right to acquire up to a 60% interest in the Tamarack Project on the satisfaction of certain terms and conditions.

In addition, the Company has announced that it has entered into amending agreements in connection with its existing debt facilities with Resource Capital Fund VI L.P. (“**RCF**”). Subject to satisfaction of the conditions in the amending agreements, RCF has agreed to convert all outstanding amounts under the convertible loan facility as well as the promissory note at an effective conversion price of \$0.11 per share (the “**RCF Debt Conversion**”). The RCF Debt Conversion would occur concurrently with the first payment to Kennecott under the Option Agreement. Following the completion of the RCF Debt Conversion, Talon will be a debt-free company, save for liabilities in the ordinary course of business.

*“Today is a new start for Talon”, said Sean Werger, President of Talon. “We are thrilled to have the opportunity to acquire a majority stake in one of the world’s only remaining undeveloped high grade nickel-copper-cobalt projects on infrastructure. Our strategy for the Tamarack Project is to eventually produce Class 1 nickel, which is required for batteries for the electric vehicle market. We would like to thank both Kennecott and RCF for their support thus far. It is a tremendous stamp of approval to have Kennecott maintain a significant stake in the Tamarack Project, and for RCF to convert all of its debt into common shares of Talon.”*

*Option Agreement*

Pursuant to the terms of the Option Agreement, Talon will immediately take over operatorship of the Tamarack Project (with certain Kennecott employees being seconded to Talon) and have the right to acquire a 51% interest in the Tamarack Project (for clarity which is an additional 33.44% to its current ownership interest of 17.56%) upon:

- (1) the payment of US\$6 million in cash to Kennecott, which is due on the effective date of the Option Agreement (the “**Initial Payment**”);
- (2) the issuance of US\$1.5 million worth of common shares of Talon to Kennecott;
- (3) within 3 years of the effective date of the Option Agreement, Talon either spending US\$10 million or completing a pre-feasibility study on the Tamarack Project; and

- (4) within 3 years of the effective date of the Option Agreement, Talon paying Kennecott an additional US\$5 million in cash.

Provided Talon has earned the 51% interest in the Tamarack Project, Talon shall then have the right to increase its interest in the Tamarack Project to 60% by:

- (1) completing a feasibility study on the Tamarack Project within 7 years of the effective date of the Option Agreement, and;
- (2) paying Kennecott the additional sum of US\$10 million in cash on or before the seventh anniversary of the effective date of the Option Agreement.

Upon Talon vesting with its applicable joint venture interest in the Tamarack Project, the parties will enter into a new joint venture agreement, pursuant to which, so long as Talon has a majority interest, Talon will continue to act as operator of the Tamarack Project. In the event Talon has delivered a feasibility study on the Tamarack Project, upon the completion thereof, the parties will be required to fund the Tamarack Project in accordance with their respective ownership interests.

The Option Agreement will become effective 5 days following the shareholders meeting set forth below.

#### Conversion of Existing Debt Facilities

The Company is currently party to a US\$16 million convertible loan facility (the “**Convertible Loan**”) with RCF and a US\$1 million unsecured promissory note (the “**Promissory Note**”) both of which mature on April 2, 2019.

Pursuant to the terms of the amending agreements, the Company has agreed to reduce the conversion price under the Convertible Loan to \$0.10 per share (from \$0.156 per share) in respect of the principal component of the Convertible Loan (US\$16 million) and maintain the conversion price at \$0.156 in respect of the interest component of the Convertible Loan (approximately US\$6.1 million) (the “**Amended Convertible Loan**”). In addition, the parties have agreed that the Promissory Note will be amended to provide for its conversion at a price of \$0.10 per share for all outstanding principal and interest (the “**Amended Promissory Note**”). The Amended Convertible Loan and the Amended Promissory Note (and the conversion of thereof) will become effective immediately following the Initial Payment by Talon in accordance with the terms of the Option Agreement and evidence of US\$1.5 million in working capital to advance the Tamarack Project. Upon conversion of the Amended Convertible Loan and the Amended Promissory Note, RCF will be issued an aggregate of 275,505,477 common shares of Talon, representing approximately a 71% interest in the Company on a partially diluted basis.

#### Financing

Talon is currently considering a number of financing alternatives in connection with the Initial Payment which is due on the effective date of the Option Agreement. In connection therewith, RCF and the Company have entered into an agreement (the “**Investment Agreement**”), pursuant to which RCF has been granted the right to participate up to 49% of any financing undertaken to fund the Initial Payment, with a further right to take up any fundraising shortfall (the “**RCF Back-Stop Right**”). In addition, under the terms of the Investment Agreement, RCF will be entitled to participate in any future equity financings to maintain its pro-rata equity interest in

the Company provided RCF continues to hold greater than 10% of the issued and outstanding shares of Talon. Exercise of the pre-emptive rights under the Investment Agreement will be subject to TSX approval.

### Shareholder Approval

The effectiveness of the Amended Convertible Loan, the Amended Promissory Note and the Investment Agreement (including the RCF Back-Stop Right) are subject to shareholder approval and the approval of the Toronto Stock Exchange. The shareholders meeting to consider these matters will be scheduled for a date to be announced by the Company in due course. The Company will also be providing a management information circular in due course, which will contain important additional information relating to the Amended Convertible Loan, the Amended Promissory Note and the Investment Agreement.

RCF is a “related party” of the Company pursuant to Multilateral Instrument 61-101 (“**MI 61-101**”) as RCF, assuming the exercise of the conversion rights under the Convertible Loan, has beneficial ownership of, and control or direction over, directly or indirectly securities of the Company carrying more than 10% of the voting rights attached to all of the Company’s outstanding voting securities. The Amended Convertible Loan, the Amended Promissory Note and the Investment Agreement would all constitute a “related party transaction” under MI 61-101 as such transactions are either material amendments of the terms of an outstanding debt or liability owed to a related party and/or contemplates a security which is being issued to a related party.

The Company is seeking “minority approval” (as defined in MI 61-101) of transactions regarding the Amended Convertible Loan, the Amended Promissory Note and the Investment Agreement pursuant to section 5.6 of MI 61-101. In determining minority approval for a related party transaction, the Company is required to exclude the votes attached to common shares that, to the knowledge of the Company or any “interested party” or their respective directors and senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by “interested parties” and their “related parties” and “joint actors” (all as defined in MI 61-101). At the shareholders meeting, the common shares held by (i) RCF and (ii) any of its respective related parties, associates or affiliates, and any joint actors of the foregoing will be excluded for the purposes of determining minority approval of the Amended Convertible Loan, the Amended Promissory Note and the Investment Agreement.

### Haywood Securities Warrants

The Company has agreed to extend the expiry date of the outstanding 1,000,000 warrants originally issued to Haywood Securities Inc. on December 29, 2015 (the “**Haywood Warrants**”) as consideration for their assistance with the original execution of the Convertible Loan with RCF. Each Haywood Warrant entitles the holder to acquire one common share of Talon at an exercise price of \$0.156 per share. The current expiry date of the Haywood Warrants is tied to the “Maturity Date” of the Convertible Loan, which is the earlier of November 25, 2018 and the occurrence of certain stated events. Due to the Amended Convertible Loan, Talon has agreed to extend the expiry date of the Haywood Warrants to November 25, 2020. All other terms of the Haywood Warrants (including the exercise price) will remain unamended. Extension of the expiry date of the Haywood Warrants is conditional upon shareholder approving the Amended Convertible Loan, the Amended Promissory Note and the Investment Agreement at the upcoming Talon shareholders meeting.

## **About Talon**

Talon is a TSX-listed company focused on the exploration and development of the Tamarack Nickel-Copper-Cobalt 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](http://www.talonmetals.com) or contact:

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## **Forward-Looking Statements**

This news release contains certain "forward-looking statements". All statements, other than statements of historical fact that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Such forward-looking statements include statements relating to closing of the Option Agreement including satisfaction of the Initial Payment, satisfaction of the conditions to the RCF Debt Conversion, receipt of necessary shareholder approval, the RCF Back-Stop Right, required TSX approval as well as financing alternatives and availability. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause the actual results to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on the Company.

Any forward-looking statement 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 statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to the inherent uncertainty therein.