MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2015

Dated: November 16, 2015

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*This Management's Discussion and Analysis ("**MD&A**") of the consolidated financial position for the three and nine months ended September 30, 2015, should be read in conjunction with the condensed consolidated interim financial statements of Talon Metals Corp. ("**Talon**" or the "**Company**") and notes thereto for the three and nine months ended September 30, 2015.*

Unless otherwise indicated, all monetary statements in this document are in Canadian dollars.

FORWARD-LOOKING INFORMATION

This MD&A contains certain "forward-looking information". All information, other than information pertaining to historical fact, which addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future, including, among other things, the exploration plans and timing thereof for the Tamarack Project (defined below) and announcements of exploration results, estimates in respect of mineral resource quantities, mineral resource qualities, the Company's targets, goals, objectives and plans, the Company's business plans, priorities and budget, projections in respect of capital expenditures (including, expenditures and the timing associated with those expenditures pursuant to the Tamarack Earn-in Agreement (defined below)), the Company's liquidity and capital resources (including, the expected working capital requirements for the remainder of 2015 and the Company's plans to raise additional capital and its ability to continue as a going concern beyond December 21, 2015) and the outcome of advanced discussions with a party to raise capital and the timing thereof.

Forward-looking information reflects the current expectations or beliefs of the Company based on information currently available to the Company. With respect to forward-looking information contained in this MD&A, the Company has made assumptions regarding, among other things, future currency and interest rates, the regulatory framework (including tax and trade laws and policies) in the countries in which the Company conducts its business, and the Company's ability to obtain suitably qualified staff and equipment in a timely and cost-efficient manner to meet the Company's needs.

Forward-looking information is 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 information, 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. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: the failure of exploration programs to identify mineralization, the failure to establish estimated mineral resources and any reserves; the grade, quality and recovery of mineral resources varying from estimates; risks related to the exploration stage of the Company's properties; the possibility that future exploration results and metallurgical testing will not be consistent with the Company's expectations; changes in nickel, copper and/or PGE prices; delays in obtaining or failures to obtain necessary regulatory permits and approvals from government authorities, including approval of applications for licences/permits required to conduct field based programs and approval of environmental impact assessment applications; uncertainties involved in interpreting drilling results, and the beneficiation process and other geological and product related data; changes in the anticipated demand for nickel, copper and/or platinum; changes in equity and debt markets; inflation; changes in exchange rates; declines in U.S., Canadian and/or global economies; uncertainties relating to the availability and costs of financing needed to complete exploration activities and demonstrate the feasibility of the Company's projects; exploration costs varying significantly from estimates; delays in the exploration, mineral processing and development of, and/or commercial production from the properties Talon has an interest in; equipment failure; unexpected geological or hydrological conditions; political risks; imprecision in preliminary resource estimates; success of future exploration and development initiatives; the existence of undetected or unregistered interests or claims, whether in contract or in tort, over the property of Talon or the Tamarack Project; changes in government regulations and policies; risks relating to labour; other exploration, development and operating risks; liability and other claims asserted against Talon; volatility in prices of publicly traded securities; and other risks involved in the mineral exploration and development industry and risks specific to the Company, including the risks discussed in this MD&A under *"Risks and Uncertainties"*.

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 forward-looking information, 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 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.

The mineral resource figures referred to in this MD&A are estimates, and no assurances can be given that the indicated levels of iron ore will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results, beneficiation tests and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the resource estimates included in this MD&A are well established, by their nature, resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves. There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

Additional information relating to the Company, including the Company's Annual Information Form for the year ended December 31, 2014, is available on SEDAR *at* www.sedar.com.

GOING CONCERN

The Company's condensed consolidated interim financial statements have been prepared using the going concern assumption which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at September 30, 2015, the Company had a working capital deficiency of $5.7 million (December 31, 2014 – working capital of $5.8 million) and Shareholders' equity of $21.3 million (December 31, 2014 – $23.0 million). Working capital is defined as current assets less current liabilities. Included in the working capital deficiency is a total of $6.2 million comprising the Kennecott Loan (defined below) and the Deferred Option Payment (defined below) of $3.4 million (both numbers include accrued interest), which are both due and payable on December 21, 2015. Please see "*Financial Condition, Cash Flow, Liquidity and Capital Resources – Liquidity and Capital Resources"* for further information.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected quarterly consolidated financial information for the periods ending as indicated. It is derived from the unaudited interim consolidated financial statements and the audited annual consolidated financial statements of the Company. All numbers below are unaudited.

	2015			2014				2013
	Sept 30	**June 30**	**March 31**	**Dec 31**	**Sept 30**	**June 30**	**March 31**	**Dec 31**
Total revenues	125	2,532	3,473	8,704	10,550	12,551	15,155	16,049
Net income/(loss) from continuing operations	1,260,398	(1,318,743)	(634,943)	(15,385,669)	(901,190)	(981,569)	19,082	(1,690,268)
Net income/(loss) from continuing operations per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.16)	(0.01)	(0..01)	(0.00)	(0.02)
Net income/(loss) and comprehensive income/(loss)	1,260,398	(1,318,743)	(634,943)	(15,385,669)	(901,190)	(981,569)	19,082	(1,690,268)
Net income/(loss) and comprehensive income/(loss) per share – basic and diluted	0.01	(0.01)	(0.01)	(0.16)	(0.01)	(0.01)	(0.00)	(0.02)

Quarterly trends in total revenues reflect in most part interest received on cash balances. Trends in quarterly expenses are driven primarily by office and general expenses and salaries, benefits, consulting and Brazil administration fees. Generally, the most variable component of total expenses over the past eight quarters has been stock option compensation payment expense, gains/losses on investments and foreign currency translation gains/losses.

REVIEW OF QUARTERLY RESULTS

Certain amounts in the consolidated statements of loss and comprehensive loss have been reclassified to conform to the current year's presentation and, as such, the discussion that follows below takes into account such reclassification.

Revenue

Revenue is comprised solely of interest income on the Company's cash and cash equivalents balance. Revenues for the three months ended September 30, 2015 decreased to $125 compared to $10,550 for the three months ended September 30, 2014, primarily due to the decrease in the Company's cash and cash equivalents balance and a greater amount of funds held in U.S. dollars where interest rates provided to the Company are lower than those in Canadian dollars. Revenues for the nine months ended September 30, 2015 decreased to $6,130 compared to $38,256 for the nine months ended September 30, 2014 primarily due to the same reasons.

Expenses

Salaries, benefits, consulting and Brazil administration fees increased to $303,003 for the three months ended September 30, 2015 ($851,415 for the nine month period ended September 30, 2015) from $246,098 in the prior year ($483,660 for the same nine month period in the prior year). The main reason for the large increase in the case of the nine month period was that in the prior year, certain salaries were classified under "Project evaluation and due diligence expenses" while the Company was evaluating new projects. In the current periods, given that the Company is focussed on the Tamarack Project and is no longer evaluating new projects, no salary amounts are classified under "Project evaluation and due diligence expenses" and are instead mostly classified under "Salaries, benefits, consulting and Brazil administration fees".

The Company continues to undertake cost-cutting measures where possible. This has included a voluntary reduction of the salaries of seven of the Company's senior employees, including the CEO and President, effective January 1, 2014, and the CFO, effective February 1, 2014. The salary reductions ranged from 10% to 50%.

Professional fees decreased to $95,816 for the three months ended September 30, 2015 from $110,348 in the prior year. For the nine months ended September 30, 2015, professional fees were $181,901 compared to $155,149 in the prior year. The increase during the nine month period was primarily the result of the use by the Company of necessary external legal and accounting advice in connection with the sale and potential sale of non-core assets and certain other legal advice in connection with the Company's capital raising activities. As part of ongoing cost-cutting measures, the Company continues to perform legal work in-house whenever possible.

Office and general expenses as well as insurance expenses were significantly lower compared to the prior year as a result of the Company's ongoing cost-cutting measures.

Travel decreased to $44,493 for the three months ended September 30, 2015 from $53,094 for the same period in the prior year. For the nine months ended September 30, 2015, travel increased to $167,188 compared to $64,391 in the prior year. The increase during the nine month period was the result of increased travel related to capital raising initiatives of the Company.

Listing, filing and shareholder communications expense decreased to $4,629 for the three months ended September 30, 2015 from $16,385 for the three months ended September 30, 2014. For the nine months ended September 30, 2015 compared to the prior year, these costs increased from $65,780 to $78,866. It is best to evaluate these costs over the course of longer periods (i.e. the nine months ended September 30, 2015) as these costs tend to be payable in lump sums as annual payments or for prepaid services. The increase over the nine months ended September 30, 2015 was the result of higher costs associated with newswire services and increased fees payable to the Toronto Stock Exchange and the Canadian securities commissions.

Project evaluation and due diligence expenses were nil for the three and nine months ended September 30, 2015 compared to nil and $1.0 million for the three and nine months ended September 30, 2014. The decrease was due to the fact that the Company stopped evaluating new projects in Q2 2014 once it entered into the Tamarack Earn-in Agreement (defined below) and is currently focusing on the Tamarack Project.

Costs associated with property payments and licenses decreased to nil for the three and nine months ended September 30, 2015 compared to nil and $25,568 for the three and nine months ended September 30, 2014 as a result of the Company's decision to not renew licenses on non-core properties.

When the Company distributed most of its Rio Verde Minerals Development Corporation ("**Rio Verde**") shares to its shareholders on July 28, 2011, the Company retained certain of these shares with the intention to distribute them to its option holders as at that date, upon the future exercise of their options on the basis of one Rio Verde share for every four Talon options exercised. For the three months ended September 30, 2015, the Company recorded a gain of $4,500 on the provision for distribution of Rio Verde shares to option holders, compared to a gain of $1,000 for the three months ended September 30, 2014. For the nine months ended September 30, 2015, the Company recorded a gain of $302,000 compared to a gain of $22,000 in the prior year. This was a result of certain of the associated Talon options having expired or being cancelled, as well as the decreasing probability that these options would be exercised as a result of the constantly decreasing time to expiration and the trading price of Talon shares. As at September 30, 2015, no liability has been recognized due to the very low probability that any of the relevant options will be exercised.

Stock option compensation expense decreased to $18,629 for the three months ended September 30, 2015 compared to $188,418 in the prior year. For the nine period ended September 30, 2015, stock option compensation expense was $222,835 compared to $296,466 in the prior year. The decreases were mainly the result of the lower share price of the Company which directly reduces the value and the expense associated with the stock options that were granted.

Investments

Foreign currency translation resulted in a loss of $414,017 for the three months ended September 30, 2015 compared to a gain of $213,361 in the prior year. For the nine months ended September 30, 2015, a loss of $180,662 was recognized compared to a gain of $222,215 in the same period in the prior year. This balance is highly variable due to the volatility of exchange rates, the Company's cash balance and the translation of the Kennecott Loan (defined below) and Deferred Option Payment (defined below) into Canadian dollars.

The gain on investments for the three and nine months ended September 30, 2015 was nil and $26,297, respectively, compared to a loss of $84,840 for the three months ended September 30, 2014 and a gain of $189,628 for the nine months ended September 30, 2014. Prior gains and losses were mainly attributable to the Company's shareholding in TSX Venture Exchange listed Brazil Resources Inc. ("**Brazil Resources**"). The Company has disposed of its shareholding in Brazil Resources and no longer holds any investments, other than Tlou Energy.

The Company had a gain related to its investment in Tlou Energy for the three months ended September 30, 2015 of $233,157 compared to a loss of $214,873 for the same period in 2014. For the nine months ended September 30, 2015, the Company recognized a loss $1.0 million compared to a gain of $295,622 in the same period in 2014. This amount is volatile as it relates to the increase and decrease in the value of shares of Tlou Energy on the Australian Securities Exchange ("**ASX**") coupled with, during periods prior to April 9, 2015, a discount applied by the Company given that the shares were subject to the ASX Escrow (defined below). Since April 9, 2015, the Company no longer applies a discount to value its investment in Tlou Energy as the ASX Escrow has expired.

Asset Sale - São Jorge Royalty

On August 25, 2015, the Company completed the sale of a 1% net smelter returns royalty that the Company held over the São Jorge Gold Project in Pará State, Brazil (the "**São Jorge Royalty**") for approximately $2.5 million. In connection with the sale of the São Jorge Royalty, the Company recognized an estimated tax expense of $475,000.

Net Income and Loss

Net income for the three months ended September 30, 2015 was $1.3 million or $0.01 per share (basic and diluted), which was the result of a gain on the sale of the São Jorge Royalty offset by administration expenses[1]. This compares to a net loss of $0.9 million for the three months ended September 30, 2014 or $0.01 per share (basic and diluted), which was primarily due to administration expenses[1].

Net loss for the nine months ended September 30, 2015 was $0.7 million or $0.01 per share (basic and diluted), which was primarily the result of administration expenses[1] and investment losses, offset by the sale of the São Jorge Royalty. This compares to a net loss for the nine months ended September 30, 2014 of $1.8 million or $0.02 per share (basic and diluted), which was primarily the result of administration expenses[1], project evaluation and due diligence expenses, offset by investment gains.

COMPANY OVERVIEW

The Company is a mineral exploration company currently focused on the exploration and development of the Tamarack nickel-copper-PGE project (the "**Tamarack Project**") in Minnesota, USA (which comprises the "**Tamarack North Project**" and the "**Tamarack South Project**"). As of the date hereof, the only material property of the Company is the Tamarack North Project.

[1] "administration expenses" include the following expenses: Office and General; Professional Fees; Salaries, Benefits, Consulting and Brazil Administration Fees; Provision for Distribution of Rio Verde Shares to Option holders; Listing and Filing Expense; and Depreciation of Equipment.

Tamarack Project

Tamarack Earn-in Agreement

On June 25, 2014, Talon's wholly owned indirect subsidiary, Talon Nickel (USA) LLC ("**Talon Nickel**"), entered into an exploration and option agreement (the "**Tamarack Earn-in Agreement**") with Kennecott Exploration Company, part of the Rio Tinto Group ("**Kennecott**"), pursuant to which Talon Nickel has the right to acquire a stake in the Tamarack Project. The Tamarack Project is currently 100% owned by Kennecott. It is subject to earn-in by Talon Nickel pursuant to the Tamarack Earn-in Agreement.

Pursuant to the Tamarack Earn-in Agreement, Talon Nickel has the right to acquire a 30% interest in the Tamarack Project over a three year period (the **"Earn-in Period"**) by making US$7.5-million in installment payments to Kennecott, and incurring US$30-million in exploration expenditures (the **"Tamarack Earn-in Conditions"**), in accordance with the following schedules:

Talon Nickel Payments to Kennecott

Payment Date	Amount	Term of Payment
Upon Signature	US$1.0 million	Paid
First Anniversary[1]	US$2.5 million	Committed
Second Anniversary	US$4.0 million	Talon's Option
Total	**US$7.5 million**	

Exploration Expenditures to be funded by Talon Nickel

Payment Period	Payments to be Made	Term of Payment	Amount Paid[2]
Year 1	US$10 million	Paid	US$10.0 million
Year 2	US$10 million	US$2.5 million Committed[3]	US$1.6 million
Year 3	US$10 million	Talon's Option	–
Total	**US$30 million**		US$11.6 million

In addition to the above, Talon Nickel has agreed to make certain land option payments on behalf of Kennecott, which are payable over the Earn-in Period (and, when payable, are included as part of the Tamarack Earn-in Conditions).

If at any point prior to expending the total earn-in funds pursuant to the Tamarack Earn-in Conditions, Talon elects not to continue with the Tamarack Project, it will earn no interest in the Tamarack Project and all funds expended will not be refunded. Further, if Talon fails to make a required payment when due (after any allowable curative period), Kennecott may terminate the

[1] This payment has been deferred until December 21, 2015 pursuant to the terms of the amendment to the Tamarack Earn-in Agreement (see *below*).
[2] As at the date of the date hereof.
[3] On May 15, 2015, the Company exercised its right to fund exploration expenditures for the second year of the Tamarack Earn-in Agreement. As such, under the terms of the Tamarack Earn-in Agreement, the Company is committed to funding the first US$2.5 million of exploration expenditures during the second year.

Tamarack Earn-in Agreement and Talon will lose its ability to earn an interest in the Tamarack Project and all funds expended by Talon will not be refunded.

During the Earn-in Period, Kennecott will continue to be the operator of the Tamarack Project. Further, Talon and Kennecott have agreed to form a Technical Committee with both parties appointing representatives who will provide strategic input in regards to ongoing and upcoming exploration programs.

Upon Talon Nickel completing the Tamarack Earn-in Conditions and Kennecott having spent the funds advanced by Talon Nickel within the time period provided for under the Tamarack Earn-in Agreement, Kennecott will elect whether to: (a) proceed with a 70/30 joint venture on the Tamarack Project, with Kennecott holding a 70% participating interest, and Talon Nickel owning a 30% participating interest; or (b) grant Talon Nickel the right to purchase Kennecott's interest in the Tamarack Project for a purchase price of US$107.5-million. In the event Kennecott grants Talon Nickel the right to purchase its interest in the Tamarack Project, and Talon elects to proceed with the purchase option, Talon Nickel will have up to 18 months to close the transaction, provided it makes an upfront non-refundable payment to Kennecott of US$7.5-million (thereby reducing the purchase price to US$100-million).

On March 26, 2015, Kennecott agreed to amend the Tamarack Earn-in Agreement to: (1) defer a US$2,500,000 option payment due by Talon on June 26, 2015 until December 21, 2015 (the "**Deferred Option Payment**"); and (2) not make any cash calls from Talon beyond the amount of the Kennecott Loan until the fourth quarter of 2015 (October 1, 2015).

As of the date hereof, Kennecott has not made any cash calls beyond the amount of the Kennecott Loan.

Kennecott Unsecured Loan

On March 26, 2015, Kennecott provided Talon and Talon Nickel with an unsecured loan (the "**Kennecott Loan**") in the principal amount of US$4,000,000. The Kennecott Loan enabled Talon Nickel to meet all of its first year commitments under the Tamarack Earn-in Agreement. The Kennecott Loan matures on December 21, 2015 and bears interest at the rate of 12 month LIBOR plus 8% per annum (the "**Interest Rate**").

In July 2015, the parties amended the Kennecott Loan to include an additional US$500,000 for a new total principal amount under the Kennecott Loan of US$4.5 million.

As of the date hereof, a total of US$4.44 million has been drawn under the Kennecott Loan with interest accruing at the Interest Rate as of the date of each draw-down. The proceeds from the Kennecott Loan may only be used by Kennecott to fund exploration expenditures at the Tamarack Project, and for certain pre-determined land acquisitions.

If the Company fails to repay the Kennecott Loan (principal and/or interest) when it becomes due and payable, Kennecott may take such actions and commence such proceedings as may be permitted under applicable law, at such times and in such manner as Kennecott in its sole discretion may choose.

Tamarack North Project

The Tamarack North Project is located adjacent to the town of Tamarack in north-central Minnesota approximately 85 km west of Duluth and 200 km north of Minneapolis.

The Tamarack Igneous Complex ("**TIC**"), which sits within the Tamarack North Project boundaries, is an ultramafic intrusion that is associated with the early evolution of the failed, Midcontinental Rift (dated at 1105ma +/- 1.2). This age is significantly older than the Duluth Complex Intrusions which consistently date at 1099ma and is consistent with other earlier intrusions of the Midcontinental Rift that are often characterised by more primitive melts.

The TIC has intruded into Thomson Formation siltstones and sandstones of the Animikie Group and is preserved beneath shallow Quaternary glacial sediments.

To date, exploration by Kennecott has included diamond drilling and a range of geophysical surveys, including, Aeromagnetic and electromagnetic ("**EM**"), ground magnetic and EM, versatile time domain electromagnetic (VTEM), IP, gravity, seismic, Mise-À-La-Masse (MALM) and downhole EM.

On October 6, 2014, Talon released a technical report prepared in accordance with NI 43-101 in respect of the Tamarack North Project. The technical report is entitled "First Independent Technical Report on the Tamarack North Project, Tamarack, Minnesota" dated October 6, 2014 ("**Tamarack North Technical Report**") and was prepared by independent "Qualified Persons" Brian Thomas (P. Geo) of Golder Associates Ltd. ("**Golder**"), Paul Palmer (P. Eng) of Golder and Manochehr Oliazadeh Khorakchy (P. Eng) of Hatch Ltd. Please refer to the Tamarack North Technical Report for further information. The Tamarack North Technical Report is available under Talon's SEDAR profile at www.sedar.com.

On April 8, 2015, the Company issued an updated resource estimate for the Tamarack North Project. This updated independent mineral resource estimate was largely the result of the successful 2014 drilling of the step-out holes from the Massive Sulphide Unit Mineral Zone; more particularly, the positive results from drill holes 14TK0211 and 14TK0213.

The updated independent mineral resource estimate for the Tamarack North Project was prepared by Brian Thomas (P.Geo), Senior Resource Geologist at Golder and is summarized below. The effective date of the resource estimate is April 3, 2015. Mr. Thomas is an independent "Qualified Person" pursuant to National Instrument 43-101 ("**NI 43-101**").

Domain	Mineral Resource Classification	Tonnes (000)	Ni (%)	Cu (%)	Co (%)	Pt (g/t)	Pd (g/t)	Au (g/t)	Ni Eq (%)	Lbs NiEq (000,000)
SMSU	Indicated	3,751	1.81	1.00	0.05	0.41	0.25	0.19	2.35	194.3
SMSU	Inferred	949	1.12	0.62	0.03	0.25	0.16	0.14	1.47	30.8
MSU	**Inferred**	**422**	**6.00**	**2.48**	**0.13**	**0.78**	**0.53**	**0.26**	**7.26**	**67.5**
138 Zone	Inferred	2,012	0.95	0.78	0.03	0.23	0.14	0.17	1.33	59.0
Total	**Indicated**	**3,751**	**1.81**	**1.00**	**0.05**	**0.41**	**0.25**	**0.19**	**2.35**	194.3
Total	**Inferred**	**3,383**	**1.63**	**0.94**	**0.04**	**0.31**	**0.19**	**0.17**	**2.11**	157.4

Notes:

- All resources are reported at a 0.90% NiEq cut-off
- Tonnage estimates are rounded down to the nearest 1,000 tonnes
- Mining recovery and dilution factors have not been applied to the estimates
- Estimates do not include metallurgical recovery

NiEq% = Ni%+ Cu% x 2.91/9.20 + Co% x 14/9.20 + Pt [g/t]/31.103 x 1,400/9.2/22.04 + Pd [g/t]/31.103 x 600/9.2/22.04 + Au [g/t]/31.103 x 1,300/9.2/22.04

Work Completed/Expenditures – Tamarack North Project and Tamarack South Project

During the third quarter of 2015, Talon incurred a total of approximately $3.0 million in respect of the Tamarack North Project and the Tamarack South Project, including pursuant to its obligations under the Tamarack Earn-in Agreement. This amount consisted of costs related to exploration expenditures of $2.3 million and land option payments of $0.8 million.

The majority of the exploration expenditures were spent on drilling, assaying and related costs.

Upcoming Work – Tamarack North Project and Tamarack South Project

In order to meet future funding of the Tamarack Earn-in Conditions and for working capital, including salaries and other administrative/overhead costs, the Company must raise additional capital in the fourth quarter of 2015. The Company must also repay all draw-downs from the Kennecott Loan (principal and interest) and the Deferred Option Payment by December 21, 2015. If the Company is unsuccessful in raising sufficient additional capital, the Company may not be able to fund continuing operations beyond December 21, 2015 (the date which the Kennecott Loan becomes due and payable). Future work at the Tamarack Project will be largely dependent upon the Company's ability to successfully raise capital in the fourth quarter of 2015.

See "*Financial Condition, Cash Flow, Liquidity and Capital Resources – Liquidity and Capital Resources"* and *"Risks and Uncertainties"* for further important information.

Qualified Persons

James McDonald, Vice President, Resource Geology of Talon and Mike Shaw, Vice President, Exploration of Talon are both Qualified Persons within the meaning of NI 43-101. Mr. McDonald and/or Mr. Shaw has reviewed, approved and verified the data disclosed in this MD&A (other than the mineral resource estimates in respect of the Tamarack North Project), including sampling, analytical and test data underlying the technical information.

The "Qualified Person", as such term is defined in NI 43-101, who is responsible for the Tamarack North Technical Report and the updated independent resource estimate in this MD&A is Brian Thomas, senior resource geologist at Golder and independent of Talon. Mr. Thomas is responsible for the mineral resource estimates in this MD&A and has reviewed, approved and verified the data disclosed in this MD&A relating to the mineral resource estimates (including sampling, analytical and test data underlying the mineral resource estimates).

Investments

During the first quarter of 2015, Talon sold its remaining equity investments in Brazil Resources (the successor company to Brazilian Gold Corporation) and Lago Dourado Minerals Ltd., both of which are listed on the TSX Venture Exchange. Talon no longer holds shares in either company.

Talon continues to hold a total of 14,285,714 shares in ASX listed Tlou Energy. These shares were previously subject to a mandatory two year escrow period (the "**ASX Escrow**"). The ASX Escrow expired on April 9, 2015 and the shares are now free-trading.

CAPITAL EXPENDITURES ON EXPLORATION PROJECTS

The deferred exploration and development expenditures of the Company are comprised as follows:

	Dec 31, 2014	2015 Net Additions	Sept 30, 2015
Mineral properties			
Tamarack Project	$9,743,629	$13,916,164	$23,659,793
Trairão Project	$4,000,000	$195,628	$4,195,628
Inajá South Project	$500,000	$12,311	$512,311
	$14,243,629	$14,124,103	$28,367,732

Amounts incurred on the exploration of mineral properties for the three months ended September 30, 2015 amounted to $3.1 million, and is primarily a result of spending on the Tamarack North Project and, to a lesser extent, the Tamarack South Project. For the three months ended September 30, 2014, the Company spent $4.3 million on mineral properties which was in relation to spending on the Tamarack Project and, to a lesser extent, the Trairão Project.

FINANCIAL INSTRUMENTS

	Sept 30, 2015	Sept 30, 2014	Dec 31, 2014
Held for trading, measured at fair value: Cash and cash equivalents	$2,592,548	$7,439,076	$6,111,069
Investments	$nil	$474,096	$226,523
Investment – Tlou Energy	$1,880,400	$3,020,768	$2,877,454

Talon is exposed to various risks related to its financial assets and liabilities. The most significant of these risks are discussed below and are managed on an ongoing basis.

Credit Risk Management

Certain of the Company's financial assets are exposed to a degree of credit risk. The Company endeavors to mitigate credit risk by holding its cash and cash equivalents as cash deposits, short-term government treasury bills, money market funds and guaranteed investment certificates ("**GICs**") with major commercial banks.

Credit risk relating to accounts receivable arises from the possibility that any counterparty to an instrument fails to perform. The Company does not feel there is significant counterparty risk that could have an impact on the fair value of cash and cash equivalents and receivables.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or at reasonable cost. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its capital, development and exploration expenditures.

As of September 30, 2015, the Company had a cash and cash equivalents balance of $2,592,548 (December 31, 2015 - $6,111,069) to settle current liabilities of $10,382,436 (December 31, 2014 - $607,355). Included in current liabilities is $6.2 million relating to the Kennecott Loan which becomes payable on December 21, 2015 (see below for further information, especially in regards to going concern risk). The Company's holding of 14,285,714 Tlou Energy shares became free trading on April 9, 2015, and as such, the Company may dispose of some or all of such shares at any point to increase its cash balance. On November 12, 2015, Tlou Energy shares closed at a price of A$0.12 on the ASX.

On November 6, 2014, the Company completed a private placement for aggregate gross proceeds of $4.4 million. In addition, on March 26, 2015, the Company secured the Kennecott Loan with a principal amount of US$4.0 million which was subsequently increased to US$4.5 million in July 2015 (see "*Company Overview - Tamarack Project - Kennecott Unsecured Loan*"). The proceeds from the Kennecott Loan will be used by Talon to meet its requirements under the Tamarack Earn-in Conditions.

In order to meet future funding of the Tamarack Earn-in Conditions and for working capital, including salaries and other administrative/overhead costs, the Company must raise additional capital in the fourth quarter of 2015. The Company must also repay all draw-downs from the Kennecott Loan (principal and interest) and the Deferred Option Payment by December 21, 2015. If the Company is unsuccessful in raising sufficient additional capital, the Company may not be able to fund continuing operations beyond December 21, 2015 (the date which the Kennecott Loan becomes due and payable).

One or more capital raisings may be completed in a number of ways, including but not limited to, selling equity capital, a combination of strategic partnerships, debt finance, offtake financing, royalty financing and other capital markets alternatives. In the current state of the metals capital markets, any significant capital raising(s) will likely be very dilutive to the Company's potential interest in the Tamarack Project and/or to current shareholders' interests in the Company. Although the Company was successful in raising additional funds in the past, given the current climate, the ability to raise funds has been and may continue to be difficult. The Company has been pursuing capital raising options since early 2015 and, to date, has not been successful, although it is in advanced discussions with a party to raise capital with the goal to conclude same in December. There can be no assurance that these discussions will be successfully concluded or that, in any event, adequate or sufficient funding will be available to the Company to meet the Company's commitments. Such uncertainty casts doubt on the Company's ability to continue as a going concern. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

See "*Financial Condition, Cash Flow, Liquidity and Capital Resources – Liquidity and Capital Resources"* and *"Risks and Uncertainties"* for further important information.

Market Risk

Market risk is the risk that changes in market prices, including foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments.

The Company records its investments using the closing price at the end of the reporting period. Changes in the closing price will affect the fair value of these investments.

A 5% change in the value of the Company's investments on the last day of the period with all other facts/assumptions held constant, would have affected the net income (loss) of the Company for the three months ended September 30, 2015, by approximately $90,000.

Foreign Exchange Risk

The Company is exposed to movements in the United States dollar and, to a lesser extent, the Brazilian real. Payments made to Kennecott pursuant to the Tamarack Earn-in Conditions are made in United States dollars and transfers made to the Brazilian subsidiaries of the Company are made in United States dollars or Canadian dollars and subsequently converted in Brazil to Brazilian reals. To date, Talon's financing activities have generally only been in Canadian dollars. Given that the majority of Talon's costs are in United States dollars (i.e. payments made or to be made to Kennecott pursuant to the Tamarack Earn-in Agreement and the repayment of the Kennecott Loan), in order to manage foreign exchange risk, Talon expects to keep a majority of its funds in United States dollars once a financing has been completed.

At September 30, 2015, the Company had net monetary assets and liabilities in foreign currencies, as follows (Canadian dollar equivalent):

United States dollars (net monetary liability)	$(7,620,000)
Brazilian real	$ 520,000

If foreign exchange rates changed by 5% on the last day of the period with all other facts/assumptions held constant, there would be a change in the net loss of the Company for the period ended September 30, 2015 of approximately $410,000.

Interest Rate Risk

The Company is exposed to interest rate risk (i) to the extent of its interest income on holding of government treasury bills, money market funds and GICs (collectively, "**Short Term Investments**"), (ii) on the Kennecott Loan, and (iii) on the Deferred Option Payment.

The Short Term Investments typically have a term of less than ninety days. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from the Short Term Investments. The Company mitigates its risk by holding Short Term Investments low in risk and with highly rated reputable financial institutions.

Both the Kennecott Loan and the Deferred Option Payment bear interest at 12-month LIBOR plus 8% per annum. The Company is exposed to changes in the LIBOR rate. Interest rate risk on the Kennecott Loan and the Deferred Option Payment is mitigated by the relatively small amount of any interest and short term.

The carrying values of the Company's financial instruments approximate their fair values unless otherwise noted.

The Company's financial instruments are classified as current assets or liabilities on the statement of financial position of the Company. For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Fair Value Hierarchy

The fair value hierarchy establishes three levels to classify inputs to the valuation techniques used to measure fair value. Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly, such as prices, or indirectly (derived from prices). Level 3 inputs are unobservable (supported by little or no market activity), such as non-corroborative indicative prices for a particular instrument provided by a third party.

The Company has classified its financial assets and liabilities as follows:

Level 1	
Cash and cash equivalents	$ 2,592,548
Investment in Tlou Energy	$ 1,880,400

A gain on investments for the three months ended September 30, 2015 of $0.2 million (three months ended September 30, 2014 – loss of $1.0 million) has been recognized in the Company's consolidated statements of loss and comprehensive loss. This relates to the revaluation of investments based on the closing bid price of the investments at the end of each quarter and any realized gains or losses.

FINANCIAL CONDITION, CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

Cash Flow Highlights

	Nine months ended Sept 30, 2015 (unaudited)	Nine months ended Sept 30, 2014 (unaudited)	Year ended Dec 31, 2014
Operating activities	$(1,412,628)	$(1,940.239	$(2,419,222)
Investing activities	(7,783,771)	(5,473,561)	(10,229,563)
Financing activities	5,677,878	-	3,906,978
Increase/(decrease) in cash & cash equivalents	(3,518,521)	(7,413,800)	(8,741,807)
Beginning cash & cash equivalents	6,111.069	14,852,876	14,852,876
Ending cash & cash equivalents	$2,592,548	$7,439,076	$6,111,069

Operating Activities

Operating activities for the nine months ended September 30, 2015 consumed $1.4 million of cash primarily due to net operating expenses. This compares to a utilization of $1.9 million in the same period of last year which was also primarily due to net operating expenses. See *"Review of Quarterly Results*" for a discussion of operating expenses.

Operating activities for the year ended December 31, 2014 consumed $2.4 million primarily due to net operating expenses.

Investing Activities

Investing activities for the nine months ended September 30, 2015 consumed $7.8 million compared to $5.5 million for the same period last year. In both cases, this was primarily due to capitalized exploration costs, however, in 2015, the Company received proceeds of $2.5 million in connection with the sale of the São Jorge Royalty.

For the year ended December 31, 2014, investing activities consumed $10.2 million primarily due to capitalized exploration costs.

Financing Activities

On March 26, 2015, Kennecott provided Talon with the Kennecott Loan (see "*Company Overview - Tamarack Project - Kennecott Unsecured Loan*"). The proceeds from the Kennecott Loan were used by Talon to meet its requirements under the Tamarack Earn-in Conditions.

At the time of the Kennecott Loan, Kennecott also agreed to amend the Tamarack Earn-in Agreement to: (1) defer a US$2,500,000 option payment due by Talon on June 26, 2015 until December 21, 2015; and (2) not make any cash calls from Talon beyond the amount of the Kennecott Loan until the fourth quarter of 2015.

In July 2015, the parties amended the Kennecott Loan to include an additional US$500,000 for a new total principal amount under the Kennecott Loan of US$4.5 million. The amount drawn to date under the Kennecott Loan is US$4.44 million.

The Company evaluates possible financing activities on an ongoing basis taking into account the Company's short and long term budgets in respect of its projects and working capital requirements, as well as the availability and costs associated with raising additional capital. In order to meet future funding of the Tamarack Earn-in Conditions (including, repayment of the Kennecott Loan (principal and interest) and the Deferred Option Payment) and for working capital, including salaries and other administrative/overhead costs, the Company will need to raise additional capital in the fourth quarter of 2015.

Liquidity and Capital Resources

Cash and cash equivalents were approximately $2.6 million as of September 30, 2015.

On November 6, 2014, the Company completed a private placement for aggregate gross proceeds of $4.4 million. All cash equivalents are held in Short Term Investments with major commercial banks. On March 26, 2015, Kennecott provided Talon with the Kennecott Loan (see "*Company Overview - Tamarack Project - Kennecott Unsecured Loan*"). The proceeds from the Kennecott Loan were used by Talon to meet its requirements under the Tamarack Earn-in Conditions.

The Company currently incurs approximately $200,000 per month on salaries, other administrative/overhead costs, costs related to the Trairão Project and costs related to the Tamarack Project outside of the Tamarack Earn-in Agreement. As such, for the ensuing 12 month period (up to September 30, 2016), the Company expects to incur a total of approximately $2.4 million on such costs.

The Company has spent its entire obligation of US$10.0 million towards the first year of the Tamarack Earn-in Agreement. When the Company delivered notice to Kennecott on May 15, 2015 that it was exercising its right to fund exploration expenditures for the Tamarack Project during the second year of the Tamarack Earn-in Agreement, the Company became committed to (i) spend US$2.5 million on exploration expenditures during the second year of the Tamarack Earn-in Agreement, and (ii) make the Deferred Option Payment (US$2.5 million) to Kennecott by December 21, 2015. The remaining US$7.5 million of exploration expenditures during the second year are at Talon's option. Talon has also agreed to make certain land option payments on behalf of Kennecott during the term of the Tamarack Earn-in Agreement (up to a maximum of US$5 million).

As of the date hereof, the Company has spent US$1.6 million towards the second year of the Tamarack Earn-in Agreement and US$2.4 million towards land option payments. No further cash calls may be made by Kennecott until the fourth quarter of 2015 (October 1, 2015). The Company expects a cash call for the first half of the second year of the Tamarack Earn-in Agreement of approximately US$5.0 million[1]. As of the date hereof, no cash call has been made by Kennecott in this respect.

As such, the Company's total estimated working capital requirements from the date hereof to September 30, 2016 are: (i) US$8.4 million pursuant to the terms of the Tamarack Earn-in Agreement to complete Year 2 of the earn-in, (ii) US$2.5 million pursuant to the terms of the

[1] Kennecott has the right to call up to US$10 million at any time during the second year of the Tamarack Earn-in Agreement.

Tamarack Earn-in Agreement as part of year 3 of the earn-in, (iii) US$1.5 million pursuant to land option payments, (iv) US$4.44 million to pay back the principal of the Kennecott Loan drawn-down as of the date hereof, (v) US$2.5 million in regards to the Deferred Option Payment, (vi) a total interest payment of approximately US$350,000 pursuant to the Kennecott Loan (assuming a total draw-down of the Kennecott Loan and payback at the maturity date) and pursuant to the Deferred Payment (assuming payment at the maturity date), and (vii) C$2.4 million in other costs (as discussed above), for a total of C$23.4 million[1].

In order to meet these working capital requirements, the Company needs to raise capital in the fourth quarter of 2015. If the Company is unsuccessful in raising sufficient additional capital, the Company may not be able to fund continuing operations beyond December 21, 2015 (the date which the Kennecott Loan becomes due and payable) and may be required to liquidate assets.

One or more capital raisings may be completed in a number of ways, including but not limited to, selling equity capital, a combination of strategic partnerships, debt finance, offtake financing, royalty financing and other capital markets alternatives. In the current state of the metals capital markets, any significant capital raising(s) will likely be very dilutive to the Company's potential interest in the Tamarack Project and/or to current shareholders' interests in the Company. Although the Company was successful in raising additional funds in the past, given the current climate, the ability to raise funds has been and may continue to be difficult. The Company has been pursuing capital raising options since early 2015 and, to date, has not been successful, although it is in advanced discussions with a party to raise capital with the goal to conclude same in December. There can be no assurance that these discussions will be successfully concluded or that, in any event, adequate or sufficient funding will be available to the Company to meet the Company's commitments. Such uncertainty casts doubt on the Company's ability to continue as a going concern. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

See "*Financial Instruments – Liquidity Risk"* and *"Risks and Uncertainties"* for further important information.

[1] Using a C$/US$ exchange rate of 1.33

A summary of Contributed Surplus for the period from January 1, 2012 to September 30, 2015 is as follows:

Balance	December 31, 2011	$13,577,709
Options	Granted 2012	1,024,194
Options	Exercised 2012	(29,250)
Balance	December 31, 2012	14,572,653
Options	Granted 2013	556,097
Balance	December 31, 2013	15,128,750
Options	Granted 2014	359,568
Balance	December 31, 2014	15,488,318
Options	Granted 2015	222,835
Balance	September 30, 2015	$15,711,153

DISCLOSURE OF OUTSTANDING SHARE DATA

The following details the share capital structure of the Company as at November 16, 2015:

	Expiry Date	Exercise Price	Total
Common Shares			106,832,137
Stock Options	Oct 26, 2015	$0.70	450,000
Stock Options	Jan 17, 2016	$1.58	255,000
Stock Options	Feb 7, 2016	$2.12	20,000
Stock Options	May 25, 2016	$1.95	340,000
Stock Options	June 7, 2016	$1.95	500,000
Stock Options	Jan 31, 2017	$0.45	2,800,000
Stock Options	Apr 4, 2017	$0.415	1,033,940
Stock Options	Apr 25, 2017	$0.37	376,060
Stock Options	June 15, 2017	$0.33	400,000
Stock Options	Feb 20, 2018	$0.30	300,000
Stock Options	Feb 28, 2018	$0.30	100,000
Stock Options	Mar 20, 2018	$0.30	1,000,000
Stock Options	Aug 1, 2018	$0.30	350,000
Stock Options	Oct 1, 2018	$0.34	500,000
Stock Options	May 28, 2019	$0.30	300,000
Stock Options	July 2, 2019	$0.37	1,795,000
Stock Options	May 28, 2020	$0.20	2,109,350
Warrants	Aug 21, 2017	$0.37	250,000
Warrants	Nov 6, 2017	$0.45	7,377,725
Warrants	Nov 6, 2016	$0.32	885,327
Warrants	Apr 1, 2017	$0.30	1,000,000
Warrants	Apr 1, 2017	$0.65	1,000,000
Total fully diluted number of shares			129,974,539

During the third quarter of 2015, the Company did not issue any stock options pursuant to the Company's incentive stock option plan (the "**Plan**").

The following details the change in the stock options of the Company outstanding as at September 30, 2015:

	Options	Weighted Average Exercise Price
Outstanding – beginning of year	13,994,350	$0.51
Granted	2,109,350	0.20
Expired	(3,424,350)	0.40
Cancelled	(50,000)	0.30
Outstanding – end of the period	12,629,350	$0.49

Other than 2,733,733 stock options, all of the stock options outstanding have been issued pursuant to the Plan.

Estimated fair value of stock options

The Company determined the fair value of the stock options issued during the year ended December 31, 2014 and the nine months ended September 30, 2015, using the Black-Scholes option pricing model using the following range of assumptions:

	2015	2014
Risk-free interest rate	0.77%	1.6%-1.8%
Expected life	5 years	5 years
Expected volatility	60%	60%
Dividend yield	Nil	Nil

For the nine months ended September 30, 2015, a stock option compensation expense of $222,835 was recognized by the Company, compared to $296,466 during the same period in the prior year.

For the year ended December 31, 2014, a total stock option compensation payment expense of $359.568 was recognized by the Company compared to $556,097 for the year ended December 31, 2013.

RISKS AND UNCERTAINTIES

Talon is subject to a number of risk factors due to the nature of the mineral business in which it is engaged, the limited extent of its assets and its stage of development.

The exploration operations of the Company are speculative due to the high-risk nature of its business which is primarily focused on the acquisition, exploration and development of mineral projects. The Company's activities in pursuit of its objectives are subject to a number of risks and uncertainties.

The following is a summary of the most significant of those risks and uncertainties affecting or that could affect the financial condition or results of operations of the Company. For a further discussion of the risks and uncertainties facing the Company, please refer to the Company's Annual Information Form for the year ended December 31, 2014 under the heading "Risk Factors" available on SEDAR at www.sedar.com. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The Company may face additional risks and uncertainties, including, risks and uncertainties that are unknown to the Company or risks and uncertainties that the Company now believes to be unimportant, which could have a material adverse effect on the business of the Company. If any of the risks actually occur, the business, financial condition or results of operations of the Company could be negatively affected.

Repayment of Kennecott Unsecured Loan

The principal amount advanced and outstanding under the Kennecott Loan and all interest accrued thereon will be due and payable to Kennecott on December 21, 2015.

The Company's indebtedness under the Kennecott Loan has an interest rate which is in part variable, based on the LIBOR rate at certain points in time. Such variable portion of the interest rate exposes the Company to interest rate risk. If the interest rate increases, the amount of the Company's repayment obligation will increase.

The Company's ability to repay the principal and accrued interest depends upon the Company's future ability to obtain financing (see "*Risks and Uncertainties – Additional Capital*" and "*Risks and Uncertainties – Ability to Continue Operating*"). If the Company cannot raise sufficient funds to repay the Kennecott Loan, Kennecott may take such actions and commence such proceedings as may be permitted under applicable law, at such times and in such manner as Kennecott in its sole discretion may choose. In addition, if all or part of the Kennecott Loan is not paid when due, such overdue amount bears interest at an increased rate of LIBOR plus 12% per annum. In addition, a default by the Company on repaying the Kennecott Loan will likely affect the ability of the Company to continue to earn an interest in the Tamarack Project pursuant to the Tamarack Earn-in Agreement. A failure to repay the Kennecott Loan could materially adversely affect the Company's business and future operations (including, the Company's ability to continue as a going concern).

Additional Capital

In addition to working capital requirements, Talon will need to seek additional capital to continue its earn-in under the Tamarack Earn-in Agreement. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production on any or all of the Company's properties and/or the loss of the Company's interest in one or more of the Company's properties (including, not being able to meet commitments (whether optional or not) under the Tamarack Earn-in Agreement which may result in a loss of capital invested, the ability to earn an interest in the Tamarack Project and/or continue as a joint venture partner in the Tamarack Project). The main source of funds available to the Company is through the sale of equity capital but may also include a combination of strategic partnerships, joint venture arrangements, debt finance, offtake financing, royalty financing and other capital markets alternatives. Additional financing may not be available when needed or if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on the Company's business, financial condition and results of operations (including, in certain circumstances, the ability of the Company to continue to operate as a going concern). Global securities markets continue to experience volatility, which is resulting in difficulty in raising equity capital and market forces may render it difficult or impossible for the Company to secure placees to purchase any new share issuances at prices which will not lead to severe dilution to existing shareholders, or at all.

Ability to Continue as a Going Concern

The Company believes that it will have sufficient funds to meet its obligations and planned expenditures for the ensuing twelve months as they fall due. In assessing whether the going concern assumption contained in the Company's financial statements for the current period is appropriate, the Company takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue future operations during the next twelve months and beyond such twelve month period is dependent on the Company's ability to secure additional financing which may be completed in a number of ways, including but not limited to, selling equity capital, a combination of strategic partnerships, debt finance, offtake financing, royalty financing and other capital markets alternatives. Although the Company was successful in raising additional funds in the past, given the current climate, the ability to raise funds has been and may continue to be difficult. The Company has been pursuing capital raising options since early 2015 and, to date, has not been successful, although it is in advanced discussions with a party to raise capital with the goal to conclude same in December. There can be no assurance that these discussions will be successfully concluded or that, in any event, adequate or sufficient funding will be available to the Company to meet the Company's commitments.

Maintaining the Tamarack Earn-in Agreement in Good Standing

The Company is subject to various commitments (some of which are optional) pursuant to the terms of the Tamarack Earn-in Agreement (as amended by the Tamarack Earn-in Amending Agreement), including the Tamarack Earn-in Conditions. If the Company fails to meet its obligations under the Tamarack Earn-in Agreement in a timely manner, including its payment obligations, the Company could lose its ability to earn a 30% interest in the Tamarack Project and any funds expended pursuant to the terms of the Tamarack Earn-in Agreement will not be refunded by Kennecott. Such a failure may have a material adverse effect on the Company's business.

Exploration, Development and Operating Risks

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Actual exploration, development and/or other costs and economic returns may differ significantly from those the Company has anticipated. It is impossible to ensure that the exploration programs planned by Talon or Kennecott will result in a profitable commercial mining operation. Talon cannot give any assurance that its and Kennecott's (in respect of the Tamarack Project) current and future exploration activities and/or metallurgical testing will be consistent with the Company's expectations or result in any additional mineralization or improved recovery rates and/or a mineral deposit containing mineral reserves. In addition, Kennecott is the operator of the Tamarack Project and, although Talon is able to provide its input at Technical Committee meetings and otherwise, the ultimate exploration decisions are made by Kennecott. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; commodity prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Talon not receiving an adequate return on invested capital.

Although Talon's present activities are directed towards the financing, exploration and development of mineral projects, its activities may also ultimately include mining operations. Mining and exploration operations generally involve a high degree of risk. Talon's operations (and Kennecott's as it relates to the Tamarack Project) are subject to all the hazards and risks normally encountered in the exploration, development, production and beneficiation of nickel, copper and platinum, including unusual and unexpected geologic formations, seismic activity, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, mining and exploration operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequential liability.

The economic viability of mineral projects, including projects such as the Tamarack Project, may be affected, in part, by the ability of the operator to mine, beneficiate and enter into off-take agreements with potential end users. No assurance can be made that Talon (or Kennecott as it relates to the Tamarack Project) will be successful in entering into off-take agreements in respect of local and/or export sales or, if necessary, in accessing local smelting facilities.

Exchange Rate Fluctuations

The Company is exposed to movements in the United States dollar and, to a lesser extent, the Brazilian real. Payments made to Kennecott pursuant to the Tamarack Earn-in Conditions and the Kennecott Loan are made in United States dollars and transfers made to the Brazilian subsidiaries of the Company are made in United States dollars or Canadian dollars and subsequently converted in Brazil to Brazilian reals. To date, Talon's financing activities have generally only been in Canadian dollars. At this time, the majority of Talon's costs are in United States dollars (i.e. those payments made to Kennecott pursuant to the Tamarack Earn-in Conditions). The Company intends to convert the majority of any money it raises through a financing or otherwise into United States dollars at the time it raises such money to bring more certainty to the Company's budgeting process and to protect against exchange rate fluctuations. However, a depreciation of the Canadian dollar against the United States dollar may negatively affect the Company's cash balance and may require the Company to raise additional capital to offset additional costs caused by exchange rate fluctuations.

Changes in the Price of Nickel

The ability to develop the Tamarack Project is directly related to the market price of nickel. Nickel is sold in an active global market and traded on commodity exchanges, such as the LME and the New York Mercantile Exchange. Nickel prices are subject to significant fluctuations and are affected by many factors, including actual and expected macroeconomic and political conditions, levels of supply and demand, the availability and costs of substitutes, input costs, foreign exchange rates, inventory levels, investments by commodity funds and other actions of participants in the commodity markets. Nickel prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of the Tamarack Project cannot be accurately predicted and may be adversely affected by fluctuations in nickel prices.

Uncertainty Relating to Inferred and Indicated Mineral Resources

There is a risk that the inferred and indicated mineral resources referred to in this MD&A cannot be converted into mineral reserves as the ability to assess geological continuity is not sufficient to demonstrate economic viability. Due to the uncertainty that may attach to inferred and indicated mineral resources, there is no assurance that inferred and indicated mineral resources will be upgraded to resources with sufficient geological continuity to constitute proven and probable mineral reserves as a result of continued exploration.

Governmental Regulation; Environmental Risks and Hazards

The mineral exploration activities of the Company and Kennecott (in respect of the Tamarack Project) are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining, beneficiation and exploration activities are also subject to various laws and regulations relating to the protection of the environment. Although the Company believes that its and Kennecott's (in respect of the Tamarack Project) exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of the Company's existing and/or new properties.

All phases of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates, including as it relates to the Tamarack Project, Minnesota. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations. Environmental hazards may exist on the properties on which the Company holds interests that are unknown to the Company at present and that have been caused by previous or existing owners or operators of the properties.

In particular, existing and possible future environmental and social impact legislation, regulations and actions, including the regulation of air and water quality (including, changes to the regulations in Minnesota surrounding the protection of waters in which wild rice inhabits), mining reclamation, solid and hazardous waste handling and disposal, the promotion of occupational health and safety, the protection of wildlife and ecological systems and the protection of the societies and communities of indigenous peoples, could cause significant expense, capital expenditures, restrictions and delays in the Company's (or Kennecott's as it relates to the Tamarack Project) activities, the extent of which cannot be predicted and which may well be beyond its capacity to fund. Environmental and social impact studies may be required for some operations, and significant fines and clean-up responsibilities may be imposed for companies causing damage to the environment in the course of their activities.

In addition, the Company could incur substantial losses as a result of loss of life, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties, suspension of operations and repairs to resume operations.

Government approvals and permits are currently, or may in the future be, required in connection with the Company's operations (or Kennecott's as it relates to the Tamarack Project). To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of its properties, including the Tamarack Project.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining and beneficiation operations, including the Company, may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations, which may adversely affect the Company.

Increased Availability of Alternative Nickel Sources or Substitution of Nickel from End Use Applications

Demand for primary nickel may be negatively affected by the direct substitution of primary nickel with other materials in current applications. In response to high nickel prices or other factors, producers and consumers of stainless steel may partially shift from stainless steel with high nickel content to stainless steels with either lower nickel content or no nickel content, which would adversely affect demand for nickel.

Land Title

With respect to the Tamarack Project, the mineral and surface interests are held in Kennecott's name through various Minnesota state leases, private agreements and fee ownership. With respect to Brazil, the Company's interests in mineral properties are comprised of exclusive rights under government licenses to conduct exploration operations and, in due course if warranted and approved by the government, development and mining, on the license areas. Maintenance of all of such rights are subject to ongoing compliance with the terms of such licenses, agreements and contracts. While the Company intends to take all reasonable steps to maintain title to its mineral properties, there can be no assurance that it will be successful in extending or renewing mineral rights on or prior to the expiration of their term. In addition, with respect to the Tamarack Project, Kennecott is responsible for land tenure as the operator of the project and certain aspects of this process may be out of the Company's control. The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties (including, the Tamarack Project), there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of the Company's interests, including prior unregistered liens, agreements, transfers or claims (including, native land claims) and title may be affected by, among other things, undetected defects. In addition, the Company may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. To mitigate certain of these risks, the Company has purchased title insurance over certain areas of the Tamarack North Project. There is no guarantee a given title defect may be claimable under the policy.

Insurance and Uninsured Risks

Talon's business (and that of Kennecott as it relates to its operatorship of the Tamarack Project) is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to the Company's properties (including, the Tamarack Project) or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Talon maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with the Company's operations. In addition, given that the Tamarack Project is operated by Kennecott, insurance over the Tamarack Project is maintained by Kennecott and may not protect Talon. Talon may also be unable to obtain or maintain insurance to cover risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Talon or to other companies in the mining industry on acceptable terms. Talon might also become subject to liability for pollution or other hazards that may not be insured against or that Talon may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Talon to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Political, Judicial, Administrative, Taxation or Other Regulatory Factors

Talon may be adversely affected by changes in political, judicial, administrative, taxation or other regulatory factors in the areas in which Talon operates and/or holds interests. Such changes could have a material adverse effect on the Company's business, financial condition and results of operations and cause increases in exploration expenses, capital expenditures or production costs, or abandonment or delays in development of the Company's existing and/or new properties, including impacting decisions to continue with the funding of the Tamarack Project pursuant to the Tamarack Earn-in Agreement or thereafter.

RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include the board of directors of the Company, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

Effective April 1, 2011, Talon entered into a services agreement with a company owned by an officer and director of Talon (Luis Azevedo) (the "**Brazil Agreement**"). Pursuant to the Brazil Agreement, the company provides Talon with certain accounting, legal and general administrative functions in Brazil. The Brazil Agreement had an initial term of one year and automatically renewed for additional one year terms, until terminated in accordance with its terms. Under the Brazil Agreement, Talon agreed to pay a monthly service fee of US$33,000. Effective May 1, 2012, the parties agreed to lower the monthly service fee to US$23,000 and, on October 1, 2012, the parties agreed to further lower the monthly service fee to US$18,000. Coupled with the revised fee in October 2012, the parties agreed to a one year term for the Brazil Agreement terminating September 30, 2013, unless extended by agreement of the parties. The parties agreed to extend the Brazil Agreement from September 30, 2013 while they renegotiated a new agreement. On January 1, 2014, the parties entered into an amended and restated services agreement (the "**New Brazil Agreement**") pursuant to which the parties agreed to lower the monthly service fee to US$5,000. As part of the negotiation of the New Brazil Agreement which resulted in the lower monthly service fee, the Company agreed to transfer the Campo Grande Project license to a company controlled by Luis Azevedo for no additional consideration. For the nine months ended September 30, 2015, fees paid under the New Brazil Agreement amounted to $39,000 (2014 - $47,000).

Accounts payable and accrued liabilities at September 30, 2015 include $78,636 payable to certain directors and an officer of the Company for accrued board fees and salaries (December 31, 2014 - $15,500 in respect of bonuses payable to certain officers).

The remuneration of directors and officers of the Company for the three and nine months ended September 30, 2015 and September 30, 2014 was as follows:

	Three months ended September 30, 2015	**Three months ended September 30, 2014**	**Nine months ended September 30, 2015**	**Nine months ended September 30, 2014**
Cash compensation	$425,202	$500,910	$1,280,718	$1,230,770
Share based compensation	18,213	186,088	213,286	255,257
Aggregate compensation	$443,415	$686,998	$1,494,004	$1,486,027

The following stock options were issued during the nine months ended September 30, 2015 to directors and executive officers of the Company:

Date of Grant	**Number**	**Exercise Price**	**Expiry Date**
May 28, 2015	2,109,350	$0.20	May 28, 2020

CRITICAL ACCOUNTING ESTIMATES AND CHANGES IN ACCOUNTING POLICIES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and also in future periods when the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of each reporting period and for the periods then ended, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the valuation of resource properties and the provision for distribution of Rio Verde shares to certain option holders.

The uncertainty in regards to the valuation of resource properties arises as a result of the estimates and judgements such as forecasts of metal prices, operating costs, capital costs and income taxes among numerous other valuation inputs, discount rates, comparability of the Company's properties to those of other market participants, the willingness and ability of potential buyers to acquire the Company's resource properties and the selection of market-participant assumptions used in the determination of fair value.

The uncertainty in regards to the provision for distribution of Rio Verde shares to option holders arises as a result of estimating the probability that certain option holders will exercise their options.

Talon considers the following accounting policies to be critical in the preparation of its financial statements:

Resource properties and deferred exploration and evaluation costs

Interests in mineral exploration properties are recorded at cost. Exploration expenditures, other than those of a general nature, relating to mineral properties in which an interest is retained are deferred and carried as an asset until the results of the projects are known. If the project is unsuccessful or if exploration has ceased because continuation is not economically feasible, the cost of the property and the related exploration expenditures are written off. The Company only capitalizes costs on its core properties and expenses all costs related to properties that were of a secondary focus.

The cost of mineral properties includes the cash consideration paid and the negotiated value of shares issued on the acquisition of properties. Properties acquired under option agreements, whereby option payments are made at the discretion of the company, are recorded in the financial statements at the time payments are made. The proceeds from options granted on properties are credited to the cost of the related property.

Once the feasibility of a project has been established, deferred exploration expenses and other costs are segregated as deferred development expenditures. These costs are amortized over the estimated useful life of the related mineral property as commercial production commences. If the net carrying amount of the deferred exploration expenses is not recoverable, these costs are written down to net recoverable amount of the deferred exploration expense.

The amounts shown for mineral properties and deferred exploration costs represents cost to date, and do not necessarily represent present or future values as they are entirely dependent upon the economic recovery of future reserves.

The Company does not accrue the estimated future costs of maintaining its mineral properties in good standing.

INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes were made to the Company's internal control over financial reporting during the three months ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

The Company must raise capital in the fourth quarter of 2015, which may be completed in a number of ways, including but not limited to, selling equity capital, a combination of strategic partnerships, debt finance, offtake financing, royalty financing and other capital markets alternatives. In the current state of the metals capital markets, any significant capital raising(s) will likely be very dilutive to the Company's potential interest in the Tamarack Project and/or to current shareholders' interests in the Company. Although the Company was successful in raising additional funds in the past, given the current climate, the ability to raise funds has been and may continue to be difficult. The Company has been pursuing capital raising options since early 2015 and, to date, has not been successful, although it is in advanced discussions with a party to raise capital with the goal to conclude same in December. There can be no assurance that these discussions will be successfully concluded or that, in any event, adequate or sufficient funding will be available to the Company to meet the Company's commitments. Such uncertainty casts doubt on the Company's ability to continue as a going concern. Failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis, which would differ from the going concern basis.

Future work at the Tamarack Project will be largely dependent upon the Company's ability to successfully raise capital in the fourth quarter of 2015.