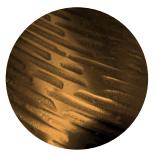




TALISMAN MINING LTD







PROSPECTUS

FOR THE ISSUE OF UP TO 15,000,000 SHARES AT 20 CENTS EACH TO RAISE \$3.0 MILLION WITH THE RIGHT TO ISSUE A FURTHER 2,500,000 SHARES TO RAISE A FURTHER \$0.5 MILLION

CORPORATE DIRECTORY

DIRECTORS

Ian Macpherson (Non-Executive Chairman)

Steven Elliott (Managing Director)

Michael Hannington (Non-Executive Director)

COMPANY SECRETARY

Lloyd Flint

REGISTERED OFFICE

Level 2, 47 Colin Street WEST PERTH WA 6005

PRINCIPAL OFFICE

11601 West Swan Road HENLEY BROOK WA 6055

Telephone: (08) 9296 0256 Facsimile: (08) 9296 0256

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SOLICITORS

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AUDITORS

Stanton Partners Level 1 1 Havelock Street WEST PERTH WA 6005

INVESTIGATING ACCOUNTANTS

Stanton Partners Corporate Pty Ltd Level 1 1 Havelock Street WEST PERTH WA 6005

INDEPENDENT CONSULTING GEOLOGISTS

Boonjarding Resources Ltd Unit 2, 42 John Street NORTH FREMANTLE WA 6159

CORPORATE ADVISER

Ord Corporate Pty Ltd Level 2, 47 Colin Street WEST PERTH WA 6005

SHARE REGISTRY

Advanced Share Registry Services PO Box 1156 NEDLANDS WA 6909

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Letter From the Chairman

Dear Investor,

On behalf of the Board of Directors it gives me pleasure to offer you the opportunity to become a shareholder of Talisman Mining Limited ("Talisman" or "the Company") pursuant to the offer contained within this Prospectus.

Talisman, under the guidance of Managing Director, Steven Elliott, is an emerging mineral exploration company that has compiled an impressive portfolio of exploration properties focused in the Gascoyne Region and Hamersley Basin of north west, Western Australia that includes several opportunities for near term discoveries and developments.

Talisman has targeted the north west of Western Australia for precious and base metal mineralisation on the basis that whilst this region hosts world class mineral deposits it remains substantially underexplored. Each of the Company's projects were identified and acquired on the basis of prior knowledge, exhaustive research and field appraisals. The project portfolio encompasses seven separate projects covering approximately 1750 square kilometres in the Pilbara, East Pilbara, Gascoyne and Murchison regions of Western Australia. The portfolio has a commodity emphasis on gold mineralisation but also includes copper, zinc, silver, nickel and platinum group metals targets.

The Company's exploration and development strategy set out within the Prospectus provides for:

- expanding the current resource base at Trillbar (22,000 oz of gold) to allow for possible construction of a stand alone gold mining operation within three (3) years;
- exploration of the adjacent gold properties, Maitland and Mt James, and acquisition of new ground in the area; and
- developing the Hamersley Basin projects, (Wonmunna, Tom Price and Anticline) to prove the potential already established by Talisman for world class copper, zinc, gold and silver mineralisation.

The Company has additional interests held by way of joint venture at Copper Hills and has agreements in place in relation to the exploration and development of iron ore with Fortescue Metals Group and Poondano Exploration and diamonds with De Beers Exploration (Australia) Ltd.

Talisman's philosophy and focus is about adding value and managing risk through strategic joint ventures where appropriate. The immediate objectives are discovery leading to substantial production and thus capital growth.

To date, Talisman has been funded by seed capital in excess of \$1 million of which over \$750,000 has been personally contributed by Managing Director, Steven Elliott. The targeted raising of between \$3 - \$3.5 million pursuant to this Prospectus will enable Talisman to move forward to aggressively explore its project portfolio.

As Chairman I commend this offer to you and look forward to welcoming you as a shareholder in Talisman.

Yours faithfully

Ian Macpherson

Chairman

Important Notes

This Prospectus is dated 19 September 2005 and a copy of this Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. ASIC takes no responsibility for the contents of this Prospectus. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Securities allotted or issued pursuant to this Prospectus will be on the terms and conditions set out herein.

Before deciding to invest in the Company, potential investors should read the entire Prospectus and, in particular, consider the risk factors which may affect the financial performance of the Company. As Talisman is in the early stages of development, the risks are significant and the Shares offered by this Prospectus should be regarded as speculative (refer to Section 7, Risk Factors for additional information). Potential investors should carefully consider these factors in light of their own personal circumstances (including financial and taxation issues) and should seek professional advice from an accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and New Zealand.

This Prospectus will be issued as an Electronic Prospectus and may be accessed on the Internet at "www.talismanmining.com.au". The Offer pursuant to an Electronic Prospectus is available to persons receiving an electronic version of this Prospectus within Australia and New Zealand. The Corporations Act 2001 prohibits any person from passing to another person the Application Form unless it is attached to, or is accompanied by, the complete and unaltered version of this Prospectus. During the Offer period, any person may obtain, free of charge, a hard copy of the Prospectus by contacting the Company.

In accordance with Chapter 6D of the Corporations Act 2001, this Prospectus is subject to an exposure period of 7 days from the date of lodgement with the ASIC. This period may be extended by the ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined for the identification of deficiencies by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the exposure period will be dealt with in accordance with Section 724 of the Corporations Act 2001. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on Applications received in the exposure period and all Applications received during that time will be treated as if they were simultaneously received on the date on which Applications open.

Investment Highlights

- A focus on exploration for gold mineralisation in the underexplored Gascoyne Region of Western Australia with three quality gold projects, all with known gold mineralisation.
- Three projects available for immediate commencement of drill evaluation.
- An existing open-ended resource of 314,000t at 2.2g/t gold at Boundary at the Trillbar Project, with over 25 kilometres strike length of a mineralised structural corridor remaining largely untested by drilling.
- An exciting new discovery in the Mudawerrie BIF at the Maitland Project, with potential for the definition of Worldclass, high-grade gold mineralisation.
- An exciting new discovery of the Parmelia Gossan at the Wonmunna Project, with potential for the definition of World-class copper zinc gold silver mineralisation.
- Exposure to nickel-copper-PGE and diamonds through joint ventures and to iron ore through royalty agreements.
- A geographical focus on the northwest of Western Australia ensuring minimal sovereign risk and minimisation of exploration overheads.
- A management team with experience in all facets of the minerals industry from project inception through exploration to discovery and development.

Details of the Offer



Information contained within this Section should be read in conjunction with more detailed information set out elsewhere in this Prospectus.

The Offer

By this Prospectus, the Company seeks to raise \$3.0 million by offering for subscription 15.0 million Shares in the Company at an issue price of 20 cents each, payable in full on application.

Rights attaching to all of the Company's securities are summarised in Section 8, Additional Information of this Prospectus.

Key Dates

Applications open	26 September 2005
Applications close	21 October 2005
Dispatch of Holding Statements	25 October 2005
Listing of Shares on the ASX	31 October 2005

These dates are indicative only and may change without notice. Applicants are encouraged to apply as soon as possible after the Offer opens as the Offer may close earlier than the date specified above. The Company also reserves the right not to continue with the Offer at any time before the allotment of Shares to successful Applicants.

Minimum Subscription

The minimum subscription for the Offer is \$2.5 million. In accordance with the *Corporations Act 2001*, no Shares will be allotted under this Prospectus until the minimum subscription has been received. If the minimum subscription is not achieved within four months of the date of this Prospectus, the Company will either repay the Application money to the Applicants or issue a supplementary prospectus and allow Applicants one month to withdraw their Application and to be repaid. Interest will not be paid on Application money refunded.

Over subscriptions

The Company will accept over subscriptions for the Offer to a limit of 2,500,000 Shares of 20 cents each to raise an additional \$500,000. The issue and allotment of over subscriptions will be at the discretion of the Directors in the event that applications for over subscriptions exceed 2,500,000 shares.

Purpose of the Offer and Use of Funds

The purpose of the Offer is to raise \$3.0 million to provide funds for exploration of the Company's projects. Exploration activity will be directed towards identifying mineralisation, enhancing the value of the projects and prioritising projects for further advancement.

Following completion of the Offer, and if only the minimum subscription of \$2.5 million has been raised, the Company will have enough working capital to carry out the Company's stated objectives.

The proposed application of funds raised from the Offer over the 2 years following listing is as follows:

Activity	Minimum Subscription	Target Raising	With Over Subscriptions
Cash Payment (Trillbar/Maitland)	150,000	150,000	150,000
Exploration Programs	1,300,000	1,760,000	2,215,000
Costs of Offer	140,000	140,000	140,000
Fees Payable to Brokers ¹	125,000	150,000	175,000
Administration/Working Capital ²	785,000	800,000	820,000
Total	2,500,000	\$3,000,000	\$ 3,500,000

Note 1: Assumes 5 % brokerage fee on average is payable on the funds raised.

Note 2: Working capital will be applied to capital expenditure and ongoing project generation, as well as to other expenses consistent with achieving the Company's objectives.

The planned exploration programs are described in detail in Section 4, Independent Consulting Geologist's Report. Consistent with the Directors' resolve to commit ongoing funding to only those projects which demonstrate significant potential, actual fund allocations may vary depending on results emerging from the exploration programs and from project generation activities.

If Talisman raises more than the minimum subscription of \$2.5 million, but less than the full subscription of \$3.0 million, then exploration and/or project generation activities will be reduced pro rata across all projects at the discretion of the Directors and taking into account statutory minimum expenditure requirements. If Talisman raises more than the full subscription of \$3 million but less than the full subscription plus over subscriptions of \$0.5 million, then exploration and/or project generation activities will be increased pro rata across all projects. Irrespective of the funds raised, the Company will consider farming-out projects if such joint venture arrangements are considered to be of overall benefit to the Company.

Capital Structure

Talisman's capital structure immediately following the issue of Shares under this Prospectus (and assuming the Offer is fully subscribed and no over subscriptions are accepted) will be as follows:

Description of Security	Number Issued	Percentage Equity (%)	Deemed Capitalisation (\$)
Fully Paid Ordinary Shares			
Existing share capital ¹	10,912,506	28.4	2,182,501
Seed Capital raising	2,725,000	6.5	500,000
Joint Venture Partner ²	1,000,000	2.6	200,000
Convertible notes (on conversion) ³	9,000,000	23.4	1,800,000
This offer	15,000,000	39.1	3,000,000
Total	38,637,506	100.0	5,902,501
Options			
Existing options ⁴	3,900,000	-	-

Note 1:Includes Shares issued to the original promoters and Directors of the Company (refer to Section 5 Investigating Accountants Report for more details).

Note 2: Represents part of the purchase price for an interest in certain tenements (refer to Section 6 Solicitor's Report).

Note 3: There are 3 Convertible Notes on issue. The terms of the Convertible Notes are summarised in Section 8 Additional Information of this Prospectus.

Note 4:Unlisted Directors' options, exercisable on or before 30 June 2008 at an exercise price of 25 cents per Option. The full terms and conditions of the Directors' Options are summarised in Section 8 Additional Information of this Prospectus.

Applications for Shares

To apply for Shares offered pursuant to this Prospectus, the Application Form attached to or accompanying this Prospectus should be completed in accordance with the instructions and either posted to:

Talisman Mining Limited

c/- Advanced Share Registry Services PO Box 1156 Nedlands WA 6909

Talisman Mining Limited

or delivered to,

c/- Ord Corporate Pty Ltd Level 2, 47 Colin Street West Perth WA 6005.

Applications must be accompanied by payment in full in Australian currency equal to 20 cents multiplied by the number of Shares applied for. Payment must be by cheque or bank draft drawn on an Australian bank and made payable to 'Talisman Mining Limited - Float Account' and crossed 'Not Negotiable'.

No brokerage or stamp duty is payable by Applicants in respect of their Applications for Shares under this Prospectus. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment.

Applicants must apply for a minimum of 10,000 Shares representing a minimum investment of \$2,000. Applicants wishing to acquire additional Shares may apply for additional Shares in multiples of 2,000 thereafter.

A duly completed Application Form lodged with payment in full for the requisite number of Shares will constitute an offer by the Applicant to subscribe for the number of Shares applied for pursuant to the Application Form.

Application Forms must not be circulated to prospective investors unless attached to or accompanying a copy of this Prospectus.

Application Money

In accordance with the Corporations Act 2001, all subscription money for Shares shall, before the allotment and issue of Shares pursuant to this Prospectus, be held by the Company in a trust bank account established for that purpose. All interest earned on all application monies will be retained by the Company.

Allotment of Securities

The acceptance of Applications and the allocation of Securities is at the discretion of the Directors. The Directors reserve the right to either allot to an Applicant a lesser number of Shares than the number for which the Applicant applies or to reject an Application. If the number of Shares allotted is fewer than the number applied for, surplus Application money will be refunded without interest. Any interest earned on all Application money (including those which do not result in allotment of Shares) will be retained by Talisman. Investors will be forwarded their notices of Shareholding as soon as practicable after allotment.

Australian Stock Exchange Listing

Application will be made by the Company to the Australian Stock Exchange ("ASX"), within seven days after the date of this Prospectus, for the Company to be admitted to the Official List of the ASX and for admission of the Shares offered pursuant to this Prospectus to quotation on the ASX. If the Company is not admitted to the Official List of the ASX and the Shares not admitted to quotation within three months after the date of this Prospectus, all Application money will be refunded without interest. The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may admit the Company to its Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

Clearing House Electronic Subregister System

Talisman proposes participating in the Clearing House Electronic Subregister System ("CHESS"), operated by the ASX Settlement and Transfer Corporation Pty Ltd ("ASTC") a wholly owned subsidiary of the ASX, in accordance with the Listing Rules and ASTC Settlement Rules.

Under this system, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker-sponsored, the ASTC will send them a CHESS statement. The CHESS statement will set out the number of Shares allotted to the holder under the Prospectus, give details of the Shareholder's Holder Identification Number and give the Participant Identification Number of the sponsor.

If you are registered on the Issuer Sponsored Subregister, your statement will be dispatched by the share registry and will contain the number of Shares allotted under the Prospectus and the Shareholder's Security Holder Reference Number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however a charge may be made for additional statements.

Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand.

Placement Fee

The Company reserves the right to pay to the holder of any Financial Services Licence a fee of up to 5% with respect to any Applications received bearing their stamp.

Dividend Policy

As Talisman is an exploration company, it does not intend to pay a dividend for the financial year ending 30 June 2006 or in the near future. The payment of any future dividends will be dependent upon the Company undertaking activities to generate revenue such as the mining of a resource or profitable sale of a mining asset. Any future determination as to the payment of dividends by Talisman will be at the discretion of the Directors. The payment of dividends will depend upon the availability of distributable earnings, the operating results and financial condition of Talisman, future capital requirements, general business and financial conditions and other factors considered relevant by the Directors.

No assurances in relation to the payment of future dividends, or the franking credits attached to such dividends, can be given to Shareholders.

Financial Forecasts

The Directors have considered the matters set out in ASIC Policy Statement 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate profit forecast or projection.

Directors and Management

section 2



IAN K MACPHERSON (BComm., CA)

Non-Executive Chairman

lan graduated from the University of Western Australia with a Bachelor of Commerce in 1977. Ian was admitted as a partner of the firm which became known as KMG Hungerfords in 1986, having built up a specialist practice in the provision of corporate and financial advice to the mining and mineral exploration industry. In 1987 the firm merged with Arthur Andersen & Co. In 1990 Ian resigned from the partnership of Arthur Andersen & Co to establish Ord Partners.

lan has specialised in the area of corporate advice with a particular emphasis on capital structuring, equity and debt raising, Corporate Affairs and Stock Exchange compliance procedures for public companies, both mining and industrial. He has acted in the role of director and company secretary for a number of his clients and has been involved in numerous asset acquisition and disposal engagements involving the preparation of detailed Information Memoranda, preacquisition reviews and Independent Reports.

Ian is currently the non-executive Chairman of Visiomed Group Ltd and AustAsian Resources Ltd and is a non-executive Director of Navigator Resources Ltd and Precious Metals Australia Ltd.

lan is an Associate Member of the Institute of Chartered Accountants in Australia and past member, Executive Council of the Association of Mining Exploration Companies (WA) Inc.



STEVEN J ELLIOTT (BAppSci, MAusIMM)

Managing Director

Steven has over twenty-four years experience in mineral exploration throughout Australia and overseas. Steven graduated from the West Australian Institute of Technology (Curtin University) with a BSc in Geology in 1980.

Steven commenced his career with Swan Resources Ltd exploring for diamonds and subsequently platinum throughout Australia. This was followed by an interval as a consulting and contract geologist to various mineral explorers. He was a founding Director of Helix Resources NL in 1985 and subsequently Director of Exploration for twelve years, leaving in 1997 to establish Talisman Mining Ltd.

Steven has broad experience in conceptual geology, project generation and exploration for a variety of commodities in a broad spectrum of geological terranes. He was instrumental in the discovery of a new type of platinum mineralisation at Fifield in New South Wales and was responsible for the discovery of gold mineralisation at Glenburgh in the Gascoyne region in a geological environment previously considered to be largely unprospective. Mr Elliott has studied and visited various mineral deposits in Africa and North America.

Steven is a member of the Australian Institute of Mining and Metallurgy.



MICHAEL AJ HANNINGTON (B.Sc., LLB)

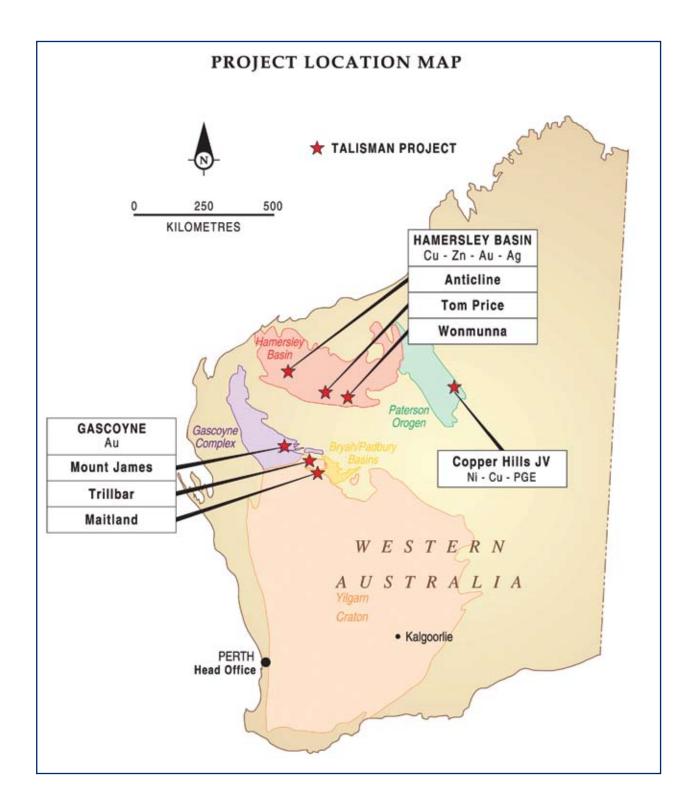
Non-Executive Director

Michael is a graduate from Curtin University with a Bachelor of Applied Science in Geophysics. He has 10 years experience as a geophysicist in Australia, Canada and the USA.

Michael has experience exploring for gold and base metal deposits throughout Australian and North America, he has been involved in mining projects from regional exploration to discovery and production.

Michael has recently been admitted as a barrister and solicitor of the Supreme Court of WA after completing a Bachelor of Law in 2002. He is currently employed as a lawyer for a major mining company. As a lawyer, Michael provides a rare combination of technical geological expertise with a commercial focus on developing profitable mines.

Michael is a member of the Australian Society of Exploration Geophysicists, the Australian Mining and Petroleum Law Association and the Australian Corporate Lawyers Association.



Company and Project Overview

section 3

3.1 INTRODUCTION

Talisman was incorporated with the express purpose of exploring for, and ultimately developing, precious and base metal resources in the northwest of Western Australia.

Talisman is managed by a team of professionals with extensive experience in mineral exploration, mining, project finance and corporate management, and is well positioned to deliver wealth to shareholders through discovery and sustainable development of mineral resources.

Since inception, Talisman has assembled a quality portfolio of mineral properties with an emphasis on gold, but also including copper, zinc, silver, nickel and platinum group metals. These properties comprise seven separate projects covering approximately 1750 square kilometres in the Pilbara, East Pilbara, Gascoyne and Murchison regions of Western Australia.

All of the project areas are held 100% by Talisman with the exceptions of Trillbar (purchasing 80%), Maitland (purchasing 80%) and Mount James (earning 60%). The majority of tenements are granted.

The Directors are responsible for protecting the rights and interests of the Shareholders through the implementation of sound strategies and action plans and development of an integrated framework of controls over the Company's resources, functions and assets.

3.2 STRATEGY

Talisman has targeted the northwest of Western Australia for precious and base metals mineralisation on the basis that whilst this region hosts World-class mineral deposits it remains substantially underexplored.

All of the Company's seven projects were identified and acquired on the basis of prior knowledge, exhaustive research and field appraisals.

All of the Company's projects, with the exception of Copper Hills, contain known mineralisation ranging from anomalous surface assays to an identified gold resource at Trillbar.

The Company's strategy with respect to the projects will follow two independent, but contemporaneous, courses:

- Focussing on expanding the current resource base at Trillbar (22,000oz gold) to allow for construction of a stand-alone gold mining operation within three years. Exploration of the adjacent gold properties (Maitland, Mount James), and acquisition of new ground in the area, will proceed contemporaneously to provide feed for Trillbar or for a stand-alone development.
- Developing the Hamersley Basin projects (Wonmunna, Tom Price, Anticline) through focussed exploration to prove the potential, established by Talisman, for World-class copper
 zinc – gold – silver mineralisation. Ongoing evaluation will then proceed either alone or in joint venture with a major mining house.

3.3 PROJECTS

A detailed description and analysis of the Company's projects can be found in the Independent Consulting Geologist's Report, Section 4 to this Prospectus.

Details of agreements relevant to the various projects whereby Talisman is either earning or divesting equity are included in the Solicitor's Report, Section 6 to this Prospectus.

3.3.1 GASCOYNE GOLD PROJECTS

In the Gascoyne Region of Western Australia Talisman has targeted three gold projects in varied terranes and all with known gold mineralisation. Despite this proven prospectivity all three projects remain substantively underexplored.

Exploration discoveries made by Talisman, together with the application of new models for mineralisation, have substantially upgraded the potential for the definition of mineable gold resources at all three projects.

Trillbar Project (80%)

GOLD

The Trillbar Project includes the Boundary Gold Deposit with a global resource of 314,000 tonnes at 2.2g/t gold (22,000oz), remaining open to the east, west, and at depth.



Photo: TRILLBAR PROJECT: View East along strike to drilled Boundary mineralisation (centre distance).

The geological and structural setting of the Trillbar tenements has been recognised by Talisman as being very similar to the Fortnum area, containing the Fortnum, Labouchere, Nathans and Yarlarweelor deposits with a total gold endowment, mined and inground resources, in excess of 1 million ounces of gold. The dominant control on gold mineralisation in the Fortnum area appears to be the west-northwest trending Fortnum Fault. At Trillbar, gold mineralisation is controlled by the similarly orientated Boundary Fault System ("BFS").

The BFS comprises several major parallel faults extending over a strike length in excess of 25 kilometres through the Trillbar tenements. This fault system is host

to the Boundary deposit and to the gold prospects at Hilltop, VHF, Scrape, Winja and Stanley.

With the exception of the Boundary gold deposit, previous drill evaluation of the other BFS-associated gold prospects has been minimal with the completion of only four widely spaced RC drill traverses at Stanley, one at Winja and a single RC drillhole at Hilltop.

It is significant to note that every RC drill traverse previously completed across the BFS has intersected anomalous (>0.5g/t) to ore-grade gold.

Given the strong similarity of the Trillbar area to the Fortnum area it is not unreasonable to expect total gold resources between the two areas to be similar.

In addition to BFS-hosted mineralisation, the project area also includes several lines of abandoned gold workings at Livingstone. Drilling beneath these workings by a previous operator produced numerous mineralised drill intercepts, the best intercepts being 2m at end of hole of 18g/t gold and 14m at 2.7g/t gold. No further follow up was completed. Good potential exists for the definition of high-grade gold mineralisation associated with the abandoned workings and with adjacent gold-in-soil anomalies not previously drill tested.

Initial exploration to be completed by Talisman will focus on step-out drilling east, west and beneath the currently defined Boundary mineralisation with the objective of considerably expanding the current resource base. Drill evaluation of the Hilltop, VHF, Scrape, Winja, Stanley and Livingstone prospects will be completed concurrently to define additional resources.

Soil geochemistry and reconnaissance RAB drilling will be completed elsewhere on the BFS to locate additional areas of mineralisation.

Exploration budgets for years one and two are estimated at \$421,000 and \$680,000 respectively.

Maitland Project (80%)

GOLD

The Mount Maitland greenstone belt is a 'typical' Archaean greenstone belt with two groups of abandoned gold workings at Maitland South and Maitland North. A total production of 10.0kg of gold at an average grade of 19.3g/t was recorded from these two centres.

A number of earlier operators have evaluated the belt for various commodities, including gold, with limited success.



Photo: MAITLAND PROJECT: Outcrop of Mudawerrie BIF

Talisman has however had outstanding early exploration success with the discovery of the gold-mineralised Mudawerrie BIF near the eastern margin of the greenstone belt. This virgin discovery is up to 15

metres wide and has been traced over 12 kilometres of strike, remaining open to the north and south.

Grab samples from the Mudawerrie BIF have shown variably anomalous gold up to 4.04g/t over the full 12 kilometres of strike, averaging 0.31g/t gold over the 50 assayed samples.

Limited multi-element geochemistry has also shown the mineralised BIF to be strongly anomalous in copper to 0.16%, PGE to 0.2g/t platinum + palladium, molybdenum to 236ppm, arsenic to 383ppm, and silver to 2.5g/t.

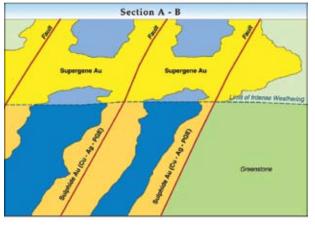
The geology and geochemistry of this discovery indicates that it is of the BIF-hosted type similar to the Hill 50 – Mount Magnet mineralisations, Western Australia (>2M oz's gold).

Talisman believes this exciting new discovery has potential for the definition of substantial, high-grade gold mineralisation in both bulk-mineable and underground mining settings.

Contained within the Maitland project the Jacia prospect comprises a gossanous vein up to 2 metres wide that has been traced over a strike length of 1.8 kilometres, adjacent to the western margin of the greenstone belt. Samples collected by previous explorers have assayed up to 8.2g/t gold, 290g/t silver, 1.55% copper and 8.99% lead. Other than rock-chip geochemistry, there has been no drilling or other previous evaluation of the mineralisation.

Mudawerrie BIF - Simplified Schematic Mineralisation Model





Similarly associated with BIF, Talisman has reinterpreted the Jacia mineralisation as a possible fold repetition of the Mudawerrie BIF across the Mount Maitland Synclinorium, albeit that on occasions it contains appreciably higher surface contents of base metals and silver.

Of the abandoned gold workings at Maitland North and Maitland South, previous exploration has been negligible with only six drillholes previously completed at Maitland North. The Maitland South workings are possibly unique amongst abandoned greenstone-hosted gold workings in Western Australia, having never been evaluated by drilling.

These abandoned gold workings offer some potential

for the identification of small to moderate gold resources although exploration will initially focus on the potentially much more significant Mudawerrie BIF and Jacia prospects.

Mineable gold resources identified at Maitland might be amenable to treatment at Trillbar which is within easy trucking distance; less than 20 kilometres to the north.

On granting of the tenement, initial exploration at Maitland will include the completion of an airborne magnetic and electromagnetic geophysical survey to define potential ore-controlling cross-cutting structures and sulphide accumulations at Mudawerrie and Jacia. This will be completed contemporaneously with soil geochemistry and will be followed by drill evaluation of identified high-priority targets.

Drill evaluation of Maitland North and Maitland South will also be completed.

No exploration budgets have been detailed, pending grant of the tenement.

Mount James Project (Earning 60%)

The Mount James project was selected for evaluation by Talisman based on the striking similarity of the mineralisation style to that evident at the only other gold prospects in the region; the abandoned Egerton Goldfield 90km to the east and the Glenburgh prospect 85km to the southwest. Both of these mineralisations are notable for high-grade plunging gold shoots within a broader halo of low grade mineralisation. Mount James, dismissed by previous explorers as low-grade, has potential for similar high-grade mineralisation.

Discovered by a previous explorer in 1987, gold mineralisation was identified over 8 kilometres of strike at three principal prospects; West Point, Pigtails, and Clever Mary. Subsequent RAB and RC drilling returned intercepts of 4m at 8g/t gold, 14m at 1.57g/t gold, 5m at 2.33g/t gold and 1m at 6.15 g/t gold, whilst channel sampling of costeans returned up to 18m at 2.49g/t gold. Rock-chip samples assayed up to 102g/t gold.

At West Point, the most intensively drilled of the three prospect areas, untested strike extents of up to 300 metres remain between drill traverses. Furthermore, the majority of drillholes were confined to the top 40 metres and large areas between prospects and along strike to the west remain untested.

All previous drilling was sited on the basis of soil geochemistry, ineffective in the large areas of transported overburden prevalent in much of the project area.

Whilst the project has proven potential for the definition of a low-grade gold resource, it is the Company's objective to define higher grade lodes (plus 5g/t gold) as evidenced in other mineralisations in the region. Higher grade drill intercepts and surface assays to 102g/t gold, coupled with the relatively low drilling intensity in even the most intensively drilled areas, indicate excellent potential for realising this objective.

On grant of the tenement, Talisman's immediate program at Mount James will involve the completion of a detailed aeromagnetic survey to define possible localising structures for high-grade mineralisation. This will be followed up by RC and diamond drilling of defined targets.

No exploration budgets have been detailed, pending grant of the tenement.

2.2.2 HAMERSLEY BASIN PROJECTS

The Hamersley Basin is an Archaean to Proterozoic sedimentary and volcanic terrane noted for very large, World-class iron ore deposits (eg. Newman, Tom Price, Paraburdoo). Despite favourable lithologies and structure, the basin has received little previous exploration for commodities other than iron ore. The only significant previous non-iron ore exploration was that completed by Western Mining Corporation Ltd (WMC), for copper, between 1967 and 1975. WMC targeted the Archaean Jeerinah Formation, a sulphidic black shale with both mafic and acid-intermediate volcanic components, for sediment-hosted copper mineralisation.

Talisman has also targeted the Jeerinah Formation, partially on the basis of widespread copper, zinc, silver and gold anomalism in shallow rotary drillholes completed by WMC. Many of these drillholes reported very high results, up to ore-grade, including within the current Talisman tenements up to 10.7m at 3.4% copper, 6.1m at 1.0% zinc, 0.3m at e.o.h at 420g/t silver and 0.3m at e.o.h at 3.2g/t gold. These previous results are consistent with Talisman's model for the Jeerinah Formation being host to sediment and/or volcanic associated base and precious metals mineralisation.

Wonmunna Project (100%) COPPER – ZINC – GOLD - SILVER

Work completed by Talisman at Wonmunna has resulted in the discovery and definition of an extensive gossan indicative of underlying massive sulphides. This gossan appears to be at a consistent stratigraphic horizon in the Jeerinah Formation, usually associated with dolomite or dolomitic shale. The gossan is up to 10 metres wide and has been traced in outcrop over a cumulative strike length of 7 kilometres around the rim of the Parmelia Syncline, a subsidiary fold structure to the Wonmunna Anticline. It is probable that further strike extensions of the gossan remain obscured beneath transported cover.



Photo: WONMUNNA PROJECT: Outcrop of Parmelia Gossan

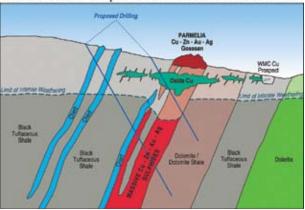
Grab samples collected from the gossan have shown that it is consistently anomalous with respect to copper and zinc, less so for silver and gold. A total of 57 grab samples have returned gossan maxima of 0.24% copper, 0.65% zinc, 3g/t silver and 0.5g/t gold. These results are consistent with assays from discovery gossans developed over mined copper-zinc-silver-gold massive sulphide orebodies (eg. Gossan Hill – Golden Grove, WA).

It is significant to note that less than 50% of the tenement area has been examined for gossans.

In support of the highly anomalous geochemistry, the gossan exhibits cellular boxwork textures indicative of a massive sulphide precursor and is often accompanied by sericite alteration in the shale wallrocks.

In final support, shallow rotary drilling and costeaning completed by WMC located a number of occurrences of supergene copper mineralisation, presenting as veins, irregular masses and disseminations of malachite and cuprite. The shallow drilling returned intercepts to 10.7m at 3.4% copper, 6.1m at 1.0% zinc and 1.5m at 120g/t silver. Gold was not assayed. The majority of these occurrences are situated adjacent to outcrops of the gossan although, WMC neither recognised, sampled, costeaned or drilled the gossan, noting it on their maps simply as 'ironstone'. It is believed that these supergene mineralisation occurrences may represent a geochemical 'footprint' centred on the gossans.

Parmelia Gossan - Simplified Schematic Mineralisation Model



In summary, Talisman has concluded that the gossan possibly represents the oxidised surface expression of copper – zinc – gold – silver massive sulphides. Given the extent of the gossans, this exciting new discovery presents an excellent opportunity for the delineation of World-class base/precious-metals mineralisation in a new terrane.

In addition to the massive sulphide target, considerable potential exists for the delineation of substantial oxide copper – (gold – silver) proximal to the gossans and in the transition zone between gossan and sulphides. The previous WMC drill intercepts of 3.4% copper and 120g/t silver attest to this potential.

The Company's initial focus at Wonmunna will be to prove the exploration model for massive copper-zinc-gold-silver sulphides via targeted drilling beneath the gossan. This will be completed in conjunction with an airborne magnetic and electromagnetic geophysical survey to define extensions / repetitions of the projected sulphides beneath cover and to define priority targets for follow up drilling.

Stream sediment and soil geochemistry will also be completed to locate and define additional targets.

Exploration budgets for years one and two are estimated at \$174,000 and \$195,000 respectively.

IRON ORF

Potential for iron ore has also been recognised in the area with the definition by Talisman of substantial areas of pisolitic iron deposits, previously mapped as laterite. Talisman has entered into a royalty agreement with Poondano Exploration Pty Ltd whereby any iron ore deposits defined and developed by Poondano will result in a 25cents/tonne royalty payable to Talisman. Poondano has recently commenced drilling.

Tom Price Project (100%)

COPPER - ZINC - GOLD - SILVER

The Tom Price project is situated adjacent to the Tom Price iron-ore mine and is situated on the eastern closure of the Turner Syncline encompassing rocks of the Jeerinah Formation, at a similar stratigraphic level to the Wonmunna project.

The project area was previously the subject of shallow rotary drilling completed by WMC (1967-1975). A total of 173 drillholes were completed and assayed, to an average depth of less than 6 metres. This drilling encountered widespread copper, zinc, silver and gold mineralisation, predominantly in weathered shale, with the majority of anomalous drillholes terminating in mineralisation. Maximum value drill intercepts from WMC drillholes in the project area were 1.5m at e.o.h at 1.35% copper; 0.9m at e.o.h at 615g/t silver; 1.5m at e.o.h at 1.35% copper, 60g/t silver; and 0.6g/t gold; 0.3m at e.o.h at 420g/t silver and 3.2g/t gold. It is significant that of the 119 drillholes completely or partially analysed for gold, 47 (39%) contained drill intercepts of \geq 0.1g/t gold.

Soil geochemistry completed by Talisman in the north of the tenement defined a series of strike-parallel gold-in-soil anomalies (>10ppb gold) over the full 3.3km strike length of the sampled area, remaining open to both the east and west. Strong copper anomalies to a maximum of 0.23% are usually coincident with the gold anomalies, as is zinc (to 0.7%) and silver (to 3g/t). Limited assays of the samples for platinum and palladium also returned highly anomalous results to maxima of 21.5ppb and 25ppb respectively.

The Talisman and WMC results combined clearly show a sulphidic black shale highly enriched in base and precious metals. Whilst no gossans possibly indicative of massive sulphides have yet been located, it is probable that these elevated metal values are the result of the same processes thought to be responsible for the massive sulphides indicated at Wonmunna, approximately 120 kilometres to the east-southeast. The primary metal association of copper – zinc – gold-silver indicates mineralisation possibly of sedimentary exhalative (SEDEX) or volcanogenic massive sulphides (VMS) association.



Photo: TOM PRICE PROJECT: Gold-in-soil Anomalies, Centre to Middle Distance. Approximate position WMC drillhole FV-135 (3.0-3.3m; 420g/t Ag and 3.2 g/t Au) indicated.

Possible gossans after massive sulphides may occur in unexplored areas along strike, or beneath cover.

The prospective metal-rich horizon of the Jeerinah Formation has a strike length of over 20km in the project area, the majority of which remains unexplored.

In addition to the primary mineralisation model noted above, it is believed that major fault structures may have played a role in remobilising and focussing hydrothermal mineralisation. It is noted that the highest value gold – silver WMC drill intercept of 0.3m at e.o.h at 3.2g/t gold and 420g/t silver is coincident with such a major fault.

Talisman has scheduled first pass RC drill evaluation of priority soil geochemistry and WMC drillhole anomalies. Stream sediment and soil geochemistry will be completed concurrently to isolate further targets for subsequent drill evaluation.

Exploration budgets for years one and two are estimated at \$48,000 and \$128,000 respectively.

IRON ORF

Talisman has in place an agreement with Fortescue Metals Group Ltd (FMG) giving FMG the sole right to explore for iron ore within the Tom Price tenement, with any iron ore deposits discovered and developed attracting a royalty of 10 cents/tonne payable to Talisman, capped at A\$2,000,000.

DIAMONDS

Talisman has in place a joint venture agreement with De Beers Exploration (Australia) Ltd giving that company the sole right to explore for diamonds and, in so doing, to earn a 60% equity in any diamond discovery.

Anticline Project (100%) COPPER – ZINC – GOLD - SILVER

This large area of some 600 square kilometres covers all of the western end of the Jeerinah Anticline.

The tenements cover Jeerinah Formation sediments at a similar stratigraphic level to the Wonmunna and Tom Price project areas.

Work completed here by WMC (1967-1975) defined a number of copper-in-soil anomalies (>1000ppm copper) on the northern limb of the anticline. There is no record of these anomalies having been drill evaluated.

Other than the WMC work there is no record of any other relevant previous exploration other than broad spaced stream sediment geochemistry completed by the Geological Survey of Western Australia (GSWA) as part of a regional regolith geochemistry program. This work defined a number of strong gold (to 38ppb), copper (to 206ppm) and zinc (to 638ppm) anomalies. Anomalous bismuth, indium, molybdenum and sulphur were also recorded. The anomalous metal associations led to the conclusion that the area had potential for volcanogenic massive sulphide (VMS) and associated gold mineralisation.

Talisman considers that this largely unexplored area offers good potential for the definition of substantial copper – zinc – gold – silver mineralisation similar to that indicated at Wonmunna.

Exploration activities to be completed by Talisman will initially comprise rock, stream sediment and soil geochemistry in combination with geological mapping to define targets for follow up drilling.

Exploration budgets for years one and two are estimated at \$50,000 and \$64,000 respectively.

IRON ORE

The project area includes the Duck Creek Channel Iron Deposit (CID) with an inferred resource of 50 million tonnes at 55% iron.

The Anticline tenements are the subject of an agreement with Fortescue Metals Group Limited (FMG) entitling FMG to explore for and mine iron ore, with a royalty of 10 cents / tonne of ore mined payable to Talisman, capped at A\$2,000,000.

DIAMONDS

Talisman has in place a joint venture agreement with De Beers Exploration (Australia) Ltd giving that company the sole right to explore for diamonds and, in so doing, to earn a 60% equity in any diamond discovery.

3.3.3 PATERSON OROGEN

Copper Hills (100% - Western Platinum NL earning 70%)

NICKEL - COPPER - PGE

The Copper Hills tenements are the subject of a joint venture whereby Western Platinum NL, a subsidiary of Western Areas NL, has the right to earn a 70% equity in the tenements by sole funding exploration to A\$1M over 3 years.

Work recently completed by Western Platinum, including mapping and completion of a ground gravity survey, has shown what appears to be a previously unknown mafic intrusive complex with a north-south length of approximately 20 kilometres. Approximately 70% of this complex falls within the joint venture area, the remaining southern 30% in a tenement in which Talisman has no interest.

The Company is of the belief that the indicated intrusive complex has potential for the delineation of magmatic nickel – copper – PGE sulphide mineralisation.

Immediately to the south of the project tenements the Copper Hills polymetallic vein is hosted by a northwest trending shear zone cutting the postulated mafic complex and contains bonanza mineralisation up to 31% copper, 35,000g/t silver, 2,300g/t gold, 4,900g/t palladium and 3,400g/t platinum. This shear zone trends into the Talisman tenements and other similarly oriented shear zones are interpreted to cut the complex wholly within the tenements, mostly beneath extensive sand cover.

The Copper Hills occurrence indicates strong, secondary mineralising processes having been active in the area.

Whilst it is possible that Copper Hills-type bonanza veins may occur in the Talisman tenements, the primary focus of the joint venture remains to explore for primary, World-class magmatic nickel-copper-PGE mineralisation associated with the intrusive complex.

All exploration programs and expenditures are the responsibility of Western Platinum NL.

3.4 PROPOSED EXPENDITURE

The proposed exploration expenditure for each of the Company's projects is summarised in Table 1.

Table 1: Proposed Exploration Expenditure

Project	Year 1(\$)	Year 2(\$)	Total(\$)	
Trillbar	421,000	680,000	1,101,000	
Maitland ¹	-	-	-	
Mt James ¹	-	-	-	
Wonmunna	174,000	195,000	369,000	
Tom Price	48,000	128,000	176,000	
Anticline	50,000	64,000	114,000	
Copper Hills	-	-	-	
Totals	693,000	1,067,000	1,760,000	

Note 1: Exploration budgets for Maitland and Mount James to be detailed on grant of the tenements, considered to be imminent.

The above budgets may be varied at the discretion of the Board of Directors, depending upon results of ongoing activities or joint venturing of one or more of the projects.

3.5 TENEMENTS

PROJECT	TENEMENTS (blocks)	AREA	TALISMAN EQUITY	STATUS	EXPIRY
Trillbar	E52/1597 E52/1607 E52/1691	8 6 61	80% ¹ 80% ¹ 80% ¹	Granted 12/01/04 Granted 28/06/04 Application	11/01/09 27/06/09 -
Maitland	E51/1006	34	80%1	Application	-
Mt. James	E52/1685	15	Earning 60% ²	Application	-
Wonmunna	E47/1137	69	100%³	Granted 29/08/02	28/08/07
Tom Price	E47/1136	30	100%4,5	Granted 20/02/03	19/02/08
Anticline	E47/1194 E47/1195 E47/1196	56 70 70	$100\%^{4,5} \\ 100\%^{4,5} \\ 100\%^{4,5}$	Granted 13/12/02 Granted 13/12/02 Granted 13/12/02	12/12/07 12/12/07 12/12/07
Copper Hills	E45/2377 E45/2378	70 70	100% ⁶ 100% ⁶	Granted 31/10/02 Granted 31/10/02	30/10/07 30/10/07
Totals		559 (~1750km²)			

Note 1: Option to purchase 80% from Murchison Resources Pty Ltd.

Note 2: Earning 60% from Giralia Resources NL.

Note 3: Royalty Agreement with Poondano Exploration Pty Ltd - 25c/tonne iron ore produced payable to Talisman.

Note 4: Royalty Agreement with Fortescue Metals Group Ltd - 10c/tonne iron ore produced payable to Talisman.

Note 5: Joint Venture with De Beers (Australia) Exploration Ltd with De Beers having the right to earn up to 60% in any diamond discovery.

Note 6: Joint Venture with Western Platinum NL (WPN) - WPN earning 70%

section 4

Independent Consulting Geologist

BOONJARDING RESOURCES LTD

Geological Consultant Services - Mining & Mineral Exploration

Lot H, Level 7, Wisma Oceanic Jalan OKK Awang Besar 87007 F.T. Labuan East Malaysia Unit 2, 42 John Street North Fremantle W.A. 6159 Australia

12 September 2005

The Directors
Talisman Mining Ltd
47 Colin Street
West Perth 6005
Western Australia

Dear Sirs

INDEPENDENT GEOLOGIST'S REPORT

Boonjarding Resources Ltd ("BRL") has been commissioned by Talisman Mining Ltd ("Talisman" or "the Company") to provide an Independent Geologist's Report on its various mining tenements and mining tenement applications ("mineral properties") located in Western Australia in which the Company has, or is earning, an interest. This report is to be included in a Prospectus to be lodged with the Australian Securities and Investments Commission ("ASIC") on or about the 19th September, 2005, offering for subscription 15,000,000 Ordinary Shares at an issue price of 20 cents per Ordinary Share to raise a total of \$3,000,000 (before costs associated with the issue), with a provision, at the directors' discretion, for over-subscriptions of up to an additional \$500,000. The funds raised will be used for the purpose of exploration and evaluation of the existing mineral properties and identification of new projects.

BRL has based its review of the various mineral properties on information provided by the Company, along with technical reports prepared by Government agencies and previous tenements holders, and other relevant published and unpublished data. A listing of the principal sources of information is included in the Independent Geologist's Report. BRL has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which the Independent Consulting Geologist's Report is based. A final draft of the report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgment.

The mineral properties are understood to consist of 9 granted Exploration Licences and 3 Exploration Licence Applications covering a total combined area of approximately 1,750 square kilometres. All granted mining tenements and mining tenement applications are held by Talisman (100%) with the exception of the tenements constituting the Trillbar and Maitland Projects of which Talisman has the option to purchase 80%, and the Mount James Project which is the subject of a joint venture agreement whereby Talisman can earn 60%. BRL has not been requested to provide a valuation of the mineral properties, nor to comment upon any vendor or promoter considerations to be paid by Talisman. The status of tenements, material agreements relating to tenements, royalties payable on production derived from tenements and native title claims and issues arising therefrom are addressed in the Tenement and Native Title Report located elsewhere in this Prospectus. These matters have not been independently verified by BRL and for these reasons, BRL offers no comment or opinion in the Independent Geologist's Report on any of these matters. The Report has however been prepared by BRL on the assumption that the tenements and tenement applications are in good standing and will prove lawfully accessible for exploration.

The assessment of each of the mineral properties is based upon technical and tenement information provided by Talisman and this information has been accepted by BRL as being true and accurate and that the Company has not retained any material information relevant to the reporting assessment of the mineral properties.

The Independent Geologist's Report has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("The Valmin Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM"), the Australian Institute of Geoscientists ("AIG"), and the rules and guidelines issued by such bodies as the ASIC and Australian Stock Exchange ("ASX"), which pertain to Independent Expert Reports.

The mineral properties, in which the Company has, or is earning, an interest, are considered to be inherently speculative in nature. BRL considers that these Projects have been retained or acquired on the basis of sound technical merit. All of the mineral properties are generally considered to be sufficiently prospective to warrant further exploration and assessment of their economic potential as per the Company's proposed programs.

BRL is of the opinion that the statements made in Section 3, Company and Project Overview, regarding the mineral properties, are not unreasonable.

Exploration and evaluation programs summarised in the Report amount to a total expenditure of approximately \$1.76 million, of which the Company plans to spend approximately \$0.693 million the first year of assessment.

Talisman intends to raise \$3,000,000 (with a provision, at the directors' discretion, for over-subscriptions of up to an additional \$500,000), and at least half the liquid assets held, or funds proposed to be raised by the Company, are understood to be committed to acquisition, exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b).

BRL is satisfied that if the minimum subscription only, that is \$2,500,000, is raised, the Company will have sufficient working capital to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

Talisman has provided reasonably comprehensive work programs and budgets covering the initial two years of exploration. Where proposed exploration strategies have been stated, the proposed programs are considered to be broadly consistent with the potential of the various projects. The corresponding budgets are generally adequate to cover the anticipated costs of the programs. BRL considers that sufficient exploration has been undertaken within the last 2 years, and where this is not the case the relevant areas have sufficient technical merit, to justify the proposed programs and associated expenditure, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Independent Geologist's Report has been prepared on information available up to and including 16th September 2005. BRL has provided consent for the inclusion of the Independent Geologist's Report in the Talisman Prospectus, in the form and context in which the report and those statements appear, and has not withdrawn that consent before lodgment of the Prospectus with the ASIC.

Boonjarding Resources Ltd is an exploration, mining and resource consulting firm, which has been providing services to the international mining and exploration industry since 1998. This report has been compiled by Mr. G. R. Powell, who is a professional geologist with 20 years experience in mineral exploration, development and mining, and evaluation of mineral properties within Australia and South East Asia. Mr. Powell is a Member of the AusIMM and the AIG, and has the appropriate relevant qualifications, experience, competence and independence to be considered an "Expert" under definitions provided in the Valmin Code.

Neither Boonjarding Resources Ltd, nor the author of this report, have or have previously had, any material interest in Talisman Mining Ltd or the mineral properties in which the Company has an interest. The relationship with Talisman Mining Ltd is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report.

Yours faithfully

BOONJARDING RESOURCES LTD

my Ramell

Gary R Powell

BAppSc(Geol), MAusIMM, MAIG

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1. INTRODUCTION

Talisman Mining Ltd ("Talisman") has assembled a portfolio of 7 mineral exploration properties, comprising the Trillbar, Maitland, Mount James, Wonmunna, Tom Price, Anticline and Copper Hills Projects. The Projects comprise numerous granted mining tenements and mining tenement applications, which collectively cover an aggregate area of approximately 1750 square kilometres in various Proterozoic and Archaean Terranes in the Pilbara and Gascoyne Regions of Western Australia (Figure 1).

PROJECT LOCATION MAP

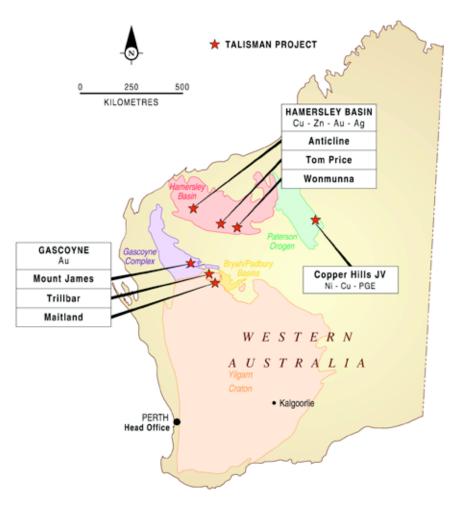


FIGURE 1

Talisman's mineral properties all cover terranes prospective for precious and/or base-metal mineralisation with the majority of them having undergone only limited exploration activities in the past thirty-five years. In addition, there have been recent advances, particularly in the last ten years that have seen sometimes significant changes in interpretation by academics and industry geoscientists (including institutions such as the Geological Survey of Western Australia (GSWA)), of the geology and mineralisation potential of various regions within

Western Australia, particularly in the more remote regions. It is some of these regions that contain Talisman's mineral properties.

It is considered that Talisman has acquired the mineral properties on the basis of sound technical merit. In addition, each of the projects has known indications of the presence of mineralisation systems and therefore provide an opportunity for the discovery and exploitation of significant gold and/or base-metal resources.

Talisman intends to rapidly evaluate each property via sensible low-cost exploration with the objective of retaining only those that demonstrate early potential.

Talisman has provided comprehensive work programs and budgets covering the initial two years of exploration on each of the Project areas, other than those projects for which tenements have not yet been granted and those being funded by joint venture partners. Proposed exploration strategies have been devised and the programs are considered to be broadly consistent with the potential of the various projects. The corresponding budgets total some \$693,000 and \$1,067,000 for the first two years respectively, and are considered to be adequate to cover the anticipated costs of the programs.

2. GASCOYNE GOLD PROJECTS

Talisman has the right to purchase or earn majority equity in three gold projects in the Gascoyne Region, Western Australia. These projects comprise substantially different geological terranes in close proximity, all with demonstrated potential for the definition and development of substantial gold resources (Figure 2).

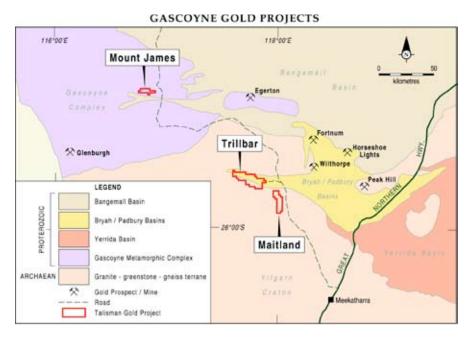


FIGURE 2

2.1 TRILLBAR PROJECT

The Trillbar Project is located approximately 140 kilometres northwest of Meekatharra, in the Peak Hill Mineral Field (Figure 3). The project comprises two granted Exploration Licences (52/1597 & 52/1607), and one Exploration Licence Application (52/1691). In total the Project encompasses an area of 75 sub-blocks (approximately 235 km²).

The Project is subject of a Purchase and Joint Venture Agreement between Murchison Resources Pty Ltd ("Murchison Resources") and Talisman. Talisman may purchase 80% equity in the Project and Murchison Resources will hold 20% equity on a 'free carried' basis up to a decision to mine. A description of the Joint Venture Agreement is situated in the "Solicitor's Report on Mining Tenements", located elsewhere in this Prospectus.

The Trillbar Project includes the Boundary gold deposit, which includes previously reported Indicated and Inferred Resources totalling some 314,000 tonnes at an average grade of 2.2 g/t Au.

The Trillbar Project is accessed from Perth via the sealed Great Northern Highway to 10km north of Meekatharra, then 120km via the formed, unsealed Mt. Seabrook Road to Trillbar Station and the Mt. Seabrook Talc Mine, which is centrally located in an excised area of the Project area, then via numerous station tracks throughout the Project area.

Topography is varied with the eastern part of the Project area consisting of low, undulating, E-W ridges of outcrop, with extensive alluvial out-wash plains to the south. The western portion of the Project area is more rugged, with prominent ranges of quartz-mica schists around the historical Livingstone's Find gold workings. Well developed dendritic drainages cut through the Project area and drain southwards towards the Murchison River.

2.1.1 REGIONAL GEOLOGY AND MINERALISATION

The Trillbar Project is situated within the Trillbar Belt, the western-most part of the Palaeoproterozoic Bryah and Padbury Basins (part of the formerly termed 'Glengarry Basin'). The Bryah-Padbury Basins formed during the Capricorn Orogen, a collision between the Archaean Yilgarn and Pilbara Cratons. The Bryah Basin, a 'rift basin', is thought to have formed during back-arc sea floor spreading and rifting on the northern margin of the Yilgarn Craton. The rocks of the Bryah Basin comprise a succession of mafic and ultramafic rocks of mid-oceanic ridge basalt to oceanic plateau affinity, overlain by clastic and chemical sediments. The Padbury Basin, a 'foreland basin', contains a succession of clastic and sedimentary rocks overlying the rocks of the Bryah Basin.

Cainozoic units in the region comprise regolith material in sheetwash, lateritic soils, colluvium, and scree. Active drainage systems contain unconsolidated alluvial sediment locally spilling out into floodplains. Remnant lateritic duricrust has sometimes been encountered in drilling. Claypans and calcrete are well developed along the Murchison and some of its tributaries.

The southern margin of the Trillbar Belt is defined by a probable deformed Archaean-Proterozoic unconformity with the northern margin of the Archaean Yilgarn Craton. The northern margin of the Trillbar Belt overlies and is in fault contact with the Late Archaean Yarlarweelor gneiss complex of the Narryer Terrane. Pervasive deformation of the Bryah-Padbury Basins most likely occurred during the Capricorn Orogen resulting in extensive folding and faulting of the Formations. Major fold structures in the Bryah and Padbury Basins formed as a result of at least four stages of deformation during the Capricorn Orogeny. One of the major faults occurring within the Bryah-Padbury Basin is the WNW-ESE trending Coolinbar-Fortnum Fault, which appears to be spatially related to the majority of the gold deposits within the Fortnum and Labouchere mining camps.

Within the Trillbar Belt the informally named Boundary Fault System has a similar orientation and spatial association with gold mineralisation.

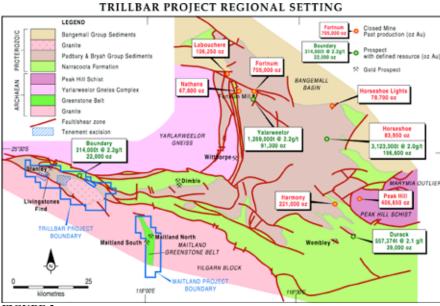


FIGURE 3

Metamorphism varies throughout the Bryah-Padbury Basin, although the Bryah and Padbury Groups rarely exceed greenschist facies, with the Trillbar Belt predominantly in the midupper greenschist facies. The faulted contact zones of the Basins rocks with the surrounding provinces often exhibit metamorphic grade assemblages ranging from upper greenschist to lower amphibolite facies. In some locations, the rock units on the southern margin of the Trillbar Belt have been described as exhibiting mylonitic fabrics.

The mineral resources of the Palaeoproterozoic Bryah-Padbury Basin are considerable given the relatively small area and the amount of exploration carried out in comparison to other well-known mineralised provinces. Mineralisations within the Bryah and Padbury Basins comprise gold, copper, manganese, iron ore, talc and silver.

Gold deposits are typically mesothermal gold lodes with the major deposits predominantly restricted to either the Peak Hill Schist (Peak Hill gold deposit) or associated with the rock units of the Narracoota Formation and its contacts with adjacent formations of the Bryah Group (Harmony mine) and Padbury Group (Labouchere, Horseshoe, Fortnum mines (Figure 3)). Other styles of mineralisation include volcanogenic massive sulphides (VMS) coppergold (e.g. Horseshoe Lights), supergene-enriched manganese (e.g. Ravelstone), Banded Iron Formation (BIF) iron ore and talc in metasomatised dolomitic rocks (e.g. Mt. Seabrook).

2.1.2 PROJECT GEOLOGY

The Trillbar Project is dominated by WNW-trending, fault-bounded rocks of the Trillbar Belt, comprising deformed rocks of the Bryah and Padbury Groups, which have been intruded by an ovoid Proterozoic granitoid in the southeastern portion of the area (Figure 4). Within the Project area, the Bryah Group rocks comprise mafic and ultramafic sequences of the Narracoota Formation, which is in fault contact along its southern margin with overlying metasediments (marble, chert, quartz-chlorite schist and quartz-sericite schist) of the Padbury Group.

The eastern and western margins of the Trillbar Belt are not well defined due to the presence of surficial cover and paucity of outcrop.

The rock sequences within the Trillbar Belt comprise a mixed schist-quartzite unit as the basal unit in the south, passing northwards up through a marble-chert-BIF-talc unit (Mt Seabrook talc deposit and other talc occurrences) to a quartz-sericite schist with minor cherts (Livingstone's Find gold workings) and finally mafic and ultramafic schists of the Narracoota Formation (Boundary gold deposit)

The Bryah and Padbury Group rocks have been folded predominantly into a WNW-trending tight synform, the Livingstone Synform, modified by cross-cutting, NW and NE-trending faults. The faulted, unconformable contact between the Narracoota Formation and Padbury Group metasediments is thought to pre-date both folding of the rock units and gold mineralisation.

Metamorphic grade is predominantly mid-upper greenschist facies, increasing somewhat in zones proximal to the margins of the Proterozoic granitoid intrusions.

2.1.3 HISTORICAL MINING

Since 1985, the Bryah-Padbury Basins have been a significant gold producer with three gold ore processing plants having been established at Labouchere, Fortnum and Peak Hill. A combined total of approximately 1.67 million ounces of gold has been produced from these three gold mining camps. The Horseshoe Lights copper operation was primarily a copper ore processing plant, which has recovered approximately 78,700 ounces of gold as a by-product of its operations.

The Trillbar Project area is situated within the Mount Seabrook Mining Centre, which has had a historical recorded production of 38.5kg (1,238 oz) of gold from 1,700 tonnes of ore. Historical workings are mainly restricted to shallow shafts, small pits and diggings at the Livingstone Find group of workings.

2.1.4 PREVIOUS EXPLORATION

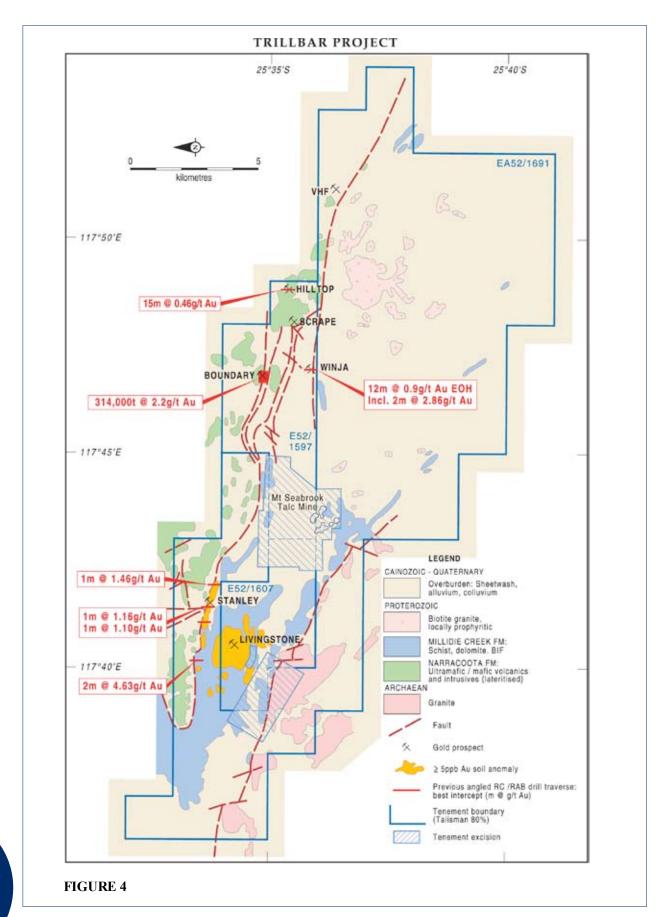
The area encompassing the Project has been subject to exploration since the 1960s by various companies for a variety of commodities, including uranium, nickel-copper, base-metals, gold and talc.

Exploration for gold, base-metals and/or nickel-copper mineralisation has been carried out by such companies as Australasian Minerals Incorporated–Carpentaria Exploration Corporation joint venture (Ni-Cu; 1969), Carpentaria (Ni; 1971-72), Astro Mining NL—Balmoral Resources NL joint venture (Au and base-metals; 1986-89), Endeavour Resources Ltd ("Endeavour") (Au; 1986), Western Mining Corporation Ltd ("WMC") (Au; 1986-91), Nobel Mining Ltd (Au; 1987), Perilya Mines NL (Au; 1988+1993), WMC–Kalgoorlie Southern Gold Mines Ltd–Sons of Gwalia Ltd ("SOG") joint venture (Au; 1990-93) and Livingstone Resources NL ("Livingstone") (Au; 1996-98).

Exploration for talc and/or uranium was carried out by Westside Mines NL (talc/U; 1969-85), WMC (talc; 1970-83) and Uranerz (Australia) Pty Ltd (U; 1978-80).

Exploration by Endeavour during 1986 was focused on the area encompassing the historical Livingstone's Find gold workings, and included 2,850 metres of relatively shallow RAB drilling. Drilling targeted three lines of gold workings as well a prominent chert horizon to the north of the workings..

Between 1986 and 1991, WMC carried out geological mapping, soil geochemistry and RC drilling, targeting gold and talc mineralisation. A regional soil geochemistry survey on 400m x 100m grid spacing culminated in the delineation of several areas of gold-in-soil anomalies, namely the Livingstone's Find, Boundary and Stanley prospects. Follow up sampling on 100m x 40m grid spacing was carried out at each of the three prospect areas. WMC subsequently RC drilled the Boundary prospect to vertical depths of about 50 metres. A preliminary resource estimate by WMC resulted in the reporting of an Inferred Resource of 400,000 tonnes @ 2.5 g/t Au. Ground magnetic, TEM and IP surveys were completed over the Boundary prospect to assist in geological interpretation.



Subsequent infill drilling of the Boundary prospect by SOG resulted in a re-interpretation and the reporting of an inferred resource at 226,000 tonnes @ 2.84g/t Au at a low cut-off grade of 1g/t Au.

During 1986-1991 a single traverse of angled RC drillholes completed at Winja (previously Yarlarweelor) by WMC whilst exploring for talc mineralisation included several gold intercepts up to 12m @ 0.9g/t gold (including 2m @ 2.86g/t gold) at end of hole.A program of shallow RAB drilling completed by SOG in 1990-1993 defined coherent gold anomalism over 2.4 kilometres and 1.7 kilometres of strike at Hilltop and VHF respectively. Limited follow up angled RAB and RC drilling at Hilltop returned a best intercept of 15m @ 0.46g/t gold. Similarly limited angled RAB drilling at VHF failed to report any significant drill intercepts.

During 1996-97, Livingstone carried out further exploration work at the Boundary and Livingstone's Find prospects, including rock-chip, soil and stream sampling. At the Boundary prospect, soil sampling on 25m x 50m and 80m x 80m grid spacings defined a coherent, >1g/t gold-in-soil anomaly located over a strike length of 240 metres to the east of the main resource area. Additional RC drilling (4,200 metres) was then carried out to test the anomaly and to infill previous drilling at the western end of the resource.

2.1.5 MINERALISATION & EXPLORATION POTENTIAL

There are several prospects at various stages of exploration. The most advanced of which is the Boundary Prospect.

Boundary

Hosted by mafic and ultramafic schists of the Narracoota Formation, the Boundary gold deposit is situated immediately adjacent to a major west to west-northwesterly trending layer-parallel fault, part of the Boundary Fault System, which appears to have a close spatial relationship with the Boundary gold deposit as well as several other anomalous gold occurrences located over in excess of 25 kilometres of strike length within the Trillbar Project tenements.

Following the initial discovery of the gold in soil anomalism and subsequent drilling by WMC during their 1986-91 exploration campaign, the prospect has been further drill defined by SOG and Livingstone up until 1997 (Table 1).

The mineralisation has been described as being a series of stacked, predominantly steeply north-dipping limonite veins in weathered schist over a strike length of approximately 450 metres. Observations by previous explorers of samples from deeper drilling of the mineralisation beneath the base of oxidation (60-90 metres depth) indicate that these limonitic veins are the weathered manifestation of quartz-carbonate-pyrite veins found in fresh rock. The gold mineralisation remains open to the east and west.

Various resource estimations have been calculated for the Boundary gold deposit. The latest resource estimate was completed during 1997, when Livingstone contracted an independent consulting geologist to carry out resource estimation work. Livingstone's 1998 Annual Report reported that at a low cut-off grade of 0.6g/t Au and high cut-off grade of 17g/t Au, a total combined measured, indicated and inferred resource of 314,000 tonnes @ 2.21g/t Au was calculated using the polygonal method and bulk densities of 2.5t/m³ and 2.8t/m³ for oxidised and primary ores respectively. The bulk density factors were derived from RC drill chips and it was reported that rock porosity was not accounted for. It was also reported that using the same methodology, but at a low cut-off grade of 1.0g/t Au and a high cut-off grade of 17g/t Au, the total combined measured, indicated and inferred resource was calculated at 216,000 tonnes @ 2.86g/t Au.

Table 1: Boundary Prospect – Selected Drill Intercepts (1986-97)

HoleID	Northing	Easting	Azimuth	Dip	From	То	metres	g/t Au
MSEC151	7170560	578400	180°	-60°	14	30	16	2.47
MSEC223	7170565	578500	180°	-60°	2	16	14	3.49
			and		20	30	10	2.96
MSEC228	7170560	578300	180°	-60°	15	21	6	5.06
TRR02	7170595	578380	180°	-60°	11	17	6	7.2
BRC18	7170580	578460	180°	-60°	24	34	10	3.6
			including		29	33	4	8.3
BRC21	7170640	578460	180°	-60°	66	67	1	16.5
BRC37	7170540	578460	180°	-60°	3	8	5	20.8

Note: Above holes drilled by WMC (prefixed MSEC), SOG (prefixed TRR), and Livingstone (prefixed BRC). Coordinates are in AMG84 grid and are approximate only.

Preliminary metallurgical test work, initiated by Livingstone in 1997, was undertaken on select intervals of RC drill chips from the Boundary deposit. It was found that the oxide material from the Boundary deposit achieved recoveries of 90-92% on grades of 2-3g/t Au. Reagent consumptions were considered to be acceptable.

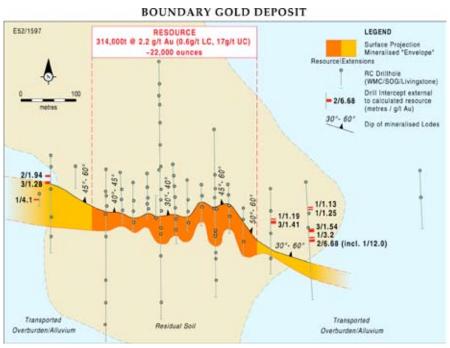


FIGURE 5

In 2000, a review of the resource was carried out by another independent consulting geologist for the Templar Resources Ltd ("Templar") prospectus. The consultant reportedly carried out a partial audit of the >1g/t Au part of the resource by reviewing the drilling and assay data from two drill sections. The data quality for the more recent drill-holes on both sections were found to be satisfactory although data from previous explorers (WMC and SOG) was not able to be examined. It was also reported that sampling of the drilling in areas of high water flows

was often poor and that no gold recovery factor was used. The consultant then reviewed the resource estimate in accordance with the JORC Code to report that his opinion was that the resource should be reclassified such that at a low cut-off grade of 0.6g/t Au and high cut-off grade of 17g/t Au, the total combined indicated and inferred resource is 314,000 tonnes @ 2.2g/t Au.

The writer has not undertaken any audit, validation or recalculation of the Boundary resource estimates, and given that an independent consulting geological group has reported the latest resource estimate as being calculated in accordance with the guidelines of the JORC Code, it is considered that the resource estimates reported in Templar's 2000 Prospectus are not unreasonable. The writer does however consider that the bulk density factors used in the resource estimation work are possibly greater than might be reasonably expected.

It is significant to note that previous resource estimates have only been calculated over the most intensively drilled central 300 metres of strike, although additional drill traverses to both east and west reported significant gold intercepts to a total of 450 metres of strike (Figure 5). The mineralisation remains open to both the east and west and at depth below 50 metres.

The soil sampling programs of WMC, SOG and Livingstone have delineated areas which remain untested and provide the potential to substantially increase the resource base at the Boundary prospect. For example, there are several high soil geochemical results obtained from an area 150 metres to the south of the main Boundary resource area. Limited drilling by WMC in this area encountered anomalous gold mineralisation with intercepts greater than 0.5g/t Au. Further work is warranted in the Boundary prospect area to delineate additional resources.

Hilltop

Situated 3 kilometre along strike to the east from Boundary, the Hilltop prospect was previously defined by shallow RAB drilling completed by SOG. Samples of saprolite collected from end of hole defined anomalism of >10ppb gold over a strike length of 2.4 kilometres. Vein outcrops reported assays to 2.45g/t gold. Follow up wide-spaced, shallow, angled RAB drill traverses reported drill intercepts to 15m @ 0.46g/t gold.

Further follow up drilling is warranted.

VHF

Situated 3.4 kilometre along strike to the east from Hilltop, the VHF prospect was previously defined by shallow RAB drilling completed by SOG. Samples of saprolite collected from end of hole defined anomalism of >10ppb gold over a strike length of 1.7 kilometres. Vein outcrops reported assays to 0.56g/t gold. Follow up wide-spaced, shallow, angled RAB drill traverses returned only low-grade intercepts.

Further follow up drilling is warranted.

Winja

A single angled RC drill traverse completed by WMC during reconnaissance exploration for talc mineralisation returned a best intercept of 12m @ 0.9g/t gold at end of hole (including 2m @ 2.86g/t gold) beneath transported cover. Follow up drilling was completed but not assayed.

Drill evaluation of this prospect is warranted.

Scrape

Sampling by Talisman of laterite exposed in a small bulldozer scrape returned an assay of 0.1g/t gold. This anomaly occurs in an area largely obscured by transported overburden, overlying Narracoota Volcanics, and from available aeromagnetic data, is interpreted to be proximal to the intersection of a major, west-northwest trending layer-parallel shear of the Boundary Fault System with a cross-cutting east-northeast trending fault.

Stanley

The Stanley group of gold-in-soil geochemical anomalies are located in the western part of the project area and occur discontinuously over a strike length of approximately 4.5 kilometres (Figure 6). The anomalies are situated adjacent to and parallel to the faulted contact between the Narracoota Formation and overlying metasediments. The position of these anomalies is similar to that of the Boundary gold deposit, 7 kilometres along strike to the east-southeast.

In 1988, SOG drilled four widely spaced RC drill traverses across portions of the Stanley soil anomalies. All four traverses recorded broad drill intercepts of anomalous (0.1-0.5g/t Au) mineralisation with three returning results greater than 1g/t Au. A best intercept of 2m @ 4.63g/t Au was obtained from the western-most traverse. Several gold-in-soil anomalies remained untested and no follow up work has been reported by subsequent explorers.

Results from this area so far indicate the potential for the delineation of Boundary-type gold mineralisation. In addition, approximately 7 kilometres of the prospective corridor located between Boundary and Stanley is predominantly soil covered and much of it beneath transported cover. Thus the Boundary-Stanley corridor warrants exploring for repetitions of Boundary-type gold mineralisation.

Livingstone's Find

The historical Livingstone's Find and peripheral gold workings are situated approximately 1.5 to 2 kilometres to the south of the Stanley prospect area. The workings appear to have exploited WNW-NW trending, quartz-veined shears in schists of the Padbury Group metasediments. The Livingstone's Find workings are one of the main groups of historical gold workings in the area. Historical gold production was of 38.5kg (1,238 oz) of gold from 1.700 tonnes of ore.

In 1986, Endeavour completed 100 drill-holes (2,850m) targeting gold mineralisation beneath the main group of workings. Thirteen holes returned results greater than 1g/t Au with best results of 2m @ 18g/t Au (at end of hole LR58) and 6m @ 4.5g/t Au (hole LR51). Many of the holes were reportedly terminated prior to attaining target depths and a number appear to have been poorly sited.

The results obtained by WMC during their subsequent regional soil sampling program defined a large area of gold-in-soil anomalism (>5ppb Au) centred on the main Livingstone's Find workings and extending 2 kilometres to the ESE and WNW and 1 kilometre to NNE and SSW. The 5ppb Au contours appear to be orientated and influenced by a WNW-ESE trend, subparallel to the main lithological trends and the Boundary Fault System to the north. WMC did not conduct any follow up of these areas as the area was under option to a third party. No further work has been carried out in Livingstone's Find prospect area since.

Although several of the more prominent gold-in-soil anomalies are clearly associated with the old workings, a number have no obvious association with workings and may indicate previously undiscovered high-grade reefs (Figure 6).

The Livingstone's Find workings and surrounding area remain under-explored, particularly by drilling, and therefore warrant further work to identify gold mineralisation similar to that exploited historically at Livingstone's Find.

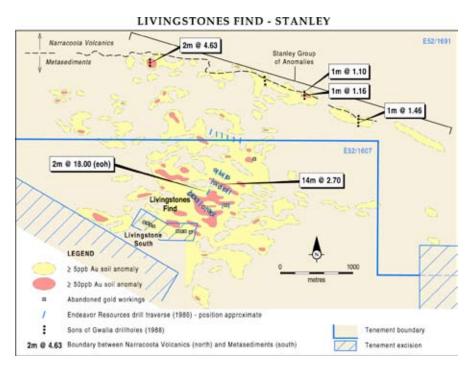


FIGURE 6

General

The recent successes in the Fortnum area by Perilya and more recently by Gleneagle Gold Ltd ("Gleneagle"), and the presence of stratigraphically equivalent lithologies and major WNW-ESE structures, the Boundary Fault System, similar to those found within the well mineralised Fortnum and Peak Hill areas, suggests that the Trillbar Project has good potential for the discovery of additional gold resources with mineralisation styles similar to the Boundary gold deposit and those deposits located elsewhere in the Peak Hill district.

The Boundary Fault System has over 25 kilometres of strike mostly untested for mineralisation. At all localities where this structural system has been drill tested (Boundary, Hilltop, VHF, Winja, Stanley), anomalous to ore-grade gold mineralisation has been intercepted.

2.1.6 EXPLORATION STRATEGY

Talisman has provided comprehensive programs and budgets for the initial two years of exploration.

During the first year Talisman intends to focus on expansion of the resource base at the Boundary deposit. This will comprise predominantly close-spaced RC drilling with limited diamond drilling and wider spaced RC and RAB reconnaissance drilling along the projected strike of the zone of gold mineralisation. Additionally, first pass traverses of RC drilling will be completed at Scrape and RAB drilling at Winja. Soil geochemistry and aeromagnetic interpretation will also be completed in the first year.

Exploration in the second year will continue to focus on expanding the resource base and following up the successes of the first year's exploration.

BRL considers that the proposed exploration programs are generally consistent with the status and mineral potential of the Trillbar Project and will meet the Company's stated objectives.

Talisman has also provided comprehensive budgets, covering the initial two years of exploration, to complement the proposed programs (Section 5: Exploration Budgets).

The budgeted expenditure of \$421,000 and \$680,000 on the Trillbar Project in Years 1 and 2 respectively is considered adequate to cover the cost of the proposed programs.

2.2 MAITLAND PROJECT

The Maitland Project is located approximately 110 kilometres NW of Meekatharra and 20 kilometres SE of the Trillbar Project area, in the Murchison Province of Western Australia (Figure 7). The project comprises a single Exploration Licence Application (51/1006), encompassing an area of approximately 105 km² (34 sub-blocks).

The Maitland Project is subject of a Purchase and Joint Venture Agreement, between Murchison Resources Pty Ltd ("Murchison Resources") and Talisman. Talisman may purchase 80% equity in the Project and Murchison Resources will hold 20% equity on a 'free carried' basis up to a decision to mine. A description of the Joint Venture Agreement is situated in the "Solicitor's Report on Mining Tenements", located elsewhere in this Prospectus.

The Project area is accessed from Perth via the sealed Great Northern Highway to 10km north of Meekatharra, then 100km to the northwest via the formed, unsealed Mt. Seabrook Road to immediately south of the Murchison River, which traverses across the northern part of the Project area, then west and southwest via several station tracks through the Project area.

Well developed dendritic drainages cut through the Project area and drain northwards towards the Murchison River at the northern end of the tenement and southwards at the southern half of the tenement.

2.2.1 REGIONAL GEOLOGY AND MINERALISATION

The Mount Maitland Greenstone Belt is situated at the northern margin of the Murchison Terrane of the Yilgarn Craton and as such is the northern-most greenstone belt of this terrane. The north to north-northwest trending greenstone belt is terminated to the north by the Murchison Tectonic Lineament and to the south by a similarly east-west trending regional fault, the Mount Maitland Fault. Entirely enclosed within granite and granitic gneiss, the greenstone belt is situated close to the eastern contact of the older Narryer Terrane with the Murchison Terrane.

Previously designated as part of the Narryer Terrane, the Mount Maitland Greenstone Belt is now recognised as part of the younger and lower metamorphic grade Murchison Terrane. Notwithstanding, the Mount Maitland Greenstone Belt remains one of the most poorly researched, and explored, greenstone belts in the Murchison Province, indeed in the entire Yilgarn Craton.

The position of the Mount Maitland Greenstone Belt in the Murchison Terrane would indicate that the supracrustal rocks comprising the belt are of the Murchison Supergroup. More specifically, the greenstone rocks are probably of the Luke Creek Group and, given the association of mafic and ultramafic volcanics and intrusives, felsic schist and BIF, probably of the Golconda Formation.

It is significant to note that of the gold production from the various gold camps of the Murchison Terrane, approximately 90% was derived from deposits hosted within rocks of the Luke Creek Group. Furthermore, a number of these deposits are intimately associated with BIF of the Golconda Formation. This includes the stratiform BIF-hosted deposits of Mount Magnet which bear many similarities to Talisman's Mudawerrie BIF.

2.2.2 PROJECT GEOLOGY

The Maitland Project encompasses the majority of the Mount Maitland Greenstone Belt, which is situated at the northern margin of the Archaean Yilgarn Craton. The northernmost part of the Project area comprises the northern unconformity contact with the tectonically juxtaposed Gascoyne Province - Palaeoproterozoic Bryah/Padbury Basins, which approximately coincides with a major WNW-trending lineament, the Murchison Tectonic Lineament.

The Mount Maitland Greenstone Belt comprises a 3 kilometre thick succession of interlayered ultramafic and mafic volcanics and intrusives, and felsic volcanic rocks with several intercalated sedimentary rocks and BIFs. The sequence has been folded, the Mt Maitland Synformal structure, and regionally metamorphosed to upper-greenschist/midamphibolite grade. Extensive Proterozoic dolerite dykes traverse the project area together with a number of irregular masses, possibly remnants of a dolerite sill.

All of the lithologies within the greenstone sequence have undergone variably intense ductile deformation associated with a regional splay structure off the Murchison Tectonic Lineament. This splay structure traverses the entire length of the project's tenements, and this deformation is responsible for the near-mylonitic ductile shear fabrics observed in many of the lithologies. Pervasive quartz vein development appears to be concentrated along this splay structure.

The central half of the tenement comprises outcrop and subcropping basement with the northern and southern parts comprising alluvial and colluvial cover.

2.2.3 HISTORICAL MINING

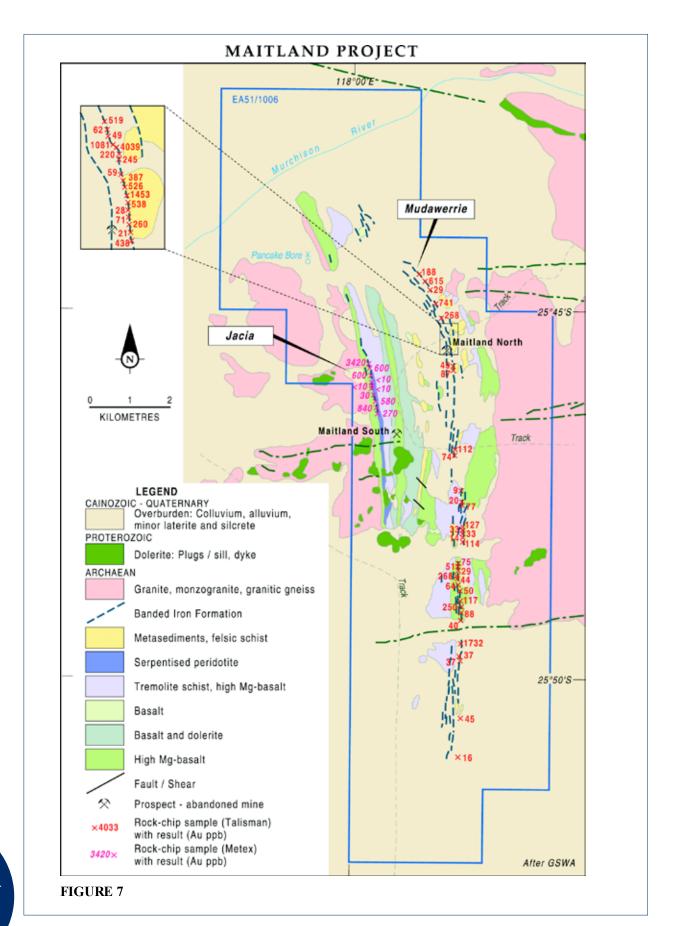
Although the Mt Maitland area has been intermittently mined on a small scale since 1897, historical gold production has only been reported since 1933 with some 10kg of gold being recovered from 517 tonnes of ore at an average grade of 19.3g/t Au. Historical gold workings are restricted to small pits and diggings, predominantly at two localities, Maitland South and Maitland North. At Maitland North, gold mineralisation is hosted by a laminated quartz vein within a deformed BIF. The workings occur over a strike length of 120 metres, with stoping appearing to have occurred over a strike of only 40 metres. At Maitland South similar shallow gold workings occur over a strike of approximately 400 metres.

2.2.4 PREVIOUS EXPLORATION

From 1969 to 1980, limited exploration was carried out for base metal mineralisation. In 1971 Day Dawn Minerals NL reported that quartz stringers were observed along the schistosity of the greenstones containing some pyrite, chalcopyrite and gold. Reporting from this period is minimal and with no significant results.

During 1983-84, Jacia Natural Resource Consultants ("Jacia") carried out reconnaissance rock-chip sampling and mapping within two prospecting licences located to the W and NE of Mt Maitland respectively. Anomalous precious and base metal gossans were delineated to the north of the Maitland South gold workings at the Jacia Prospect. Geochemically anomalous gossanous quartz vein float was delineated over a strike length of 1,800 metres in an area of poor outcrop. Rock-chip samples returned results up to 3.06g/t Au, 1.55% Cu, 290g/t Ag and 5.5% Pb. Rock-chip samples from the Maitland North workings returned values up to 26g/t Au from a ferruginous quartz vein.

From 1986 to 1989, the area was mostly explored by Pancontinental Mining Ltd ("Pancon"). Exploration activities included stream, soil and rock-chip sampling, geological mapping and petrology. Four RC drill-holes were completed to test beneath the Maitland North workings where channel sampling across the quartz vein returned 2.5m @ 22.7g/t Au. Results were not considered significant. Stream sediment BLEG anomalies located along strike from the workings were not followed up.



During 1989, North Coolgardie Resources NL (NCR) completed 271 metres of RAB drilling at Maitland North with little success. Follow up stream sediment sampling of the Pancon anomalies did not repeat the formers results. Channel sampling of the Maitland South workings returned results of up to 53.4g/t Au but were not followed up. The area was then joint-ventured to Ashton Gold (W.A.) Ltd ("Ashton"). From 1991 to 1993, Ashton carried out a soil geochemistry survey over an area 6.5 kilometres in length covering the Pancontinental stream sediment anomalies. Results were reported as showing a sporadic gold distribution, although with a possible NNE trend. No further work was carried out and Ashton withdrew from the JV.

In 1993, Metex Resources NL entered into a joint venture with NCR and carried out geological mapping, soil and stream sampling. Stream sites sampled by PanCon were resampled and returned values significantly greater than previously reported. Follow-up soil sampling outlined a 800m x 250m gold-in-soil anomaly near to the Maitland North workings. Subsequent limited RAB drilling of the anomalies failed to intersect any significant results. Although rock-chip sampling of a mafic-ultramafic sequence at the Jacia Prospect, west of Mt Maitland, returned best results of 3.42g/t Au, 1.18% Cu and 8.99% Pb, no follow-up work was undertaken.

Murchison Resources Pty Ltd acquired the area in 1997 and subsequently in 1998, Livingstone entered into an option agreement. Livingstone carried out mapping and soil sampling on 200m x 500m and 200m x 250m grid spacings over the western portion of the current tenement area. A total of 313 samples were assayed for Au, Cr, Ni, As, Sb and Pt but did not include Ag, Cu, Pb, Zn. A gold-in-soil anomaly (750m x 300m) was defined around the Maitland South workings with a best result of 380ppb Au. A nickel anomaly (3,500m x 500m) was also outlined, overlapping the gold anomaly and most likely representing the presence of a lateritised ultramafic sequence. Rock-chip sampling over a strike length of 2,000 metres at the Jacia Prospect returned a best result of 8.2g/t Au from twenty samples.

Although many explorers recommended further work in the area encompassing the Maitland South workings and Jacia Prospect, little follow-up work has been undertaken.

2.2.5 MINERALISATION & EXPLORATION POTENTIAL

Several prospect areas, including the Mudawerrie BIF recently discovered by Talisman, warrant evaluation.

Mudawerrie BIF

The Mudawerrie BIF, overlooked by previous explorers, was recently located by Talisman in the course of reconnaissance prospecting and rock sampling. Follow up outcrop sampling has subsequently defined anomalous gold over 12 kilometres of strike with results of 50 samples from 9ppb to 4.04g/t gold at an average of 310ppb gold. Limited analyses for other metals has also shown strongly anomalous copper to 0.16%, platinum + palladium to 0.19g/t, silver to 2.5g/t, molybdenum to 245ppm, and arsenic to 383ppm.

The BIF, up to 15 metres thick, is the eastern-most of a series of BIF's variably interlayered with felsic, mafic and ultramafic rocks. The BIF is usually gossanous in outcrop, representing the weathered surface expression of a sulphidised BIF.

The indicated mineralisation appears to be of the BIF-hosted or Homestake-type gold mineralisation. Examples of this type of mineralisation include the namesake Homestake mine in the U.S.A. which produced approximately 40M ounces of gold over a 120 year mine life and, elsewhere in Western Australia, the Hill 50 – Mount Magnet series of deposits which have produced approximately 2M ounces of gold.

If the mineralisation is, as indicated, of the Homestake-type then mineralisation would be expected to occur concentrated in high-grade ore-shoots in the BIF adjacent to cross-cutting faults or fractures. Numerous such cross-cutting faults of small displacement traverse the

Mudawerrie BIF in a northeast direction (similar ore-controlling cross-cutting faults at Hill 50 – Mount Magnet are known as 'Boogardie Breaks').

Nowhere are the immediate wallrocks to the mineralised BIF exposed and it is possible that such wallrocks may also be mineralised as is the case with other examples of Homestake-type mineralisation.

No evaluation of the Mudawerrie BIF has been completed to date other than the reconnaissance outcrop sampling completed by Talisman.

The Mudawerrie BIF presents a promising opportunity for the delineation of substantial gold resources and warrants careful evaluation.

Jacia

Jacia's gossanous area located to the NW of Mt Maitland Comprises gold-silver-copper-lead mineralisation along the eastern flank of the Mt Maitland Greenstone belt and typically outcrops as a malachite stained quartz vein within a chalcedonic-limonitic gossan, up to 2 metres wide, with boxwork textures in mafic to ultramafic rocks proximal to felsic outcrop. The Jacia gossanous quartz-vein zone is traceable, albeit discontinuously, from about 400-500 metres to the NW of the Maitland South workings, for over 1,800 metres in a NNW direction, before disappearing beneath surficial cover material. Previous sampling of the quartz vein zone returned northwards-increasing grades of Au, Ag, Cu and Pb, with the northern-most samples returning the best results. Maximum values reported by previous explorers were, from different samples, 8.2g/t gold, 290g/t silver, 1.55% copper and 8.99% lead.

It is possible that the Jacia mineralisation represents a western fold repetition of the Mudawerrie BIF, albeit with higher surface oxide contents of base-metals.

Drill evaluation off the Jacia gossanous vein system is warranted to evaluate the potential for high-grade gold \pm base-metals and silver mineralisation.

Maitland South

The Maitland South group of historical gold workings are situated near the western margin of the greenstone belt and comprise a northerly trending line of shallow shafts and pits over a strike length of about 400 metres. Gold mineralisation is hosted by laminated quartz veins within a sheared basaltic unit. Previous exploration has been limited to relatively broad-spaced soil sampling and rock-chip sampling of quartz veins exposed in the old workings. No follow-up work has been carried on the gold-in-soil anomalous zone delineated by Livingstone over the old workings. Channel sampling of quartz vein material returned best results of 0.75m @ 61.8g/t Au. The limited exploration activity and results obtained to date warrant further investigation of the potential for bulk-mineable and high-grade gold mineralisation.

Maitland North

Although limited previous drilling has not produced significant results it is apparent that a number of these drillholes had been poorly sited and significant potential remains for the delineation of significant high-grade gold mineralisation.

Nickel

It is considered that suitable ultramafic volcanic and intrusive rocks are present within the greenstone belt to host sulphide nickel mineralisation. Although limited exploration for nickel has been completed by previous explorers this work has been mostly limited to broad spaced stream sediment geochemistry and gossan searches. Whilst nickel is not a primary objective of Talisman, a proposed airborne TEM survey targeting the Mudawerrie BIF may reveal anomalies possibly indicative of nickel sulphides.

2.2.6 EXPLORATION STRATEGY

Talisman has provided a comprehensive program for the initial two years of exploration, pending grant of the tenement. Initial exploration will focus on evaluation of the Mudawerrie BIF with exploration to include soil geochemistry, airborne geophysics and RC drilling.

Drill evaluation of Jacia, Maitland South and Maitland North will also be completed during the first two years of exploration.

BRL considers that the proposed exploration programs are generally consistent with the status and mineral potential of the Maitland Project and will meet the Company's stated objectives.

As the tenement comprising the project remains to be granted, no exploration budgets have yet been prepared and none are required in the context of this report.

2.3 MOUNT JAMES PROJECT

The Mount James Project is located approximately 120 kilometres northwest of the Trillbar Project, on the boundary between the Gascoyne and Peak Hill Mineral Fields of Western Australia (Figure 8). The project comprises a single Exploration Licence Application (52/1685). In total the Project encompasses an area of approximately 46 km² (15 sub-blocks).

The Project is subject of a Joint Venture Agreement, between Giralia Resources NL ("Giralia") and Talisman, whereby Talisman can earn up to 60% equity by sole funding exploration of \$1.2 million over a four year period. A description of the Joint Venture Agreement is situated in the "Solicitor's Report on Mining Tenements", located elsewhere in the Prospectus.

The Mount James Project is accessed from Perth via the sealed Great Northern Highway to 10 kilometres north of Meekatharra, then via the unsealed formed Meekatharra-Mount Clere-Landor Road to Landor Station homestead then 25 kilometres north on the unsealed Landor-Mt Augustus Road to the abandoned Mt James Station homestead, which is situated in the Project area. Access within the Project area is via station and exploration tracks.

2.3.1 REGIONAL GEOLOGY AND MINERALISATION

The Mt James Project is located within the southern part of the Gascoyne Complex, a series of high-grade metamorphic rocks in the western part of the Palaeoproterozoic Capricorn Orogen.

The origin and evolution of the Gascoyne Complex is complex and enigmatic, although it is thought that it may have formed as an early Palaeoproterozoic convergent continental margin above a northwest-dipping subduction zone before it was accreted to the Yilgarn Craton during the Glenburgh Orogeny (~1.96 Ga), followed by a series of deformational events of the Capricorn/Ashburton Orogeny (1.84-1.79 Ga) and of the Edmund Orogeny (1.02-0.75 Ga).

On a geological province scale, the Gascoyne Complex is unconformably overlain to the northeast by the sedimentary rocks of the Mesoproterozoic Bangemall Group. To the south, the Complex passes into a zone of tectonic interleaving with the early Archaean Narryer Gneiss Complex, and to the north, it is interpreted as passing into lower metamorphic grade equivalent rocks of the Ashburton Formation of the Wyloo group in the Ashburton Basin. To the southeast, the Complex passes beneath the sedimentary successions of the Palaeoproterozoic Bryah and Padbury Basins. To the west the Complex is overlain by sediments of the Phanerozoic Carnarvon Basin.

The Complex consists of metamorphosed and deformed Late Archaean-Palaeoproterozoic, supracrustal rocks of the Morrissey Metamorphic Suite ("MMS"), granitoid batholiths, gneiss domes, and remobilised basement gneiss.

The MMS is a sequence of metamorphosed and deformed sedimentary rocks that are interpreted to have been originally deposited as shelf and trough sediments, with minor

volcanic rocks. The MMS contains pelitic and semi-pelitic schist, phyllite, quartzite, micaceous quartzite, calc-silicate gneiss, marble, amphibolite and quartzo-feldspathic gneiss. Migmatites have been extensively mapped. Minor occurrences of metamorphosed mafic volcanics and isolated outcrops of BIF are present. Archaean gneisses, tectonically reworked during the Proterozoic, underlie and tectonically interleave with the Gascoyne Complex rocks in a complex relationship.

Late orogenic molasse sediments of the Mt James Formation, and inlier sediments of the Bangemall Basin unconformably overlie the MMS. Coarse clastics and fluviatile sandstone were deposited in localized grabens and half-grabens. Predominantly unmetamorphosed shallow marine sediments are the main cover rock sequences within the area encompassing the Project's tenement, and generally occur as belts of down-faulted, selectively tightly-folded synforms.

2.3.2 PROJECT GEOLOGY

The Mount James Project is situated in the southern Gascoyne Complex. The tenement area is predominantly underlain by rock units of the Palaeoproterozoic MMS, predominantly quartzmica schists, subordinate mafic schist, gneiss and quartzite, and associated granitoids. These rocks are poorly exposed, typically blanketed by surficial alluvial and colluvial cover.

Minor outcrops of Mount James Formation and Bangemall Group sediments occur in the south and east of the tenement.

The Project area is located at the junction of four regional tectonic lineaments, the NE-trending Deadman Fault, the WNW Mt Clere Fault, The NE Flint Hill Lineament and the NW-trending Big Bend – Ti Tree Lineament. These structural lineaments/faults appear to be spatially related to mineralisation elsewhere in the region, such as the Abra polymetallic deposit in the Bangemall Basin.

Surficial cover in the project area comprises pre-lateritisation sequences of flat-lying claystone and pisolitic sandstone/grit. These cover sequences have been intersected in drilling, ranging up to 30 metres in thickness and are well exposed in breakaways. Certain outcrop exposures also demonstrate subsequent erosion and deposition of the cover units into discrete channel fill deposits, thus inhibiting interpretation of results of surface geochemistry surveys such as soil and stream sediment sampling.

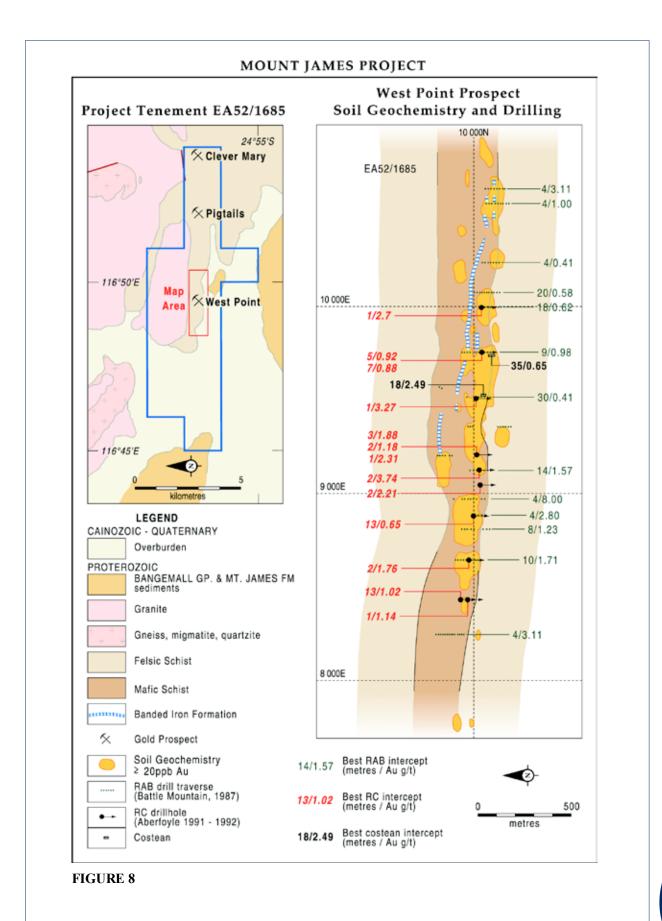
2.3.3 HISTORICAL MINING

There has been no historical mining recorded from within the Mount James Project area, although there are small prospecting pits and diggings located at the Clever Mary prospect as well as at the nearby Bustler Well area, located some 11km to the NNE of Clever Mary.

2.3.4 PREVIOUS EXPLORATION

Limited modern-day exploration has been carried out since 1966 for various commodities including uranium, base-metals, diamonds, tungsten, and gold. Prior to 1986, exploration was predominantly for uranium and diamonds.

During 1979-83, Urangesellschaft Aust Pty Ltd ("Urangasellschaft") explored the area seeking East Alligator River style uranium mineralisation in the MMS. Zones of dynamic retrogressive greenschist facies metamorphism in chlorite-graphite-sericite schist, meta-arkose, dolomitic quartzite and altered gneiss were the focus of exploration. No areas with significant accumulation of uranium were located although sampling of quartz-veined schistose arkose at the nearby Bustler Well prospect returned assay results up to 81.1g/t Au with channel samples from pits returning numerous significant results ranging up to 16g/t Au. Subsequent to this, the area was subject to an increase in exploration activity for gold.



From 1986 to 1990, Battle Mountain (Australia) Inc. ("Battle Mountain") explored for precious metal mineralisation in the MMS. Activities included geological mapping, stream, soil and rock-chip sampling, ground geophysics and drilling, following up the Bustler Well discovery of Urangesellschaft.

In 1987, approximately 725 stream sediment samples (heavy mineral panned concentrates) were assayed for gold and PGE. Eleven areas anomalous in gold and/or platinum were identified from two programs. Follow-up sampling confirmed and further defined some of these anomalies. One large anomalous zone (600m x 1200m), the Clever Mary prospect, was found to be coincident with the northeast trend of the local geology. Another anomalous zone, the West Point prospect, was also delineated as well as several lesser anomalies including Pigtails situated midway between West Point and Clever Mary. Soil sampling was carried out at Clever Mary and West Point prospects. Trial soil sampling was also carried out at the Pigtails prospect.

Channel sampling at Clever Mary failed to return significant results, however of the 42 rock-chip samples collected randomly at Clever Mary, eleven were anomalous in gold (best result of 102g/t Au), mostly from pyritic or limonitic quartz/chert. Ground magnetic and IP surveys were conducted at Clever Mary and West Point. Each technique defined several anomalies. A program of RAB drilling was completed to test the geochemical and geophysical anomalies at Clever Mary and West Point.

At Clever Mary, 17 drill-holes intersected anomalous gold mineralisation. Selected 'high-grade' intervals were also analysed for As, Ag, Cu, Pb, Zn, Mo and W. Battle Mountain reported that the results indicate no base metal signature. At West Point, drilling intersected low-grade gold mineralisation.

In 1988, further drilling was completed over the Clever Mary and West Point prospects. Best results obtained at Clever Mary were 5m @ 2.33g/t Au and 1m @ 6.15g/t gold, and at West Point, 4m @ 8.0g/t Au and 14m @ 1.57g/t Au. Battle Mountain was not encouraged by the results and subsequently relinquished the ground.

During 1991-99 Aberfoyle Resources Ltd ("Aberfoyle") and Bremer Resources NL ("Bremer") carried out numerous work programs. Work completed during 1991 to 1992 comprised BLEG stream sediment sampling, soil and rock chip sampling and RC drilling at the West Point Prospect. Rock chip sampling confirmed that the mineralisation occurred at a predictable position relative to the mafic/felsic schist contact. Drilling confirmed the interpretation of steep northerly dips but the intersected grades and widths were not encouraging. The best intersection was 2m at 3.74g/t Au from 13m in drill-hole RCWP003.

During 1992-93, work comprised gold resource studies. Three areas of gold mineralisation with potential for resources were identified, only two of which, West Point and Clever Mary, were followed up.

At the West Point prospect, low-grade (0.5-1.5g/t Au) intersections over widths up to 30m occurred over 3.6km strike (Figure 8). The deposit was open to the west. At the Clever Mary prospect thinner intersections grading in the range 1.5-2.0g/t Au were returned from the western end of a 2km long anomalous zone. Pre- and syn- lateritisation cover sequences made geochemical exploration difficult and unreliable.

During 1993-94, work comprised stream sediment sampling, examination of cross-sections of the drilling, and resource estimation.

A non-JORC compliant inferred resource of 1.28 million tonnes at an average grade of 1.16g/t Au was estimated for the West Point prospect based on a cut-off grade of 0.5g/t and a minimum width of 2 metres. This was regarded as a rough estimation as the spacing between the sections was too wide to allow a firm conclusion of continuity. The inferred resources outlined were considered to be too small and/or too low grade to justify development.

During 1994-96, rock-chip, lag and stream sediment sampling, data compilation and assessment, re-calculation of the resource estimates, prospecting and metal detecting were carried out. The sampling did not return any significant results with the best assay being 2ppb Au from a lag sample. Due to the lack of outcrop, extensive transported cover, and the apparent geological complexity, a detailed aeromagnetic program was recommended prior to further field work. No further work was completed and the tenement was surrendered.

2.3.5 MINERALISATION & EXPLORATION POTENTIAL

The Mount James area has been recognised by previous explorers as having potential for the discovery of gold within the MMS sequence of rocks. The most significant discovery remains the Clever Mary – Pigtails – West Point trend of gold mineralisation

Clever Mary - Pigtails - West Point

The Clever Mary – Pigtails – West Point trend of mineralisation occurs over a total strike length in excess of 8 kilometres, although anomalous gold has been detected in soils and/or drillholes over an aggregate of 5.4 kilometres, the intervening areas possibly being obscured beneath transported cover. Mineralisation is situated within a shear zone at the contact between mafic and felsic schists.

Drilling completed at the West Point Prospect by previous operators Battle Mountain and Aberfoyle has identified a broad zone of low-grade gold mineralisation over a strike extent of 3.6 kilometres, open to the west and at depth. This drilling to a maximum depth of 40 metres on 100-250 metre grid spacings returned best results of 14m @ 1.57g/t Au and 4m @ 8g/t Au. Channel sampling of a costean returned 18m @ 2.49g/t Au.

During 1993-94, Aberfoyle carried out preliminary resource estimations of the West Point resource based on the widely spaced drilling. A non-JORC compliant inferred resource estimate of 1.28 million tonnes @ 1.16g/t Au was reported.

The Clever Mary prospect comprises similar geology and style of mineralisation to West Point and is situated approximately 7 kilometres to the east of West Point. Drilling by Battle Mountain outlined low-grade gold mineralisation over a 2.4 kilometre strike extent of the mineralised mafic schist. Subsequent soil sampling and mapping appears to have closed the mineralisation off to the east and west although mineralisation remains open at depth. Best results obtained from drilling are 5m @ 2.33g/t Au and 1m @ 6.15g/t Au. An outcropping quartz vein at the Clever Mary prospect returned a result of 102g/t Au.

Mineralisation at West Point and Clever Mary is hosted by similar lithologies and structural setting to the gold mineralisation at the Egerton Mining Centre some 90 kilometres to the east, where historical mining returned average grades greater than 30g/t Au and drilling during the 1990s encountered additional high-grade gold shoots with grades averaging greater than 5g/t Au. A similar style of high-grade mineralisation has also been encountered at Glenburgh approximately 85 kilometres to the southwest.

There is good potential for the discovery of high-grade gold shoots in the Clever Mary – Pigtails – West Point mineralised corridor, analogous to those at the Egerton Mining Centre and Glenburgh.

2.3.6 EXPLORATION STRATEGY

Talisman has provided comprehensive programs and budgets for the initial two years of exploration, pending grant of the tenement. Initial exploration in the first year will focus on the West Point – Pigtails - Clever Mary gold mineralisation with the commissioning of a low-level high-resolution aeromagnetic survey to outline possible structural controls to mineralisation and to define the mineralised mafic schist – felsic schist contact located beneath surficial cover. Infill and extensional RC drilling are planned to be completed at West Point and Clever Mary to augment the current knowledge of the known mineralisation.

Particular emphasis will concentrate on structural targets that are likely to focus mineralisation resulting in higher gold grades.

Exploration in the second year will focus on infill drilling with the intention of defining resources

BRL considers that the proposed exploration programs are generally consistent with the status and mineral potential of the Mount James Project and will meet the Company's stated objectives.

As the tenement comprising the project remains to be granted, no exploration budgets have yet been prepared and none are required in the context of this report.

3. HAMERSLEY BASIN PROJECTS

The Hamersley Basin Projects comprise three separate projects located within the Hamersley Basin (Figure 9). Each project is located in geographically different parts of the Basin, but with similar geological and mineralisation settings. The more specific details of each subproject are contained in their respective sections.

3.1 HAMERSLEY BASIN GEOLOGY

The Hamersley Basin is the depositional basin of the Mount Bruce Supergroup, formed between 2.8-2.47 Ga and has been included, by the GSWA, as part of the Pilbara Craton. The Basin unconformably overlies the older granite – greenstone terrane of the Pilbara Craton.

The Hamersley Basin has been subdivided into four sub-basins: Marble Bar, Northwest Pilbara, Northeast Pilbara and South Pilbara Sub-basins. All three of Talisman's projects are situated in the South Pilbara Sub-basin. The four sub-basins were initially separate, smaller basins, which were subjected to a series of broad tectonic events over a time interval of about 340 million years, resulting in their eventual merger to form the Hamersley Basin.

The Mount Bruce Supergroup has been subdivided into three major groups of stratigraphic units, in order of formation, the Fortescue Group, the Hamersley Group and the Turee Creek Group. The Talisman projects are centred on the Jeerinah Formation, the uppermost unit of the Fortescue Group. The Jeerinah Formation is conformably underlain by predominantly basaltic volcanics of the Bunjinah Formation and is conformably overlain by the basal unit of the Hamersley Group (Marra Mamba Iron Formation) comprising BIFs, chert, shale and carbonates.

Jeerinah Formation

The Jeerinah Formation comprises argillite, sandstone, dolomite, chert, massive and pillowed basalt and basaltic breccia, and felsic volcanic rock. This formation is highly variable in thickness ranging from 100m in the north half to 2km in the south, and is extensively intruded by numerous dolerite sills, particularly in the south where they constitute up to 60% of the formation's thickness. This formation is widespread over most of the central and southern Pilbara Craton.

The Jeerinah Formation has been further subdivided into three stratigraphic units, namely: Woodiana Sandstone Member, Warrie Shale Member, and Roy Hill Shale Member. The non-volcanic sedimentary rocks of the Jeerinah Formation can be broadly divided into two major depositional environments, near-shore facies in the lower part and offshore facies in the middle and upper parts.

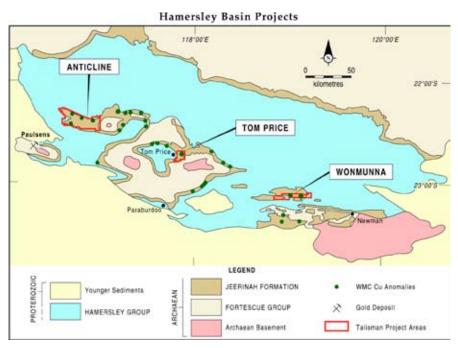


FIGURE 9

The near-shore facies, comprising a basal arenite, stromatolitic chert, and argillite are the main component of the Woodiana Sandstone Member, and are mostly restricted to the northern parts of the Hamersley Basin. The off-shore facies, comprising the Warrie and Roy Hill Shales, is dominated by mudstone and siltstone, with subordinate chert, dolomite and sandstone. In the southern parts of the Basin, these rocks constitute the main component of the Jeerinah Formation, and are present interbedded with basaltic lavas, and basaltic and felsic volcaniclastics. Overall, the depositional environment of the Jeerinah Formation represents the onset of a major marine transgression from the south and east.

The Roy Hill Shale Member (RHSM) is the uppermost unit of the Jeerinah Formation and is predominantly carbonaceous, sulphidic black shale with occasional interbeds of dolomite, chert, felsic tuff, and rare sandstone. The shale can contain up to 15% free carbon and 20% pyrite and pyrrhotite as frambroids, disseminations, nodules up to 5cm, and concordant layers up to 2cm thick. Sphalerite and chalcopyrite have been observed in drill core and analyses show that this unit is anomalous in zinc, copper, and up to 10% potash (K_2O). Deposition of the RHSM has been interpreted as undergoing a change in conditions from that of an anoxic or reducing environment, and gradually becoming less reducing towards the top of the unit and into the overlying Marra Mamba Formation. The similarities between the upper lithologies of the RHSM and the lower parts of the Marra Mamba Formation, particularly between the cherty BIFs, has led to some believing that the upper parts of the Jeerinah Formation may in fact be transitional with, and be included as, the basal member of the Marra Mamba Formation of the Hamersley Group.

Evolution of the Hamersley Basin has been described using different models. The scenario favoured by the writer is one of an early phase of pre-rifting WNW-ESE crustal extension (Mount Roe Basalt & Hardey Sandstone) followed by deposition (Boongal/Kylena to Bunjinah/Maddina Formations) in response to the development of a south-southwest trending rift, which formed in the approximate position of the southern margin of the craton. Both of these phases involved eruptions of extensive flood basalt. A passive margin environment

developed where subsequent deposition (Jeerinah Formation and Hamersley Group) occurred in a more stable shallow- to deep-water shelf setting bordering an ocean to the south and west of the craton. The Turee Creek Group is considered to have been deposited during the last stage in the development of the basin, comprising clastic sedimentation. A convergent margin environment developed, coinciding with the beginning of the Capricorn Orogen.

The Capricorn Orogen is a major zone of sedimentary deposition, plutonic intrusion, deformation and metamorphism resulting from the collision and fusion of the Archaean Pilbara and Yilgarn Cratons at about 1.8 Ga. The Ophthlamia Fold Belt developed in response to the collision, affecting the northern edge of the Capricorn Orogen, the South Pilbara Subbasin of the Hamersley Basin and the underlying granite-greenstone terrane of the southern Pilbara Craton. Folding in the western part of the fold belt is manifested by northwesterly trending open dome-and-basin structures. Contrastingly, the eastern part comprises tight eastwest folds and related thrust faults possibly as a result of contemporaneous development of the Ashburton Basin and re-activation of pre-existing structures.

The geomorphology of the Hamersley Basin is predominantly that of an elevated and dissected peneplanation surface. Residual deposits formed during the Cainozoic also formed part of this surface, and subsequent erosion has produced extensive valley-fill deposits of partly consolidated and cemented lateritic colluvium, alluvium and calcrete. Areas of sheetwash plains occur within the central parts of the Hamersley Basin, and alluvium occurs within present day drainage systems. Small areas of aeolian sands occur within central parts of the granite-greenstone inliers, such as the Rocklea Dome.

Metamorphic grade of the Hamersley Basin is low, ranging from prehnite-pumpellyite to lower greenschist-facies with the highest grades at the southern margin of the Hamersley Basin, co-incident with a general increase in thickness of the Hamersley Basin sedimentary rocks, and interpreted as resulting mainly from regional burial metamorphism.

Major fault structures are predominantly orientated WNW-ESE and SSW-NNE and most likely represent the surface manifestations of the growth fault systems associated with the crustal extension and rifting during the evolution of the Hamersley Basin.

3.2 HAMERSLEY BASIN MINERALISATION

The World-class iron ore deposits in the Fortescue Marra Mamba and Brockman Formations of the Hamersley Group dominate mineralisation in the Hamersley Basin. Other mineralisation types encountered within the Fortescue Group include:

Gold was first reported from the Fortescue Group in 1891 in the Nullagine area. Auriferous pyritic conglomerates from the basal part of the Hardy Sandstone and un-assigned Fortescue Group sediments underlying the Mount Roe Basalt contain conglomerates with gold particles in the matrix. It is thought that the gold particles represent the degradation of underlying Archaean gold-mineralised rocks. Gold has been reported from veins and shears in the south Pilbara Sub-basin, associated with Capricorn Orogen veins. The Paulsen's deposit is the most significant of these at 3.97Mt at 4.5g/t gold.

Uranium mineralisation has been reported associated with pyritic conglomerate and sandstone in the lower part of the Fortescue Group, especially in the Hardey Formation. The nature of the uranium is thought to be a result of physical remobilization of detrital uranium and possibly as a biochemical precipitate where the original uranium minerals may have been derived from underlying granites and uranium-enriched upper levels of intrusions such as that of Moolyella.

Copper mineralisation has been reported mostly from the southern part of the Hamersley Basin. The only recorded production has been from crosscutting, Capricorn Orogen quartz veins in the lower to middle Fortescue Group in the Wyloo Dome, and from malachite and chrysocolla veinlets within the Jeerinah Formation in the Wonmunna area. Cupriferous

mineralisation has been reported occurring within Mount Roe Basalt and Hardey Formation in parts of the Hamersley Basin.

Lead-Zinc-Silver mineralisation has been reported from several localities within the Hamersley Basin with a recorded production, during 1925-49, from three centres totalling 3,236.4 tonnes of lead, 25.3 tonnes of zinc, and 919.5 kg of silver. The majority of the production was from the Ragged Hills Mine, in the Braeside Lead Field, eastern Pilbara, where the argentiferous galena mineralisation occurs in quartz veins associated with northnorthwesterly trending steeply dipping faults within the Kylena and Tumbiana Formations.

Other reported mineralisation includes fibrous chrysotile asbestos in the Hardey and Pyradie Formations in the Rocklea Dome, Vanadium in the Braeside Lead Field, anomalous nickel and chromite in a komatiite flow within the Pyradie Formation and residual manganese and ferromanganese deposits associated with the Marra Mamba Iron Formation immediately overlying Jeerinah Formation shales.

3.3 HAMERSLEY BASIN BASE AND PRECIOUS METALS EXPLORATION HISTORY

Although poorly explored in comparison to other Archaean-Proterozoic terranes, the Jeerinah Formation has been subject to several regional exploration programs by various companies exploring for base-metal and precious metal deposits. Up until the early 1960s, there were no reliable maps of the region and it wasn't until the initial pegging of the iron ore deposits in the 1960's that mapping of the region commenced in earnest. At the same time, the potential for stratiform copper mineralisation to occur in the Hamersley Basin was reportedly recognized.

In 1963, United States Metals Refining Company ("USMRC") carried out a program of reconnaissance sampling of the Jeerinah Formation of the Fortescue Group. Their work concentrated in the Wonmunna Project area and comprised channel sampling of costeans and old workings. Sampling of the costeans within gossanous, outcropping copper-mineralized sediments of the Jeerinah Formation indicated that the tenor of mineralisation decreased with depth from surface. A best result of 0.5m @ 10.6% Cu was obtained from an old working.

During 1967-75, Western Mining Corporation Ltd ("WMC") carried out a major program of exploration for stratiform copper mineralisation within the Hardey and Jeerinah Formations of the Palaeoproterozoic Fortescue Group. Their initial program involved reconnaissance soil sampling over a strike length of 800km of outcrop of the Jeerinah Formation in the southern part of the Hamersley Basin. Subsequent work included geological mapping, rock-chip sampling, and drilling of numerous anomalous zones.

In 1977, Hamersley Exploration Pty Ltd ("Hamersley"), as part of their regional exploration program of the Marra Mamba Iron Formation, drilled in many places within the Hamersley Basin. One drill hole (DDH186) 40km north-northeast of Tom Price, penetrated through the Marra Mamba Iron Formation and into the upper part of the RHSM from 142 metres, to the end of hole at 207.5 metres depth. Subsequent studies of the core by the GSWA showed that the two shale units intersected within the RHSM comprise sub-economic Zn mineralisation together with anomalous Cu mineralisation. Gold was not analysed. Potash content of both units is also high, ranging up to 9.9% $K_2\mathrm{O}$.

During 1984-1985, CRA Exploration Pty Ltd ("CRAE") carried out regional exploration in the southern central part of the Hamersley Basin, exploring for gold/base-metal mineralisation. Their work concentrated in the area encompassing the Rocklea, Bellary and Milli-Milli Domes and particularly the Turner Syncline, in the Ophthalmia Fold Belt. Two diamond drill-holes were completed for stratigraphic purposes in the Bellary Dome area, and although they failed to drill through the entire Fortescue Group into basement, they did intersect a significant portion of the Fortescue Group, including the Jeerinah Formation. Substantial portions of the drill-core were assayed with base-metals being reported ranging up to 0.6% Zn and 0.2% Cu. Gold was not analysed. CRAE were not encouraged and subsequently relinquished their tenement applications.

During 1989-1990, Forsayth NL ("Forsayth") carried out several stream sediment sampling programs within Fortescue Group units exploring for gold and base-metals. Analyses for gold, by BLEG, and base-metals returned a number of anomalous results for gold. Only limited follow up was completed before the tenements were relinquished.

Also during 1989-90, Hunter Resources Ltd ("Hunter") explored for gold and base-metals and PGE mineralisation in the southwestern part of the Hamersley Basin. Activities included stream, soil and rock-chip sampling and geological mapping. Results of their programs indicated anomalous gold and copper mineralisation associated with major structural features cross-cutting favourable lithologies such as the Jeerinah Formation.

During 1997-99, Bacome Pty Ltd ("Bacome") explored the area to the south-southwest of the Rocklea Dome over a gossanous outcrop within sediments of the Jeerinah Formation. Activities include soil and rock-chip sampling, and RC drilling. Drilling encountered pyrite and pyrrhotite in carbonaceous shales with individual assays ranging up to 0.21% Cu, 460ppm Ni, 0.11% Pb, and 0.68% Zn. The company relinquished the tenement following the drilling program.

Recently the GSWA completed a regional geochemical survey covering the Wyloo 1:250,000 sheet which identified anomalies up to 38ppb gold, >200ppm copper and >600ppm zinc within the Anticline sub-project area.

In summary, limited exploration since the late 1960s has demonstrated that the Jeerinah Formation of the Fortescue Group, and in particular the RHSM, is elevated in copper, lead, zinc, gold and silver content. Although previous companies have discovered and evaluated numerous occurrences of base-metal mineralisation within the Jeerinah Group, exploration progress was based on the results of surface geochemistry surveys and relatively shallow drilling of surface enriched, and gossanous outcrops of copper mineralisation. There has been no concerted effort, particularly in more recent times, to apply up-dated models in the search for gold or base-metal deposits. Over the years, the models of mineralisation have been continuously modified, and the significance of association of structures, particularly major structures, are becoming more important in the modification of these models.

The fact that such a large, surface strike of outcropping RHSM has been explored and numerous prospects have returned elevated levels of copper, zinc, lead, silver, cobalt and occasionally gold, is significant.

3.4 WONMUNNA PROJECT

The Wonmunna project is located approximately 60 kilometres west-northwest of the mining townsite of Newman, in the West Pilbara Mineral Field of Western Australia (Figure 10). The project comprises one granted Exploration Licence (E47/1137) covering an area of 215 km² (69 sub-blocks) and held 100% by Talisman.

The Wonmunna tenement is the subject of a Royalty Agreement with Poondano Exploration Pty Ltd ('Poondano') entitling Poondano to explore for and mine iron ore, with a royalty of 25 cents / tonne of ore mined payable to Talisman. Details of the Agreement are located in the Solicitor's Report on Mining Tenements situated elsewhere in this prospectus.

The Wonmunna sub-project is accessed 60 km WNW from Newman via the sealed Great Northern Highway, thence north or south via limited tracks through the Project area.

3.4.1 PROJECT GEOLOGY

The Wonmunna sub-project is located within the core of the Wonmunna Anticline, a major east-west trending fold structure comprising rocks of the Fortescue Group and overlying Hamersley Group sediments and volcanics. Numerous parasitic drag folds occur on the limbs of the Anticline resulting in a complex outcrop pattern in the area.

Outcrop within the Wonmunna sub-project area is dominated by the Jeerinah Formation and dolerite sills intruding the formation. Minor basalts of the underlying Bunjinah, and overlying

Marra Mamba Iron Formation outcrop in the southeastern corner and north of the tenement respectively. Approximately 15% of the Project area is covered by Cretaceous/Tertiary Channel Iron Deposits (CID) located in the central and western parts of the tenement. Recent alluvium and colluvium cover occurs throughout the tenement.

Copper mineralisation occurs in the abandoned, historical Wonmunna copper workings, situated to the north of the tenement. Weak, thin mineralisation occurs as thin veins, seams and disseminations of malachite, chrysocolla and cuprite, over 300 metres of strike, in steeply south-dipping, interbedded shale, pisolitic carbonate and silicified shale in the upper part of the Jeerinah Formation. Horizons of limonitic nodules after pyrite are seen at the surface and carbonaceous shale contains finely disseminated malachite.

Within the tenement, similar copper mineralisation occurs at the Bull, Sleepy Hollow and Ironstone prospects.

The Bull Prospect comprises copper mineralisation exposed in a small creek where zones of malachite and chrysocolla veinlets occur within a 25m strike width. The host rocks are pale grey shales, with carbonate-rich beds, dipping 65-75° to the south.

3.4.2 HISTORICAL MINING

There is no record of any previous mining activity in the project area.

Previous production from the Wonmunna workings, situated immediately north of the Wonmunna tenement, is recorded as 13.53 tonnes of copper ore assaying 25.6% Cu and 5.96 tonnes of cupriferous ore assaying 23.75% Cu.

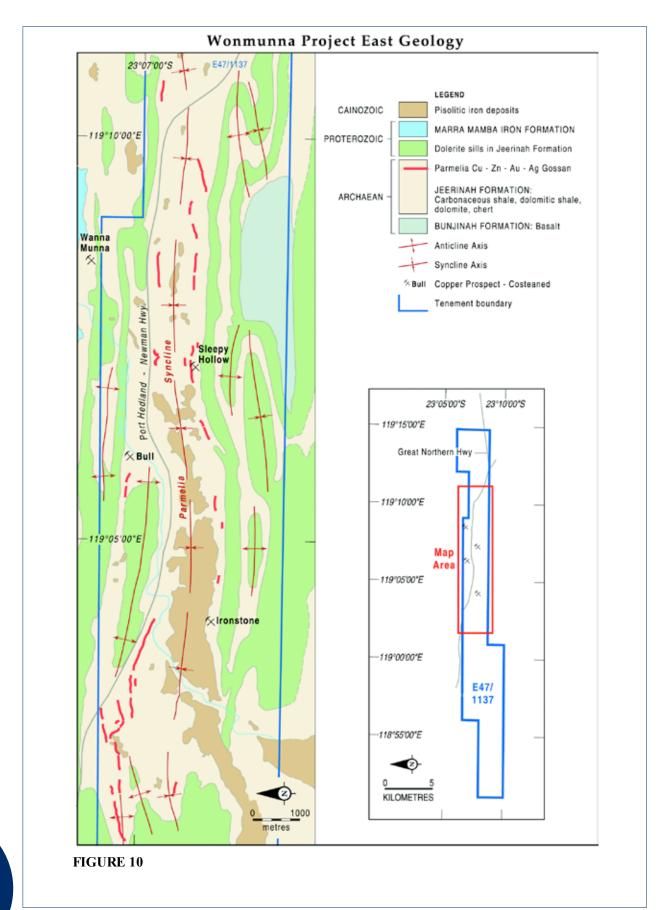
3.4.3 PREVIOUS EXPLORATION

In the 1960s', Amax Iron bulldozed several costeans across outcropping exposures of copper mineralisation within shales of the RHSM. No results are available from this program.

Table 2: Wonmunna-Selected Drill Intercepts (WMC, 1967-1975).

Hole	From -To (m)	Width (m)	Assay	Metal
FV543	3.0-13.7	10.7	3.4%	Cu
Incl.	7.6-9.1	1.5	120 g/t	Ag
FV702	9.1-15.2	6.1	1.36%	Cu
FV703	0-4.5	4.5	0.59%	Cu
			33 g/t	Ag
FV595	0-6.1	6.1	0.11%	Cu
			1.0%	Zn
FV597	0-13.7	13.7	0.43%	Cu
FV660	0-3.0	3.0	0.54%	Cu
			0.58%	Zn
FV572	0-1.5	1.5	0.37%	Cu
			0.21%	Zn
			0.05%	Co
FV567	0-12.2	12.2	1.0%	Cu
FV570	1.5-10.6	9.1	0.65%	Cu
FV506	0-15.2	15.2*	0.43%	Cu
FV528	0-30.5	30.5*	0.37%	Cu

Note: 1.All drillholes vertical 2.* denotes 'End of Hole'



Within the Wonmunna tenement, WMC completed 112 vertical rotary drill-holes on 19 short but widely spaced traverses across rocks of the Jeerinah Formation, including the areas which had been costeaned by Amax (Table 2). The holes were drilled to an average depth of 26 metres with two thirds penetrating only the weathered zone and one third into fresh, sulphidic, graphitic shales.

Anomalous results were obtained for copper (>1000ppm), zinc (>1000ppm) and silver (>2ppm). Best individual results were 10.7m at 3.4% copper, 6.1m at 1.0% zinc and 1.5m at 120g/t silver. Gold was not analysed.

Subsequent work by WMC included drilling of two vertical diamond holes at the Bull prospect with a best result of 0.76m @ 1.79% zinc in weathered shale.

In 1989, Forsayth NL conducted a gold exploration program of stream sediment sampling over part of the current tenement area with a best result of 1.6 ppm Au for the BLEG samples and 15 ppm Au for the samples assayed by Fire Assay and AAS. Three areas of anomalous gold in streams were delineated. Limited follow-up soil sampling of the anomalous stream samples indicated that the gold was being shed from numerous quartz veins within and adjacent to dolerite. Limited rock-chip sampling of the quartz veins returned sporadic values up to 1.5 g/t gold. Similarly, sampling of the streams in these areas returned sporadic results indicating a coarse gold component or 'nugget effect'. Forsayth's results also showed a good correlation between elevated Cu-Pb-Zn-Ag values with the occurrence of the RHSM.

3.4.4 MINERALISATION & EXPLORATION POTENTIAL

Although significant, widespread copper, zinc and silver mineralisation has been encountered in the oxide zone by WMC, Talisman's stated objective is to evaluate the significance of the newly discovered Parmelia Gossan for massive sulphide copper-zinc-gold-silver mineralisation.

Parmelia Gossan

Recently discovered by Talisman, the Parmelia Gossan outcrops intermittently over a combined strike length in excess of 9 kilometres on the limbs of the Parmelia Syncline, a subsidiary fold structure to the Wonmunna Anticline. The main gossan horizon typically comprises a single ironstone unit, or composite ironstone – shale – chert unit, ranging from 1 to 10 metres thick, and can be traced continuously over large strike distances, up to in excess of 1.5 kilometres, before terminating or disappearing beneath colluvial soils or the overlying Hamersley Surface. Although there is a single, predominant, gossan horizon, at several localities, up to five parallel gossans/ironstones have been noted over a stratigraphic thickness of up to 100 metres. Up to 10 metres wide, the main gossan typically outcrops as low strike ridges at a consistent stratigraphic horizon in the host Jeerinah formation.

The gossan horizon is situated near the top of an approximately 100 metre thick sequence of dolomitic carbonaceous shale and dolomite, with minor chert, situated between the uppermost dolerite sill and the chert - shale sequence forming the core of the Parmelia Syncline. The gossan is usually conformably underlain by dolomite or dolomitic shale and overlain by shale and/or chert. At one location, on the southeast limb of the Parmelia Syncline, the gossan is conformably underlain by a thin (20-30cm) porcelainite.

The gossan varies in texture and composition from massive and vuggy hematitic ironstone to well developed limonitic boxworks, often with the two interlayered in the same outcrop. This interlayering, together with thin layers of ferruginous shale and chert, often gives the gossan a coarsely banded appearance. The limonitic boxworks typically have a very coarse 'skeleton' appearance with cells to maximum dimensions of 10mm and with limonite cell walls 1-3mm thick. In better preserved specimens this coarse boxwork often contains a finely (1-2mm) cellular boxwork after sulphides. There is some evidence of silica and iron 'flooding' overprinting pre-existing boxworks. Some gossan samples contain quartz.

The well defined cellular boxwork gossans show all the textural characteristics of derivation by weathering from massive sulphide mineralisation.

Alteration associated with the gossans appears to be largely restricted to some silicification of wall rocks and, at Sleepy Hollow, magnesium metasomatism resulting in formation of magnesite. Abundant sericite was noted in shale flanking the gossan in the some areas. Sericite has not been observed elsewhere in the Jeerinah Formation. Sericite is a common alteration product associated with VMS mineralisation. The significance of abundant titanium oxides (to 5%) associated with the dolomite/magnesite at Sleepy Hollow is not known other than as a pointer to possible volcanic activity associated with the mineralisation projected from the gossans.

Grab samples collected from the gossan have shown that it is consistently anomalous with respect to copper and zinc, less so for silver and gold. A total of 57 grab samples have returned gossan maxima of 0.24% copper, 0.65% zinc, 3g/t silver and 0.5g/t gold. These results are consistent with assays reported from gossans developed over mined copper-zinc-silver-gold massive sulphide orebodies (eg. Gossan Hill – Golden Grove, WA).

The majority of copper occurrences previously located by WMC are situated adjacent to outcrops of the gossan, although WMC neither recognised, sampled, costeaned or drilled the gossan, but only noting it on their maps simply as 'ironstone'. It is believed that these supergene mineralisation occurrences may represent a geochemical 'footprint' centred on the gossans.

The geology, geological associations and geochemistry of the gossan are collectively indicative of copper – zinc – gold – silver sulphide mineralisation, possibly of World-class dimensions given the strike length of the gossan defined to-date.

$Oxide\ Copper-(Gold-Silver)$

The numerous oxide (supergene) copper occurrences previously discovered by WMC and others have to date only been poorly evaluated by costeans and shallow, vertical rotary drillholes and two short diamond drillholes. Although limited, this previous work has demonstrated that the mineralisation attains economic grades and thicknesses to 10.7 metres @ 3.4 % copper together with significant silver to 120g/t. Gold was not analysed.

Talisman has postulated that the oxide mineralisation represents either (i) laterally transported and concentrated copper (and associated metals) from massive sulphides indicated by the Parmelia Gossan, or (ii) supergene enriched copper from low grade mineralisation in underlying shales. Both mechanisms are tenable and offer potential for the discovery of significant oxide copper – (gold – silver) mineralisation.

Iron Ore

During reconnaissance prospecting activities Talisman has located extensive deposits of pisolitic iron, previously unknown or erroneously mapped as laterite. These deposits typically occur as buttes, mesas and plateau in a sinuous outcrop pattern in the centre and south of the project area. This sinuous outcrop pattern may represent a palaeodrainage system typical of other pisolitic iron deposits in the Hamersley Basin.

Evaluation of the pisolitic iron deposit is being conducted by Poondano under the terms of the Royalty Agreement.

3.4.5 EXPLORATION STRATEGY

Talisman has provided comprehensive programs and budgets for the initial two years of exploration. Initial exploration in the first year will focus on evaluation of the Parmelia Gossan. Initial drilling will be completed to ascertain the composition of the indicated sulphides, particularly with respect to base and precious metal contents below the level of oxidation. A high resolution airborne TEM / TMI survey will also be completed in an effort

to map the indicated sulphides beneath cover, to locate extensions and/or repetitions elsewhere in the project area, and to define priority targets for further drilling.

Additional work to be completed during the first year will comprise stream sediment and soil geochemistry to isolate, in conjunction with the airborne survey, additional areas of base/precious metals mineralisation.

Exploration in the second year will focus on follow up drilling of targets isolated from the first year activities.

BRL considers that the proposed exploration programs are generally consistent with the status and mineral potential of the Wonmunna Project and will meet the Company's stated objectives.

Talisman has also provided comprehensive budgets, covering the initial two years of exploration, to complement the proposed programs (Section 5: Exploration Budgets).

The budgeted expenditure of \$174,000 and \$195,000 on the Wonmunna Project in Years 1 and 2 respectively is considered adequate to cover the cost of the proposed programs.

3.5 TOM PRICE PROJECT

The Tom Price sub-project is centred 8 kilometres southeast of the mining town-site of Tom Price, in the West Pilbara Mineral Field of Western Australia (Figure 11). The sub-project comprises one granted Exploration Licence (E47/1136) covering an area of 92 km² (30 sub-blocks) held 100% by Talisman. The tenement abuts the eastern boundary of the amalgamated mining leases encompassing the Tom Price iron ore mining operations of Hamersley Iron Pty Ltd.

The Tom Price tenement is the subject of a Royalty Agreement with Fortescue Metals Group Limited (FMG) entitling FMG to explore for and mine iron ore, with a royalty of 10 cents / tonne of ore mined payable to Talisman, capped at A\$2,000,000.

Exploration Licence E47/1136 is the subject of a joint venture agreement with De Beers Australia Exploration ("De Beers") whereby De Beers has the right to earn a 60% equity in any diamond potential of E47/1136 by sole funding exploration.

A description of the joint venture agreements is situated in the "Solicitor's Report on Mining Tenements", located elsewhere in this Prospectus.

The area is accessed from Tom Price town-site via the sealed Tom Price-Paraburdoo road, which traverses through the centre of the tenement.

3.5.1 PROJECT GEOLOGY

The Tom Price project is situated on the eastern fold closure of the regional Turner Syncline, which comprises a folded sequence of Hamersley Group and Fortescue Group rocks. The southern part of the Project area comprises the steeply dipping, east-northeast trending, southern limb of the Turner Syncline dominated by a sequence of rocks of the Jeerinah Formation (intruded by dolerite sills) and basalts of the Bunjinah Formation. The core of the syncline is occupied by the Marra Mamba Iron Formation. To the north of the fold axis, the sequence of rocks trend in a northwesterly direction and dip more gently to the southwest.

An occurrence of the surficial Robe River Pisolite overlies the sequence of rocks representing a palaeo-drainage from the eastern nose of the Marra Mamba Formation. Recent alluvial and colluvial material occurs in the south of the tenement as well as the central parts of the northern limb of the Turner Syncline.

The Marra Mamba Iron Formation hosts the nearby Tom Price Iron Ore deposits with the more significant mineralisation contained within Hamersley Iron's mining tenements. The Robe River Pisolite has been mined elsewhere in the region for iron ore.

3.5.2 HISTORICAL MINING

No historical mining has taken place within the tenement area.

3.5.3 PREVIOUS EXPLORATION

Exploration in the past has been mostly for iron ore deposits in the Marra Mamba Iron Formation and for base-metal deposits, particularly within the Jeerinah formation.

During the extensive regional program of WMC, a total of 173 rotary percussion drill holes were completed, averaging 6 metres in depth, in 20 drill traverses over a strike length of 3.6 kilometres on the northern limb of the syncline. On the southern limb, 28 drill holes were completed averaging only slightly in excess of 3 metres depth (Table 3).

It is of interest to note that less than 5% of the drill holes on the north limb penetrated through the weathered zone to fresh pyritic, carbonaceous shale and none of the holes drilled on the south limb penetrated through the weathered zone. Many of the drill holes returned anomalous copper (>1000ppm), silver (>2ppm) and gold (>0.1ppm). The best individual intercepts were 0.3m at 3.2g/t gold (e.o.h.), 0.3m at 420g/t silver (e.o.h.) and 1.5m at 1.5% copper (e.o.h.). In addition it is worth noting that many of the holes ended in mineralisation, albeit near to the surface where surface enrichment may have occurred.

Soil geochemistry completed by Talisman over part of the north limb has identified a discontinuous series of gold-in-soil anomalies associated with and parallel to the strike of the Jeerinah Formation shales. These anomalies occur over approximately 3 kilometres of strike and are broadly coincident with the anomalous gold detected in the WMC drilling (Figure 11). These results are encouraging and warrant further follow-up as it is considered that they indicate potential for the discovery of gold \pm silver and base-metal mineralisation within fresh, unweathered pyritic carbonaceous shales of the Jeerinah Formation.

3.5.4 MINERALISATION AND EXPLORATION POTENTIAL

Previous exploration completed by WMC defined strong and extensive copper, zinc, gold and silver associated with oxidised shales of the Jeerinah Formation. Talisman's focus is to define primary sulphide base and/or precious metals mineralisation possibly indicated by this near surface anomalism.

North Limb

Situated on the north limb of the Turner Syncline, this prospect encompasses Jeerinah Formation sediments and volcanics over a strike length of approximately 3 kilometres. The limits of the current prospect area are defined solely on the basis of soil geochemistry completed to date by Talisman.

The soil geochemistry completed by Talisman, with samples collected at nominal 40m x 200m centres, defined a series of strike-parallel gold-in-soil anomalies (>10ppb gold) over the full strike length of the sampled area, remaining open to both the east and west. The anomalies are associated with sulphidic, carbonaceous shale of the Jeerinah Formation. Strong copper anomalies to a maximum of 0.23% are usually coincident with the gold anomalies, as is zinc (to 0.7%) and silver (to 3g/t). Limited assay of the samples for platinum and palladium also returned highly anomalous results to maxima of 21.5ppb and 25ppb respectively.

The prospect area was previously the subject of shallow auger drilling completed by WMC (1967-1975). A total of 137 drillholes were completed, and assayed, to an average depth of less than 6 metres. This drilling encountered widespread copper, zinc, silver and gold mineralisation, predominantly in weathered shale, with the majority of anomalous drillholes terminating in mineralisation. Maximum value drill intercepts from WMC drillholes in the prospect area were 1.5m @ 0.42% copper, 1.5m @ 0.7% zinc, 0.3m (eoh) @ 420g/t silver and 3.2g/t gold. It is significant that of the 119 drillholes completely or partially analysed for gold, 47 (39%) contained drill intercepts of >0.1g/t gold.

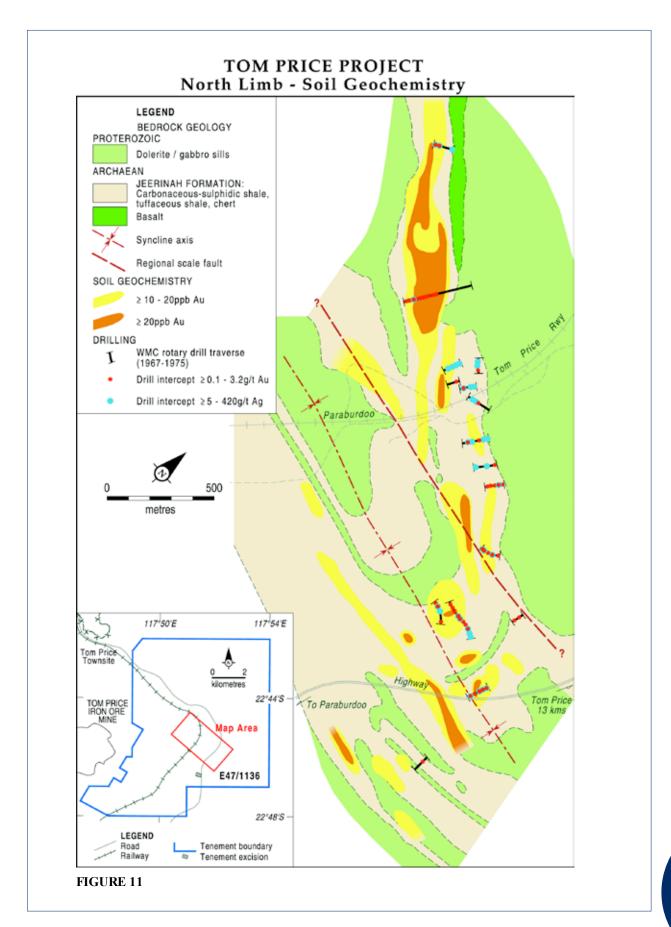


Table 3: Tom Price - Selected Drill Intercepts (WMC, 1967-1975).

Prospect Area	Hole	From – To (m)	Width (m)	Assay	Metal
North Limb	FV17	1.5 – 2.3*	0.8	105g/t	Ag
North Ellino	FV28	3.0 – 4.2*	1.2	263g/t	Ag
	FV35	1.5 – 2.9*	1.4	95g/t	Ag
	FV45	0 – 1.5	1.5	0.4%	Cu
				1.00g/t	Au
	FV77	0 - 1.5	1.5	0.36g/t	Au
	FV90	1.5 – 2.4*	0.9	615g/t	Ag
	FV127	0 - 3.6*	3.6	0.35g/t	Au
	FV135	3.0 - 3.3*	0.3	0.15%	Cu
				420g/t	Ag
				3.2g/t	Au
	FV139	1.5 - 3.0	1.5	0.13%	Cu
				0.16%	Zn
				0.8g/t	Au
	FV147	0 - 6.7*	6.7	0.2g/t	Au
				8.0g/t	Ag
	FV150	0 - 15.2*	15.2	0.26g/t	Au
South Limb	FV166	6.1 – 7.6*	1.5	0.68%	Zn
	FV181	0 - 1.5*	1.5	1.35%	Cu
				0.6g/t	Au
				60g/t	Ag

Note: 1.All drillholes vertical 2.* denotes 'End of Hole'

The Talisman and WMC results combined clearly show a sulphidic black shale highly enriched in base and precious metals. Whilst no 'Parmelia-type' gossans possibly indicative of massive sulphides have yet been located, it is probable that these elevated metal values are the result of the same processes thought to be responsible for the massive sulphides indicated at Wonmunna, approximately 120 kilometres to the east-southeast. The primary metal association of copper – zinc – gold - silver indicates mineralisation possibly of sedimentary exhalative (SEDEX) or volcanogenic massive sulphides (VMS) association.

Possible gossans after massive sulphides may occur in unexplored areas along strike or beneath cover.

In addition to the primary mineralisation model noted above, it is believed that major fault structures may have played a role in remobilising and focussing hydrothermal mineralisation. It is noted that the highest value gold – silver WMC drill intercept (0.3m (eoh) @ 420g/t silver, 3.2g/t gold) is coincident with such a major fault.

South Limb

As inferred, the South Limb prospect is situated on the south limb of the Turner Syncline, at approximately the same stratigraphic level as the North Limb prospect. Shallow drilling, averaging approximately 3m in depth, completed by WMC in this area returned similar copper, zinc, silver and gold anomalism to the north limb. The best drill intercept reported was 1.5m (eoh) @ 1.35% copper, 60g/t silver and 0.6g/t gold.

Talisman has not yet completed any exploration in this area. The prospect is considered to have potential for sediment and/or volcanic associated base and precious metals mineralisation similar to North Limb.

General

The prospective stratigraphic interval defined by Talisman soil geochemistry and WMC drilling has a strike length of over 20 kilometres in the Tom Price tenement.

Iron Ore

Talisman has in place a Royalty Agreement with Fortescue Metals Group Ltd (FMG) giving FMG the sole right to explore for iron ore within the Tom Price tenement, with any iron ore deposits discovered and developed attracting a royalty of 10 cents/tonne payable to Talisman.

Diamonds

Talisman has in place a joint venture agreement with De Beers Exploration (Australia) Ltd giving that company the sole right to explore for diamonds and, in so doing, to earn 60% equity in any diamond discovery.

3.5.5 EXPLORATION STRATEGY

Talisman has provided comprehensive programs and budgets for the initial two years of exploration. Initial exploration in the first year will comprise drilling beneath selected of the WMC oxide copper, gold and/or silver drill intercepts in the North Limb to determine the nature of any underlying fresh mineralisation.

Additional work to be completed during the first year will comprise soil geochemistry to extend the North Limb anomalies. Stream sediment geochemistry will also be completed to isolate additional areas of base/precious metals mineralisation.

Exploration in the second year will comprise follow up drilling of targets isolated from the first year activities.

BRL considers that the proposed exploration programs are generally consistent with the status and mineral potential of the Tom Price Project and will meet the Company's stated objectives.

Talisman has also provided comprehensive budgets, covering the initial two years of exploration, to complement the proposed programs (Section 5: Exploration Budgets).

The budgeted expenditures of \$48,000 and \$128,000 on the Tom Price Project in Years 1 and 2 respectively is considered adequate to cover the cost of the proposed programs.

3.6 ANTICLINE PROJECT

The Anticline project is situated approximately 70 kilometres northwest of Tom Price in the West Pilbara Mineral Field of Western Australia (Figure 12). The project comprises three granted Exploration Licences (E47/1194, E47/1195, E47/1196) covering approximately 619 km² (196 sub-blocks) and held 100% by Talisman.

The Anticline tenements are the subject of a Royalty Agreement with Fortescue Metals Group Limited (FMG) entitling FMG to explore for and mine iron ore, with a royalty of 10 cents / tonne of ore mined payable to Talisman, capped at \$2,000,000.

The Anticline Project is subject of joint venture agreement with De Beers Australia Exploration ("De Beers") whereby De Beers has the right to earn a 60% equity in any diamond potential. A description of the joint venture agreements is situated in the "Solicitor's Report on Mining Tenements", located elsewhere in the Prospectus.

Topography of the area is rugged with an incised, dendritic drainage pattern. Access is poor and restricted to 4WD tracks around the margins of the tenement block.

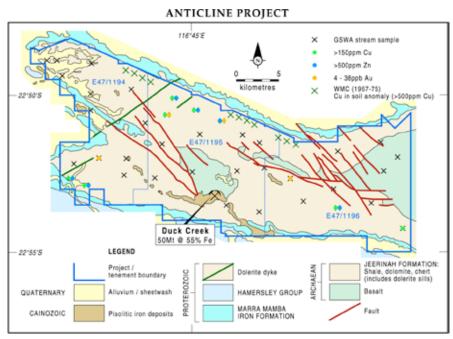


FIGURE 12

3.6.1 PROJECT GEOLOGY

The tenement block covers the western half of the regional-scale, east-west trending Jeerinah Anticline and comprises predominantly sediments and associated dolerite sills of the Jeerinah Formation. Basalts, probably of the underlying Bunjinah formation, have been mapped in the core of the anticline in the centre and east of the project area. Hamersley Group sediments, predominantly the Marra Mamba Iron Formation, are exposed on the limbs of the anticline to the north and south and on the west plunging nose of the anticline to the west.

Robe River Pisolite overlies the older sediments in a sinuous palaeodrainage system in the south of the sub-project area. Other surficial deposits, primarily alluvium and colluvium, are largely restricted to major drainage systems in the north, south and west of the area.

The Jeerinah Anticline project area encompasses the Duck Creek North iron ore (detritals) deposit of 50 million tonnes inferred resource at 55% iron.

There is no other known mineralisation within the tenemented area other than two occurrences of crocidolite associated with the Marra Mamba Iron Formation in the southwest and west.

3.6.2 HISTORICAL MINING

No historical mining has taken place within the tenement area.

3.6.3 PREVIOUS EXPLORATION

Western Mining Corporation completed soil geochemistry over the Jeerinah Formation on the north and south limbs of the anticline as part of their 1967-1975 regional search for copper mineralisation associated with the formation. A number of copper anomalies, containing greater than 1000ppm copper in soils, were delineated, mostly on the north limb. There is no record of any follow up drilling having been completed.

Various companies have evaluated the Marra Mamba Iron Formation for economic iron-ore deposits. None associated with the formation have been located within the confines of the project area. There is no record of any other mineral exploration of substance having been completed within the area.

In 1999 the Geological Survey of Western Australia ("GSWA") completed, as part of a program of geochemical mapping of the Wyloo 1:250,000 sheet, broad spaced stream sediment geochemistry over the project area. This survey outlined strong gold anomalism to 38ppb gold. Anomalous copper (to 206ppm), zinc (to 638ppm) and nickel (to 173ppm) were also detected. This elemental association, together with elevated bismuth, indium, molybdenum and sulphur, indicates strong potential for volcanogenic massive sulphide (VMS) and associated gold mineralisation.

Recent work completed by Independence Gold NL ("Independence") in the central part of the anticline, adjacent to and east of the Talisman tenements, has identified clustered gold anomalies in stream sediments to 73ppb gold.

3.6.4 MINERALISATION AND EXPLORATION POTENTIAL

Other than the limited soil geochemistry completed by WMC and the stream sediment geochemistry completed by the GSWA, the Anticline project area is essentially unexplored.

The Jeerinah Formation rocks underlying the project area are of the same stratigraphic level as the Wonmunna and Tom Price projects and are therefore similarly prospective for base and precious metal mineralisation. This is supported by the base and precious metal anomalies detected in the WMC and GSWA work.

Exploratory work to evaluate the potential for Wonmunna / Tom Price-type mineralisation is warranted.

3.6.5 EXPLORATION STRATEGY

Talisman has provided comprehensive programs and budgets for the initial two years of exploration. Initial exploration to be completed during the first year will comprised stream sediment and soil geochemistry to isolate base and precious metal anomalies.

Exploration during the second year will comprise RAB drilling of identified anomalies.

BRL considers that the proposed exploration programs are generally consistent with the status and mineral potential of the Jeerinah Projects and will meet the Company's stated objectives.

Talisman has also provided comprehensive budgets, covering the initial two years of exploration, to complement the proposed programs (Section 5: Exploration Budgets).

The budgeted expenditure of \$50,000 and \$64,000 on the Anticline Project in Years 1 and 2 respectively is considered adequate to cover the cost of the proposed programs.

4. PATERSON OROGEN

4.1 COPPER HILLS PROJECT

The Copper Hills Project area is situated in the Great Sandy Desert immediately to the north of the Copper Hills polymetallic vein occurance (Figure 13). The project comprises two granted Exploration Licences (E45/2377, E45/2378) comprising a total area of approximately 443 km² (140 sub-blocks).

The tenements are the subject of a joint venture whereby Western Platinum NL has the right to earn 70% equity in the tenements by sole funding exploration to \$1,000,000 over a period of 3 years.

The Copper Hills Project takes its name from the nearby Copper Hills prospect (not a Talisman prospect), situated 4.5 kilometres to the south.

The project area is situated within the Paterson Orogen, entirely within the Tabletop Terrane of the Rudall Complex.

4.1.1 REGIONAL GEOLOGY & MINERALISATION

The Copper Hills Project is situated within the northwestern part of the Paterson Orogen, a northwesterly trending belt of Palaeoproterozoic to Neoproterozoic rocks that have been geophysically interpreted to occupy a 1,200 kilometre long arcuate zone across the central part of Western Australia, and comprises the Palaeo-Proterozoic Rudall Complex, Meso- to Neoproterozoic Yeneena Supergroup (Yeneena Basin), and the Neoproterozoic Tarcunyah Group.

The Paterson Orogen is exposed along the eastern margin of the Pilbara Craton, extends beneath Phanerozoic rocks of the Officer Basin to the southeast from the Rudall area, and is exposed again to the southeast in the Musgrave Complex in the central-eastern part of Western Australia.

Outcropping Rudall Complex, Yeneena Supergroup and Tarcunyah Group rocks were extensively glaciated during the Permian, forming a subdued landscape with u-shaped valleys, which are still partially filled by glacial till and moraine. The area has since undergone deep weathering producing a second palaeosurface, which merges with the post-Permian palaeosurface. The area now comprises an incised landscape of occasional strikeridges and low-lying, partly rocky areas predominantly covered by aeolian sands of the Great Sandy Desert.

The Rudall Complex is made up of gneisses and schists representing granitic and sedimentary rocks deposited (2.0-1.3 Ga) and subsequently deformed and metamorphosed (1.3-1.25 Ga). The metasedimentary rocks in the Rudall Complex appear to broadly define two upward-fining turbidite-arenite-shale cycles.

The succession is thought to represent a siliciclastic shelf environment along an eastern continental margin with deep-water muds and turbidites thickening eastwards. The lower cycle appears to have been formed in a north- to northwesterly, elongate foreland basin. Volcanic rocks are rare. Mafic and ultramafic volcanic and intrusive rocks occur in association with the BIFs of the Yandagooge Formation.

The Rudall Complex has been divided into three distinct tectonically juxtaposed packages of rocks referred to as the Connaughton, Talbot and Tabletop Terranes. The Tabletop Terrane is poorly exposed, forms the eastern portion of the complex, and comprises a sequence of mafic schist, amphibolite, and metasedimentary rocks.

Weakly foliated tonalite and leucogranite are present in the Tabletop Terrane.

The northwestern Paterson Orogen has proven potential for gold (Telfer), copper-lead-zinc (Nifty, Maroochydore), and uranium (Kintyre) mineralisation. In addition, mapping by the GSWA and mineral exploration companies has indicated significant prospectivity for polymetallic mineralisation throughout the Paterson Orogen and the northwestern region of the Officer Basin

4.1.2 PROJECT GEOLOGY

The Copper Hills Project is situated entirely within the Tabletop Terrane of the Rudall Complex. Outcrop in this area is poor with extensive coverage of aeolian sands of the Great Sandy Desert with lesser calcrete, silcrete and laterite.

From the available outcrop, and limited drill data from previous explorers, it is apparent that the Tabletop Terrane in the project area comprises two distinct domains, eastern and western, in faulted contact.

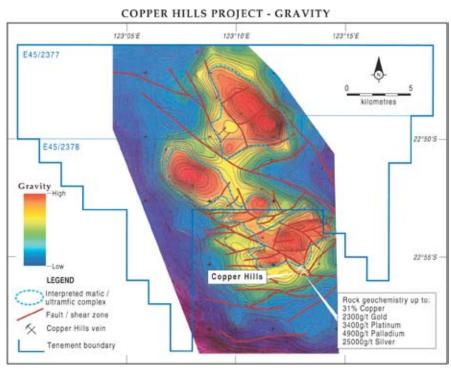


FIGURE 13

The eastern domain is dominated by felsic schist, which possibly includes metamorphosed felsic volcanic rocks together with metamorphosed sediments. This schist has been extensively intruded by a number of tonalite and granitoid intrusives. Amphibolite, BIF and marble occur as isolated lenses within the schist and as rafts or roof pendants in the tonalite and granitoid intrusives.

The western domain is dominated by amphibolites with only limited occurrences of the eastern domain felsic schist. The amphibolites are variable in both texture and composition indicating precursors ranging from mafic volcanics to mafic intrusive rocks. This domain is also extensively intruded by tonalites and granitoids. Isolated outcrops of BIF and quartzite have been mapped in the south of the area.

Thin dolerite dykes, mostly with northerly orientations and mainly interpreted from aeromagnetic data, occur throughout the project area.

Numerous fault and shear zones disrupt the metamorphic and intrusive rocks in the project area. These structures, also mostly interpreted from aeromagnetic data, trend predominantly northwest, northeast and west.

4.1.3 HISTORICAL MINING

There has been no previous mining activity in the project area.

4.1.4 PREVIOUS EXPLORATION

Little previous exploration has been carried in the project area.

A geological and gravity survey was carried by the BMR in 1960. In 1972, Carpentaria Exploration Company Pty Ltd ("Carpentaria") completed a helicopter supported traverse of

the area. Regional geological reconnaissance by the GSWA and BMR was carried out up to 1979.

During 1978-1980, Carpentaria explored for diamonds in the project area. Geological mapping, surface sampling and subsequent RAB and percussion drilling was carried out. Mapping identified a suite of metamorphosed and deformed mafic and ultramafic rock types and younger, less deformed rocks (harzburgite plugs, coarse-grained gabbro plugs and dykes, carbonated ultramafic breccias and dolerite dykes). Carpentaria focused on the carbonated breccias, which initially displayed similarities with carbonated kimberlite breccias found in the diamondiferous Gibson kimberlite district in South Africa. Panned concentrates from loam/stream sampling of the area produced few anomalies, except for traces of cassiterite in a few samples and two observed occurrences of platinum. RAB drilling was carried out to depths ranging between 10 and 35 metres in areas of poor outcrop containing interpreted circular photo and/or magnetic features. Drilling did not always penetrate through the surficial cover. No significant results were obtained nor could the platinum occurrence be duplicated.

During 1986-1992, CRAE explored the Rudall area for unconformity-related vein-style uranium mineralisation and 'Proterozoic-style stratiform and stratabound base-metal and gold mineralisation'. PGE potential in ultramafic plugs and layered complexes was also investigated. CRAE carried out geological mapping and sampling, airborne magnetics, radiometric and EM surveys, ground magnetics, radioactivity, IP and EM surveys, surface geochemistry, and RAB, RC and diamond drilling of EM conductors, magnetic anomalies associated with high-iron lithologies and associated base-metal and/or gold anomalies. No drilling was completed in the project area. No significant results were reported although not all of the anomalies were followed up.

At the Copper Hills prospect, located in excised ground to the south of the Project area, sampling by various explorers since Carpentaria have returned significant assay results of up 31% Cu, 3.5% Ag, 2,300 g/t Au, 3,400 g/t Pt, and 4,900 g/t Pd.

4.1.5 MINERALISATION AND EXPLORATION POTENTIAL

There are no known occurrences of mineralisation in the project area.

A ground gravity survey completed by Western Platinum NL as part of the joint venture has defined a large positive gravity anomaly which, in combination with geological mapping and reinterpretation of aeromagnetic data, has been interpreted as a possible, previously unrecognised, mafic intrusive complex (Figure 13). The interpreted complex is approximately 20 kilometres long, the northern 70% of which is situated within the Talisman tenements. This is coincident with the western domain described above.

The interpreted mafic intrusive complex appears to be bounded and disrupted by a series of northwesterly trending fault structures, one of which is located in the southern part of the complex and is host to the nearby Copper Hills poly-metallic vein mineralisation, which contains bonanza metal grades ranging up to 31% copper, 3.5% silver, 2,300g/t gold, 3,400g/t platinum, and 4,900g/t palladium.

Although the Copper Hills mineralisation has been extensively drilled and appears to be too small to be economically viable, it is indicative of strong mineralising processes associated with the interpreted intrusive complex.

The project area holds strong potential for two forms of mineralisation, viz:

- Magmatic Ni-Cu-PGE mineralisation associated with the interpreted mafic intrusive complex, and
- ii. Copper Hills-type polymetallic precious and base metals vein mineralisation associated with the northwesterly-trending faults in the project area.

4.1.6 EXPLORATION STRATEGY

Western Platinum NL, as manager of the joint venture, is managing and funding 100% of the exploration programs and budgets. Under the terms of the joint venture agreement, Talisman is unable to detail the exploration programs or budgets.

5. EXPLORATION BUDGETS

The exploration budgets for the first two years, detailed in Table 4 below, are inclusive of all relevant costs including salaries and wages, assay, accommodation, vehicle costs, equipment and freight. Tenement maintenance costs are also factored.

Proposed exploration activities and costs, particularly for the second year of operations, are subject to change depending upon results. Talisman have indicated that, should the appropriate opportunity arise, one or more projects may be joint ventured.

No exploration budgets are included herein for the Maitland and Mount James Projects, pending grant of the relevant tenements.

Table 4: Exploration Budgets

PROJECT	2005 - 2006 2006 - 2007 (x)			
Prospect	Activity	Cost (\$)	Activity	Cost (\$)
TRILLBAR	DAD delling	20.000	Describe DC drilling	240.000
Boundary	RAB drilling Resource ext. RC drilling	30,000 180,000	Resource RC drilling Diamond drilling	340,000 55,000
	Diamond drilling	30,000	Diamond drilling	55,000
Hilltop	Gridded soil geochemistry	15,000	First-pass RC drilling	35.000
VHF	Gridded soil geochemistry	15,000	First-pass RC drilling	35,000
Scrape	Gridded soil geochemistry	12,000	RC drilling	40,000
	RAB drilling	30,000		,
Winja	First-pass RC drilling	33,000	Resource RC drilling	80,000
Stanley	Purchase & interp. TMI data	6,000	RC drilling	45,000
Livingstone	Purchase & interp. TMI data		RAB drilling	25,000
Regional	Gridded soil geochemistry	35,000	Soil anomaly RAB drilling	25,000
T. (.1.	Geological / structural mapping	15,000		
Totals		421,000		680,000
WONMUNNA				
Parmelia Gossan	First-pass RC drilling	45,000	RC drilling	175,000
	Gridded soil geochemistry	25,000		,,,,,
	Airborne TMI / TEM survey	85,000		
	•			
Regional	Airborne TMI / TEM survey		Gridded soil geochemistry	8,000
	Detailed stream geochemistry	10,000	RAB drilling	20,000
	Geological / structural mapping	9,000		
Totals		174,000		195,000
TOM PRICE				
North Limb	Gridded soil geochemistry	8,000	RC drilling	45,000
North Elling	First-pass RC drilling	28,000	10 drilling	+5,000
South Limb	Gridded soil geochemistry	8,000	First-pass RC drilling	20,000
Regional	Detailed stream geochemistry	4,000	Airborne TMI / TEM survey	55,000
	ů ,	,	Gridded soil geochemistry	8,000
Totals		48,000		128,000
ANTICLINE	Detailed stream geochemistry	15,000	RAB drilling	64,000
	Geological mapping / prospecting	10,000		
	Gridded soil geochemistry	25,000		04.000
Totals		50,000		64,000
TOTALS		693,000		1,067,000
IOIALS		093,000		1,007,000
1				

6. PRINCIPAL SOURCES OF INFORMATION

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7. GLOSSARY OF TECHNICAL TERMS

Terms not listed below are as defined in the Collins English Dictionary (4^{th} Australian Edition – ISBN 0 00 472219 1).

aeolian Sediments deposited by the action of wind.aeromagnetic survey A magnetic survey conducted from an aircraft.

Ag Silver

alluvial Sediments deposited by the action of rivers or streams.

alteration The change in the mineral composition of a rock, commonly due to

hydrothermal activity.

alteration zone A zone in which rock-forming minerals have been chemically

changed.

amphibolite A metamorphic rock composed mainly of the mineral amphibole.

antiform, anticline Fold in the form of an arch.

Archaean The oldest geological era – Older than 2,400 million years.

arenite Sedimentary rock comprised of sand-sized material – Sandstone.

argentiferous Silver bearing.

argillite Fine-grained (clay, silt) sedimentary rock.

arkose A sandstone consisting of feldspar and quartz grains cemented by a

mixture of quartz and clay minerals.

As Arsenic.
Au Gold.

auriferous Gold bearing.

AusIMM Australasian Institute of Mining and Metallurgy.

azimuth Compass direction.

basalt A dark, fine-grained extrusive igneous rock composed of feldspar

and iron-magnesium rich minerals.

basement Older igneous and metamorphic rocks beneath usually

unmetamorphosed sediments.

base-metal Copper, zinc, lead.

batholith Large mass of igneous intrusive rock.

BIF Banded Iron Formation. A rock consisting essentially of alternating

bands of iron-oxides and cherty silica.

BLEG Bulk Leach Extractable Gold – a chemical analysis technique.

block, sub-block Mining tenement description: block = meridian block described as 1'

latitude by 1' longitude, sub-block = part of a meridian block

described as 30" latitude by 30" longitude.

boxwork The pattern of predominantly iron oxides left after the removal by

weathering of sulphide minerals to form a gossan.

breccia Rock comprising angular fragments in a finer grained matrix.

Cainozoic The geological era from 65 million years to 2 million years before

present.

calc-alkaline The name given to a suite of rocks comprising the volcanic

association basalt-andesite-dacite-rhyolite or the plutonic association gabbro-diorite-granodiorite-granite. Calc-alkaline rocks are typically developed on the continental side of plate subduction rocks.

developed on the continental side of plate subduction zones.

calcrete Superficial gravels cemented by secondary calcium carbonate.

calc-silicate A metamorphic rock usually formed as the result of metamorphism

of impure limestone or dolomite sediments.

carbonaceous Rock containing significant quantities of carbon usually derived from

organic material, often in the form of graphite.

carbonate Mineral, usually associated with limestone or dolomites (or their

metamorphosed equivalents), containing CO3.

cassiterite Mineral. Ore of tin.

chalcedony Fine-grained quartz often formed as the weathering product of silica-

rich rock.

chalcopyrite Sulphide mineral. Ore of copper.

chert Fine grained quartz rock usually occurring as thin layers in

sedimentary sequences.

chlorite A dark mineral of the mica family.

chrysocolla Mineral. Hydrated copper silicate usually occurring in the weathered

zone of copper deposits.

chrysotile Mineral. A common variety of asbestos.

clastic Pertaining to sedimentary rocks composed of fragments eroded from

pre-existing rocks.

Co Cobalt.

colluvium Unconsolidated overburden transported by gravity.

complex An assemblage of rocks of various ages and origins intricately mixed

together.

conglomerate Sedimentary rock composed of rounded, coarse, pebble to boulder

sized fragments of pre-existing rocks.

A trench excavated in the surface for the purpose of geological costean

investigation.

Cr Chrome.

Craton A relatively large and stable block of the Earths crust.

Cretaceous The geological era from 135 million years to 65 million years before

present.

crocidolite Mineral. A common variety of asbestos.

Cu Copper.

cupriferous Copper bearing.

cuprite Mineral. Oxide ore of copper.

cut-off grade The lowest or highest assay value that is included in a resource

estimate.

dendritic Pertaining to branching drainage having the form of a tree. detrital Particles or minerals derived from pre-existing rock by erosion.

diamond drilling Rotary drilling technique using diamond set or impregnated bits, to

cut a solid, continuous core sample of the rock. The core sample is

retrieved to the surface, in a core barrel, by a wireline.

The angle at which a rock stratum or planar structure is inclined from dip

the horizontal. Also used in drilling for angle of drillhole from

horizontal.

dolerite A dark coloured medium grained igneous intrusive rock comprising

the minerals pyroxene and feldspar.

dolomite A sedimentary rock composed of calcium and magnesium

carbonates.

duricrust Layer of strongly cemented material in otherwise unconsolidated

material at or near surface.

dyke A tabular body of intrusive igneous rock, crosscutting the host strata

at a high angle.

EM survey Electromagnetic survey. A method of measuring the alternating

magnetic fields associated with electrical currents artificially or

naturally maintained in the subsurface.

epithermal Descriptive of mineral deposits formed in rock fissures at shallow

depths and low temperatures by ascending mineralizing solutions

fault A fracture in rocks on which there has been movement on one side

relative to the other.

felsic Light coloured rocks containing an abundance of feldspars and

ferruginous Iron bearing. Usually pertains to iron-rich weathered rock.

fire assay Analytical technique involving heating a sample in a furnace to

ensure complete extraction of all contained precious metal.

float Fragments of rock at surface that are loose and unattached to outcrop. foreland basin A basin formed within a continental setting, often adjacent to a

mountain range.

framboid Microscopic aggregate of pyrite grains in a roughly spherical form.

g gram.

g/t grams per tonne.

g/t Au, g/t Ag grams gold per tonne, grams silver per tonne.

Ga Billion years ago.

gabbro A dark coloured coarse grained igneous intrusive rock comprising the

minerals pyroxene and feldspar.

geochemistry survey Systematic collection of data on the variation of chemical elements in

rocks and soils.

geomorphology The description and interpretation of landforms.

geophysical survey Systematic collection of data on the variation of physical properties

in rocks and soils.

glacial till A rock containing boulders in a clay matrix deposited from the action

of ice in the form of glaciers.

gneiss A metamorphic rock with compositional banding of light and dark

minerals, often granitic in composition.

graben The oxidised 'cap' to underlying primary sulphides.

A downthrown block between two parallel faults.

granite Medium to coarse grained igneous intrusive rock comprised

primarily of quartz and feldspar minerals.

granitoid A field term for coarse grained felsic igneous rocks resembling

granite in composition.

graphite A soft, black mineral form of carbon, often found in metamorphic

rocks derived from carbonaceous sediments.

gravity survey Systematic measurement and collection of the earth's gravitational

field at the surface at regular intervals. Used to discern different rock types based on associated variations with differences in the

distribution of densities, and hence rock types.

greenschist A schistose metamorphic rock which owes its green colour and

schistosity to abundant chlorite and lesser epidote and/or actinolite.

greenschist facies A classification of the metamorphic grade of a rock, diagnostically

defined by the metamorphic formation of chlorite and biotite at

generally lower pressures and temperatures.

greenstone belt General term applied to elongate zones of volcanic and sedimentary

rocks, usually metamorphosed to greenschist facies, and usually in

Archaean-age terranes.

harzburgite A dark coloured ultramafic igneous intrusive rock composed of the

minerals pyroxene and olivine.

hematite Mineral. Oxide ore of iron.

hydrothermal Pertaining to mineralising processes resulting from the circulation of

hot water.

indicated resource A resource sampled by drillhole where scientific data is known with

a reasonable level of confidence but drillholes are too widely spaced

to ensure continuity.

inferred resource A resource scientific data is not known with a reasonable level of

confidence and drillholes are too widely spaced to ensure continuity.

intrusive Pertaining to igneous rocks emplaced into pre-existing rocks at

depth.

IP survey Induced Polarization survey. An electrical geophysical survey

technique measuring the magnetic field spontaneously induced in a volume of rock by the application of an electric current. A technique

often used to identify disseminated sulphide deposits.

ironstone Field term for iron-rich rocks the product of weathering.

JORC Joint Ore Reserves Committee. The guidelines of the JORC Code

(1999) are observed in the calculation of ore resources and ore

reserves.

komatiite Magnesium-rich mafic to ultramafic extrusive volcanic rock.

lag Residual surficial material, comprising resistant fragments, such as

quartz and ironstone.

lateritisation An extreme form of weathering common in tropical climates, in

which silica an other constituents are removed, leaving a rock characterised by a high proportion of alumina and/or iron oxide.

layer-parallel fault A fault the plane of which lies parallel to the strata of the affected

rocks.

leucogranite A granite composed almost entirely of light coloured minerals.

limonite Generic term applied to minerals comprising hydrated oxide of iron.

Common constituent of weathered, ferruginous rocks.

lineament A large scale linear feature evident on aerial photography, satellite

imagery or regional geophysical surveys.

lithology A term usually applied to sediments referring to their general

characteristics.

Ma Million years ago.

mafic Descriptive of rocks composed dominantly of magnesium, iron and

calcium-rich rock-forming silicates, and for rocks in which these

minerals are abundant.

magmatic Pertaining to molten rocks in the Earths crust. Precursor to igneous

rocks.

magnesite Mineral. Magnesium carbonate.

magnetic anomalies Zones where the magnitude and orientation of the earth's magnetic

field differs from adjacent areas.

magnetic survey Systematic collection of readings of the earth's magnetic field.

malachite Mineral. Carbonate ore of copper commonly found in the weathered

portion of copper deposits.

marble Metamorphosed limestone.

Mesoproterozoic Middle Proterozoic era of geological time, 1,600 to 1,000 years ago.

mesothermal Mineral deposits formed (precipitated) at moderate temperatures.

metamorphic Pertaining to rocks altered by the action of heat and/or pressure.

metasediment Metamorphosed sediment.

metasomatised A metamorphic rock where material has been introduced from an

external source during metamorphism.

migmatite A mixed rock comprising an original metamorphic rock extensively

invaded by granitic material.

mineralisation The process of introduction of valuable elements into a rock body.

Also a descriptive term for any body of economically valuable

minerals.

mineral resource A tonnage or volume of rock or mineralisation of intrinsic economic

interest.

Mo Molybdenum.

molasse Thick sequences of sediments derived from the erosion of mountain

ranges.

monzogranite A granular plutonic rock with a composition between monzonite and

granite.

moraine An accumulation of sediment which has been transported and

deposited by ice.

mylonite Very fine grained, usually foliated rock in elongate or linear zones

caused by intense and prolonged shearing of the host rocks.

Neoproterozoic Late Proterozoic era of geological time, 1,000 to 570 million years

ago.

Ni Nickel.

normal fault A fault along which movement has placed younger rocks over older

rocks.

orogen A period of mountain building.

ortho- A prefix used in front of a metamorphic rock name indicating that

rock derived from an igneous rock. Orthogneiss - gneissic rock

derived from igneous rock types.

palaeodrainage Ancient river system, possibly remnant only as sediments deposited

in the original river.

Palaeoproterozoic Early Proterozoic era of geological time, 2,500 to 1,600 million years

ago.

Pb Lead.
Pd Palladium.

pelite Metamorphosed argillite.

peneplanation The end process in the cycle of erosion usually resulting in a flat or

near flat land surface.

PGE Platinum Group Elements, Platinum Group Metals: Platinum,

Palladium, Iridium, Osmium, Rhodium and Ruthenium. Often associated with Ni-Cu iron-sulphides, and generally hosted by mafic-

ultramafic rock types.

Phanerozoic Geological period covering the time from the Cambrian (`600My bp)

to 2My bp.

phyllite A cleaved metamorphic rock midway between slate and schist.
 pisolite Approximately spherical accretion of iron or carbonate minerals.
 plunge The attitude of a line in a plane, which is used to define the

orientation of fold hinges, mineralised zones and other structures.

plutonic Granitic igneous mass approximately cylindrical in shape placed at a

high level in the Earths crust.

polymetallic Containing many metals.

porcelainite A fine grained quartz rock having the appearance of porcelain.

ppb parts per billion.ppm parts per million.precious metal Gold, silver, PGE.

prehnite-pumpellyite Minerals the presence of which defines low-grade, sub-greenschist

facies metamorphism.

primary A rock or mineral that has remained unaltered since it was originally

formed.

Proterozoic Geological period from approximately 2,400My to 600My before

present.

Pt Platinum.

pyrite Mineral. Iron sulphide.pyrrhotite Mineral. Iron sulphide.quartz Mineral. Silicon oxide.

quartzite Metamorphosed sandstone composed predominantly of recrystallised

quartz.

quartzo-feldspathic Descriptive term for rock composed predominantly of near equal

amounts of quartz and feldspar.

RAB Rotary Air Blast. A method of rotary drilling in which sample is

returned, using compressed air, to the surface in the annulus between drill-rod and the drill-hole. A relatively inexpensive and less accurate

drilling technique.

radiometric Data relating to the radioactivity emitted by rocks at or near the

earth's surface, usually collected by helicopter or fixed wing aircraft.

RC Reverse Circulation. A method of rotary drilling in which the sample

is returned to the surface, using compressed air, inside the inner-tube of the drill-rod. A more accurate drilling technique than RAB, which

minimises contamination.

regolith Generic name for all, usually unconsolidated, sediments covering and

obscuring bedrock.

rift basin A large fault-bounded depression infilled with volcanic and/or

sedimentary material.

saprolite Partially weathered rock usually with original primary rock textures

retained.

Sb Antimony.

schist Regionally metamorphosed rock characterised by parallel

arrangement of constituent minerals and usually exhibiting an

undulose cleavage.

secondary A rock or mineral formed as a consequence of alteration, usually by

oxidation, of pre-existing minerals.

SEDEX deposit A sediment-hosted massive sulphide deposit, typically tabular to

lensoidal in shape and range from centimetres to tens of metres thick. Multiple horizons may occur over stratigraphic intervals of 1000 metres or more. Sedimentary exhalative deposits currently produce a

significant proportion of the world's Zn and Pb.

sedimentary basin A depression of large size into which sediments have been deposited.

sericite Fine mica introduced through metamorphism or alteration.

shale A fine grained sedimentary rock usually with a well defined

cleavage.

shear zone A zone in which rocks have been deformed primarily in a ductile

manner in response to applied stress.

sheetwash A widely distributed, thin blanket of sediment deposited in a broad,

poorly defined drainage.

siliciclastic Sedimentary rock composed predominantly of quartz.

silicified Pertaining to a rock where silica has been introduced through the

agency of metamorphism or weathering to form a very fine grained

quartz cement.

sill An igneous intrusive rock emplaced into sediments with the parallel

margins of the intrusive parallel to the layering of the host sediments.

sphalerite Mineral. Sulphide ore of zinc.

stratiform Bedded or layered.

stratigraphy The study of formation, composition and correlation of sedimentary

rocks.

strike The direction in which a horizontal line can be drawn on a plane.

Usually used in describing the general trend of a rock layer or

structure.

stromatolite Ancient marine organism related to algae and forming distinctive

fossil dome or columnar structures in sedimentary rocks.

subduction zone Refers to the area in which two crustal plates meet and, due to

convergence, one is 'subducted' beneath the other.

sulphide A mineral in which a metal or metals exists in combination with

sulphur.

supergene Of, or relating to minerals and mineral deposits or enrichments

formed near the surface, generally by descending solutions.

supracrustal Pertaining to rocks created at the surface (sedimentary and volcanic

rocks).

synform, syncline A basin-shaped fold.

syntectonic Occurring or forming at the same time as deformation and

metamorphism.

tectonic An adjective used to relate a particular phenomenon to a structural or

orogenic concept.

TEM survey Transient ElectroMagnetic survey – a variant of EM survey.

Tertiary The geological era from 65 million years to 0 million years before

present. Often synonymous with Cainozoic.

tholeiitic A term applied to mafic or ultramafic rocks composed predominantly

of magnesium-rich feldspar and pyroxene minerals.

tonalite A coarse grained plutonic rock similar to diorite in composition but

containing quartz as 5% to 20% of the light coloured minerals.

tuff Usually fine grained volcanic ash.

turbidite Sediment deposited in a submarine environment from a gravity-

mobilised slurry.

ultramafic Igneous rocks consisting essentially of ferro-magnesium minerals

and containing less than 45% silica, with trace quartz and feldspar.

unconformable A term recognising a break in sedimentation in a sedimentary

sequence.

vein A tabular or sheet-like body of minerals, commonly quartz, injected

into a fracture in pre-existing rocks.

VMS Volcanogenic Massive Sulphides. Mineral deposit formed by the

exhalation of sulphide rich solutions and subsequent precipitation of

sulphides onto the sea floor surrounding a hydrothermal vent.

volcanic Rock derived from volcanic activity - Usually lavas, tuffs or other

volcanic debris.

volcaniclastic Pertaining to sedimentary clastic rock containing volcanic material.

wallrock The country rock of a vein or lode.

Zn Zinc



STANTON PARTNERS CORPORATE PTY LTD

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9 September 2005

The Directors
Talisman Mining Limited
Level 2, 47 Colin Street
WEST PERTH WA 6005

Dear Sirs

RE: INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

This report has been prepared at the request of the Directors of Talisman Mining Limited ("Talisman" or "the Company") for inclusion in a Prospectus to be dated on or around 19 September 2005 ("the Prospectus") relating to the proposed issue by Talisman of 15,000,000 shares to be issued at a price of 20 cent per share to raise \$3,000,000. Oversubscriptions of up to 2,500,000 shares may be issued to raise up to an additional \$500,000. The minimum subscription has been set at \$2,500,000 (12,500,000 shares).

2. Basis of Preparation

This report has been prepared to provide investors with information on historical results, the assets and liabilities of Talisman and the pro-forma assets and liabilities of Talisman as noted in Appendix 3. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stanton Partners Corporate Pty Ltd has not been requested to consider the prospects for Talisman, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stanton Partners Corporate Pty Ltd accordingly, takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 7 of the Prospectus.

3. Background

Talisman was incorporated on 1 August 1997 as Millennium Platinum Mines NL and then changed its name to Talisman Mining NL and then changed its status to a limited company in 2002. To 24 August 2005, the Company has 10,912,506 shares on issue. Since that date, the Company has issued 2,500,000 shares at 10 cents each to raise a gross \$250,000. The Company has also issued subsequent to 30 June 2005 three convertible notes ("Notes") with an initial principal of \$3,000 each. The full terms of the Notes are outlined in section 8 of the Prospectus. On the conversion date and provided that the holders have fulfilled their obligations to the issue and to assist and facilitate the capital raising pursuant to the Prospectus, the Notes shall automatically convert into shares. The Notes have a term of twelve months. On achieving the minimum capital raising of \$2,500,000 or obtaining conditional approval to the admission of quotation of the Company's Shares on ASX (whichever occurs last) the Notes shall convert into Shares and the holders must pay Talisman an additional



premium amount of \$13,333.33 per Note (\$40,000 in total) (to take the total amount paid on the three Notes to \$49,000) and Talisman must issue new shares in Talisman based on the formula set out in Section 8 of the Prospectus. In effect, if shares are issued, a total of 9,000,000 shares (3,000,000 per Note) will be issued. If the capital raising is not completed within twelve months, the Notes are redeemed for cash at \$3,000 per Note.

In September 2005, the Company issued a further 2,725,000 shares at 10 cents each of which 200,000 were issued to two creditors to eliminate debt of \$20,000 and the remaining 2,525,000 shares issued for cash to raise a gross \$252,500.

The principal activities are that of mineral exploration and evaluation. The Company's significant areas of interest are inter-alia:

- Trillbar and Maitland Projects where Talisman has undertaken to purchase an 80% equity interest in various tenements. The commitments are noted in Note 10 to Appendix 3 of this report (that includes the issue of 1,000,000 shares to be issued upon the listing of Talisman on the Australian Stock Exchange).
- Mount James Project where Talisman has the right to earn a 60% equity interest in ELA52/1685 by spending a minimum of \$1,200,000 over a four year period from 30 March 2004.
- Hamersley Basin Projects; Wonmunna, Tom Price, Anticline (zinc, gold, silver, copper prospects).

On 16 September 2003, the Company entered into a Copper Hills Project Farm-in Joint Venture Heads of Agreement whereby Western Platinum NL ("WPNL") may earn a 70% interest in the tenements E45/2377 and E45/2378 known as Copper Hills by spending \$1,000,000 within three years.

In December 2003, the Company granted De Beers Australia Exploration Limited ("DBAE") the right to investigate remote sensing anomalies and the option to enter into a joint venture agreement. DBAE may earn a 60% interest for diamonds on tenements E47/1136 and E47/1194 to 1196 forming parts of the Jeerinah project by spending a total of \$170,000 on each licence area within three years. Furthermore, Talisman may dilute to below 10% and if this eventuates, it is entitled to a 1.5% gross royalty capped at US\$50,000,000. DBAE pursuant to a letter dated 9 March 2005 has exercised its option to enter into a joint venture agreement in respect of E47/1194-1196.

In February 2004, the Company granted Fortescue Metals Group Limited ("FMG") the right to explore for iron ore on tenements E47/1194 to 1196 and E47/1136 forming some of the Hamersley Basin Project. FMG must pay a royalty to Talisman of 10 cents per tonne on ore mined from the tenements (capped to \$2,000,000).

The Company has entered to enter into an employment contract with Steven Elliott. The basic terms (conditional on ASX listing of Talisman) are to be a salary of \$110,000 plus statutory superannuation. The term will be for an initial two years and may be extended for a further period of two years.

Potential investors should read the Prospectus in full that includes an Independent Consulting Geologist's Report and a Solicitor's Report on mining tenements. We make no comments as to ownership or values of the mineral tenement interests of Talisman. The values may rise or fall depending, inter-alia on exploration results. Further details on all significant contracts entered into by the Company over the past two years are referred to in the Solicitor's Report in section 6 of the Prospectus.

4. Scope of Examination

You have requested Stanton Partners Corporate Pty Ltd to prepare an Independent Accountant's Report on:

- (i) The results of Talisman for the years ended 30 June 2004 and 30 June 2005;
- (ii) The statement of financial position of Talisman as at 30 June 2005; and



(iii) The pro-forma statement of financial position of Talisman at 30 June 2005 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

Other than for the statement of financial performance for the year ended 30 June 2004, all of the financial information referred to above has not been audited however has been subject to audit review. The directors of Talisman are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

- (i) Discussions with directors and other key management of Talisman;
- (ii) Review of contractual arrangements;
- (iii) A review of publicly available information; and
- (iv) A review of work papers, accounting records and other documents.

5. Opinion

In our opinion, the pro-forma statement of financial position as set out in Appendix 2 presents fairly, the proforma statement of financial position of Talisman as at 30 June 2005 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the results of the periods identified.

Based on the current information on Talisman the adoption of the Australian equivalents of International Financial Reporting Standards ("IFRS") from 1 January 2005 should have no material effect on the reported results as disclosed in the Statement of Financial Performance or on the reporting of the assets, liabilities and equity as disclosed in the Statements of Financial Position as noted in Appendix 2 and 3 respectively. The main key differences in accounting policies that are expected to arise from adopting IFRS are as follows:

- Income Tax will adopt a balance sheet approach under which temporary differences are identified for
 each asset and liability rather than accounting for the effects of timing differences between taxable income
 and accounting profit. The Company currently has tax losses and it is not expected to book a benefit of
 such losses under IFRS.
- Impairment of Assets currently assess whether assets are impaired by determining the recoverable
 amount of the asset on the basis of undiscounted cash flows. IFRS will determine recoverable amount as
 the higher of fair value less costs to sell and value in use. At this stage there will be no need to make any
 adjustments.
- Financial Instruments Investments available for sale to be measured at fair value with changes in fair value recognised on equity subject to impairment. Investments in marketable securities are to be measured at fair values with changes in fair values recognised in the statement of financial performance as an expense or income. Investments/ financial assets or liabilities carried at fair value through the statement of financial performance. There are no adjustments required at this stage.
- Business Combinations No amortisation of goodwill but an annual impairment testing of goodwill
 applies. Not applicable to Talisman at this stage.
- Financial Instruments the issue of shares and options to Directors and executives will need to be valued at fair value and the fair value taken up as a cost (expensed to the statement of financial performance) and the credit to a share and/or option premium reserve. Using the first time adoption rules applying to share based compensation, there are no adjustments required to 30 June 2005.
- Exploration and Evaluation The costs of exploration and evaluation may be carried forward as per the Australian Standard in place prior to December 2004 and an impairment test on those assets is required when facts and circumstances indicate that the carrying value of the assets may exceed recoverable



amounts. There may be in the future a faster write off of capitalised exploration and evaluation costs as the tests to carry forward are more onerous than the standard applying to 30 June 2005.

In our opinion, the Company does not need to have any significant changes to its systems as a result of adopting the IFRS regime. To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2005, that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. Other Matters

At the date of this report, Stanton Partners Corporate Pty Ltd or Stanton Partners do not have any material interest in Talisman either directly or indirectly, or in the outcome of the offer. Stanton Partners, a firm that is related to Stanton Partners Corporate Pty Ltd were appointed as auditors of Talisman in 2002. Stanton Partners Corporate Pty Ltd and Stanton Partners were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stanton Partners Corporate Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTON PARTNERS CORPORATE PTY LTD

J P Van Dieren FCA

Director



INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 1 STATEMENTS OF FINANCIAL PERFORMANCE

	Audited	Unaudited
	Year Ended	Year ended 30
	30 June 2004 \$	June 2005 \$
Operating Revenue	224	2,115
Operating costs	(443,845)	(298,473)
Net (loss) before tax	(443,621)	(296,358)
Income Tax expense attributable to net loss	<u> </u>	-
Net (loss) after tax	(443,621)	(296,358)

APPENDIX 2 UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Note	Unaudited 30 June 2005	Pro-forma Unaudited 30 June 2005
		\$	\$
Current Assets			
Cash assets	3	4,598	2,756,747
Receivables	4	9,634	9,634
Total Current Assets	-	14,232	2,766,381
Non Current Assets			
Fixed assets	5	6,078	6,078
Exploration expenditure	6	193,000	578,000
Total Non Current Assets	=	199,078	584,078
Total Assets	-	213,310	3,350,459
Current Liabilities			
Payables	7	54,351	-
Other Loans	8	132,575	-
Total Current Liabilities	_	186,926	-
Non Current Liabilities	_		
Owing to directors related entities	8	-	-
Total Non Current Assets	-		
Total Liabilities	_	186,926	-
Net Assets (deficiency)		26,384	3,350,459
Equity			
Contributed equity	10	977,498	4,208,998
Accumulated losses	11	(951,114)	(858,539)
Total Equity (deficiency)	-	26,384	3,350,459

To be read in conjunction with Appendix 3



INVESTIGATING ACCOUNTANT'S REPORT

APPENDIX 3

NOTES TO THE STATEMENTS OF FINANCIAL PERFORMANCE AND STATEMENTS OF FINANCIAL POSITION

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The audited and unaudited Statements of Financial Performance and unaudited Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

(b) Income Tax

The Company adopts the liability method of tax effective accounting, whereby the income tax expense in the Statement of Financial Performance is based on the operating profit before tax adjusted for permanent differences. Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and that the Company will comply with the conditions of deductibility imposed by the law.

(c) Exploration, evaluation and development expenditure

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the Directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less where applicable any accumulated depreciation. All assets are depreciated on a diminishing value or prime cost basis over the estimated useful lives to the Company. The depreciation rates of various classes of plant and equipment vary between 15% and 40%.

(e) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.



(f) Recoverable Amount of Non Current Assets

The carrying amounts of non-current assets are reviewed annually by directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have not been discounted to present values in determining recoverable amounts.

(g) Operating Revenue

Revenue represents interest received and reimbursements of exploration expenditures.

2. Actual and Proposed Transactions to Arrive at Pro-forma Unaudited Statement of Financial Position

Actual and proposed transactions adjusting the 30 June 2005 unaudited Statement of Financial Position of Talisman in the pro-forma Statement of Financial Position of Talisman are as follows:

- (a) The issue of 2,525,000 shares at 10 cents each to seed capitalists to raise \$252,500 and the issue of 200,000 shares to eliminate debt of \$20,000 incurred prior to 30 June 2005;
- (b) The issue of three Notes with an initial principal of \$3,000 per Note (\$9,000 in total) and the subsequent receipt of a further \$13,333.33 (\$40,000) and then converting the Notes into a total of 9,000,000 shares in Talisman after the minimum subscription is received;
- (c) The issue of a 15,000,000 ordinary shares at 20 cent each pursuant to the Prospectus to raise a gross \$3,000,000;
- (d) The payment of accounts payable of \$34,351 and loans to director and director related entities of \$132,575 forgiven;
- (e) The payment of expenses of the public issue totalling an estimated \$290,000 and expensed against contributed equity:
- (f) The incurring of additional administration costs of say \$40,000 and exploration costs of say \$10,000;
- (g) The issue of 1,000,000 shares to Murchison Resources Pty Ltd at a deemed issue price of 20 cents and the payment of \$160,000 due to Murchison Resources Pty Ltd;
- (h) The payment of stamp duty estimated to cost no more than \$15,000;
- (i) The entering into management contracts with S Elliott; and
- (j) The entering into a corporate advisory Contract for a minimum of four months at a cost of \$5,000 per month

	Note 2	Unaudited 30 June 2005	Unaudited Pro-forma 30 June 2005
		\$	\$
3. Cash Assets			
The movements in cash at bank and on	hand are		
as follows:			
Unaudited 30 June 2005		4,598	4,598
Issue of shares to seed capitalists	(a)	-	252,500
Issue of Notes	(b)	-	49,000
Issue of shares	(c)	-	3,000,000
Payment of payables	(d)	-	(34,351)
Prospectus issue costs	(e)	-	(290,000)
Administration and Exploration costs	(f)	-	(50,000)
Vendor Payment	(g)	-	(160,000)
Stamp Duty	(h)	-	(15,000)
-		4,598	2,756,747



		Note 2	Unaudited 30 June 2005	Unaudited Pro-forma 30 June 2005 \$
4	Receivables		•	3
••	GST receivable		7,236	7,236
	Deposits		1,915	1,915
	Other debtors	_	483	483
		=	9,634	9,634
5.	Fixed Assets			
	Plant and Equipment, at cost		19,376	19,376
	Less: Accumulated Depreciation	_	(13,298)	(13,298)
		-	6,078	6,078
6.	Exploration Expenditure			
	Exploration interests		193,000	193,000
	Issues of shares	(g)	-	200,000
	Payment of cash	(f) (h)	-	170,000
	Stamp duty estimated	(j) _	-	15,000
		=	193,000	578,000
7.	commercialisation of the relevant recommercialise the projects (by developmed to be written off. Payables			
·•	Accounts payable		54,351	34,351
	Less: Issue of shares	(a)	, -	(20,000)
	Less: Payment of payables	(d) _	-	(34,351)
8.	Loans from Directors and Director Related Entities		54,351	-
	Loan from a director Amount payable to director related		36,605	36,605
	entities		95,970	95,970
	Less: Loans forgiven	(d) _		(132,575)
		=	132,575	
9.	Contributed Equity			
	a) Issued Share Capital 10,912,506 shares at 30 June 2005		977,498	977,498
	Issue of 2,725,000 shares to seed capitalists and creditors	(a)	-	272,500
	15,000,000 shares pursuant to the Prospectus Issue of 9,000,000 shares on Note	(c)	-	3,000,000
	conversion	(b)	_	49,000
	1,000,000 shares to a vendor	(g) _	-	200,000
	•		-	4,498,998
	Less: share issue costs	(e) _		(290,000)
	Pro-forma (38,637,506 shares)	=	977,498	4,208,998
	1 10-101111a (30,037,300 SHATES)	=	<u> </u>	4,208,998



In the event that the maximum oversubscriptions (2,500,000 shares to raise \$500,000) were achieved, the number of shares on issue at listing would be 41,137,506, the issued capital would be increased to \$4,683,998 (after capital raising costs increasing by \$25,000) and cash increased to \$3,231,747.

In the event that the minimum number of shares are issued (12,500,000) pursuant to the Prospectus, the number of shares would reduce to 36,137,506, the issued capital would reduce to \$3,733,998 (assuming capital raising costs reduced by \$25,000) and cash would reduce to \$2,281,747.

b) Share Options

On issue

3,900,000 options exercisable at 25 cents each on or before 30 June 2008.

10. Accumulated Losses	Note		
Balance 30 June 2005		951,114	951,114
Loans forgiven		-	(132,575)
Further administration costs	(f)	-	40,000
		951.114	858,539

11. Contingent Liabilities and Commitments

Mount James Project

Pursuant to a Joint Venture Agreement of March 2004 (replacing a Heads of Agreement of April 2002) with Giralia Resources NL ("Giralia") Talisman Mining Limited has the right to earn a 60% in ELA52/1685 by spending a minimum of \$1,200,000 on any or all of the tenements within four years.

Talisman must spend a minimum of \$150,000 before being permitted to withdraw from the joint venture.

Trillbar and Maitland Projects

The Company originally entered into a Heads of Agreement with Murchison Resources Pty Ltd ("Murchison") on 6 March 2003 in respect of tenement applications E52/1597, E52/1607, E51/1006 known as Trillbar and Maitland projects. Under the terms of the agreement, Talisman undertook to purchase an 80% equity in the tenements for the following consideration.

- Cash payment of \$10,000 upon signing the agreement (paid);
- By 6 September 2003, a cash payment of \$10,000 if the company has not listed on the ASX (paid);
- By 6 December 2003, a cash payment of \$10,000 if the company has not listed on the ASX(paid);
- A cash payment of \$150,000 within 20 days of listing to the ASX;
- The issue of 1 million fully paid ordinary shares at 20 cents each in Talisman.

The agreement was valid for 12 months from the date of signing, and if Talisman did not gain admission to the ASX prior to this date the agreement became void. The Company has entered into a new Deed with Murchison dated 31 August 2005 with similar terms as noted above (but with an additional payment of \$10,000 to be made by 7 September 2005) whereby the date for Talisman to list on the ASX has been extended to 31 December 2005. Should the acquisition take place, Murchison will retain a 20% free carried equity in the tenements until a decision to mine is made or elect to dilute its interest.



Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities. Investors should read the Independent Solicitor's Report on title to the mineral projects and the Independent Consulting Geologist's Report for further possible contingencies and commitments. Various tenement areas are subject to native title claims.

12. Exploration commitments

For details on proposed exploration commitments on mineral tenements, refer to the Independent Consultant Geologist's Reports in the Prospectus and section 1 of the Prospectus.

13. Rental Of Premises Commitments

The Company has no rental of premises commitments as at 30 June 2005. The Company may enter into a formal rental agreement once listed on the ASX.

14. Management Agreement

The Company has entered into an employment contract with Mr S Elliott for the provision of management services. The contract will be conditional upon the listing of Talisman on the ASX. The contract will be for two years with the right to extend for a further two years and the minimum amounts payable under the proposed contract are as follows:

	Note 2 Unaudited 30 June 2005 S	Unaudited Pro-forma 30 June 2005 S
Due 1 year Due 1 to 2 years Due 2 to 4 years (if contracts extended)	· .	119,900 119,900 239,800
		479,600

The maximum director fees for non-executive directors will be a total of $$100,\!000$ per annum.



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19 September 2005

The Board of Directors Talisman Mining Limited 47 Colin Street WEST PERTH WA 6005

Dear Sirs

SOLICITOR'S REPORT ON MINING TENEMENTS

This report is prepared for inclusion in a prospectus to be issued by Talisman Mining Limited (**Company** or **Talisman**) on or about 16 September 2005 (**Prospectus**).

1. Assets

As at the date of this report, the Company has interests in various granted mining tenements and in various applications for the grant of mining tenements (all granted mining tenements and all applications, collectively referred to as the **Tenements**). The Company has entered into agreements with various parties in respect of the Tenements (**Agreements**). The material terms of the Agreements are summarised in Part II of this report.

A schedule of Tenements is attached to and forms part of this report (**Schedule**). Part I of the Schedule contains a list of the Tenements. Part II of the Schedule contains a summary of the material terms of the Agreements. Part III of the Schedule contains a summary of the status of existing native title claims and determinations over the Tenements.

2. Searches

For the purposes of this report, we have conducted searches and made enquiries in respect of all the Tenements as follows:

- (a) we have reviewed searches of the Tenements in the register maintained by the Western Australian Department of Industry and Resources (DIR). These searches were conducted on 16 August 2005;
- (b) we have obtained "Quick Appraisal" reports from DIR, summarising information available in the "TENGRAPH" system maintained by DIR to

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- determine if any native title claims are registered over the area of the Tenements. These searches were conducted on 15 August 2005; and
- (c) we have obtained a register of extracts from the Register of Native Title Claims maintained by the National Native Title Tribunal (NNTT) in respect of registered native title claims identified in the Quick Appraisals. This material was obtained on 25 August 2005.

The Company's rights in respect of various Tenements depends on the enforceability of the Agreements and the parties to the Agreements complying with and fulfilling the terms and conditions of such Agreements. We have advised the Company that in order to avoid any suggestion of invalidity or unenforceability, each Agreement should be registered under the *Mining Act* 1978 (Mining Act).

On the basis of the searches conducted and our review of the Agreements, subject to the enforceability of such Agreements, we consider that this report (and the Schedule) provides an accurate statement as to the status of the Tenements as at 16 August 2005.

Where the Schedule refers to a granted Tenement in which the Company is not recorded as being registered as the holder of a legal interest, the Company may lodge a caveat to protect its interest and we have advised the Company to do so in order to protect its prior equitable claim to an interest in the Tenement.

3. Opinion

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out below, we are of the view that, as at the date of the relevant searches:

- (a) the details of the Tenements included in this report are accurate as to the status of the Tenements and the Company's interest in the Tenements;
- (b) where title to a Tenement has not been granted or an application for extension of a term of a Tenement is pending, that fact is disclosed in the Schedule;
- (c) all applicable rents due under the Mining Act in respect of the Tenements have been paid, unless otherwise noted in the Schedule; and
- (d) Tenements granted prior to 1 January 1994 were either valid when granted or if invalid (by reason of the Racial Discrimination Act 1975 (C'th), which is unlikely) were validated by the Titles Validation Act 1995 (WA) which was enacted pursuant to the Native Title Act 1993 as amended by the Native Title Amendment Act 1998 (Cth) (which as amended is referred to as the NTA). The valid grant of any of the current applications for Tenements which may affect native title will require compliance with the applicable processes of the Native Title Act 1993 as amended by the Native Title Amendment Act 1998 (Cth) (which are together referred to as the NTA).

4. Tenements

The Tenements comprise exploration licences granted or applied for under the Mining Act.

(a) Exploration Licence

The rights of the holder of an exploration licence are set out in Section 66 of the Mining Act and include the right to enter the land and undertake operations for the purposes of exploration for minerals. An exploration licence remains in force for a period of 5 years. The Minister for State Development (Minister) may extend the term by a further period or periods of 1 or 2 years. An exploration licence, or a legal or equitable interest in or affecting an exploration licence, cannot be assigned during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on assignment. The holder of an exploration licence must relinquish not less than half of the blocks comprising the licence at the end of the third year. A further relinquishment of not less than half the remaining blocks is required at the end of the fourth year.

Pursuant to Sections 67(1) and 75(7) of the Mining Act, the holder of an exploration licence may apply for and, subject to the Mining Act and the conditions of the licence, has the right to have granted one or more mining leases over any of the land within the area of the licence. Prior to the expiration of the term of any of the exploration licences set out in the Schedule, an application may be made to convert it to one or more mining leases.

(b) Mining Lease

The rights of the holder of a mining lease are set out in Section 85 of the Mining Act and include the right for the holder to do all acts and things necessary to carry out mining operations effectively. A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years. It is a breach of a condition of a mining lease to assign it without the prior written consent of the Minister. In the case of a mining lease application which is a conversion from an exploration licence, if the underlying licence is transferred, the mining lease application continues in the name of the transferee.

(c) Generally Applicable Conditions

Mining tenements are granted subject to various conditions prescribed by the Mining Act including payment of rent, compliance with minimum expenditure and meeting reporting requirements.

The standard conditions that apply to the Tenements include environmental conditions. The Tenements are also subject to statutory requirements of certain other Acts including Aboriginal heritage legislation, environmental protection legislation and rights in water legislation. These standard conditions are not detailed in the Schedule.

(d) Specific Conditions

Specific conditions applicable to the individual Tenements are detailed in the notes to Part I of the Schedule.

(e) Encumbrances

Encumbrances applicable to the individual Tenements are detailed in the notes to Part I of the Schedule.

5. Aboriginal Sites

Tenements in Western Australia are granted subject to an endorsement reminding the tenement holder of its obligation to comply with the requirements of the Aboriginal Heritage Act 1972 (WA) (Heritage Act).

The Heritage Act (section 18) protects sites and areas of significance to Aboriginal persons. The Minister's consent is required where any use of land is likely to result in the excavation or other alteration of or damage to an Aboriginal site or any objects on or under that site.

Although Aboriginal sites may be registered under the Heritage Act. the Act protects all Aboriginal sites whether registered or not. The existence of sites is largely known only to Aboriginal people and most sites are not registered. We have accessed the database of registered Aboriginal sites maintained by the Department of Indigenous Affairs (**DIA**). This database indicates that there are 39 registered Aboriginal sites on or in the vicinity of the Tenements. There may also be unregistered sites in these areas.

A practical method of minimising the danger of unintentional disturbance of a site, is to undertake an Aboriginal heritage surveys with local Aboriginal communities before the commencement of land disturbing activities. This is an informal process because the Heritage Act does not actually prescribe a mechanism for identifying Aboriginal sites. Prior to the Minister giving consent under section 18 of the Heritage Act, an evaluation of the site and a recommendation must first be made by the Aboriginal Cultural Materials Committee. Under DIA guidelines, a proponent must undertake an Aboriginal heritage survey and consult with traditional owners before making an application for consent.

The Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) (Heritage Protection Act) also affords additional protection to Aboriginal sites in Western Australia. It allows declarations to be made which protect or preserve objects or areas which are of significance to Aboriginals, whether situated on private or Crown land. A protection order may be issued even if the State Minister has given consent to land use under Section 18 of the Heritage Act.

Two types of declarations may be made in relation to significant Aboriginal objects or Aboriginal areas (being objects or areas of significance to Aboriginals in accordance with Aboriginal tradition) under the Heritage Protection Act:

- (a) emergency declarations of preservation which remain in force for a maximum of 60 days; and
- (b) declarations of preservation (which remain in force for the terms specified in the declarations).

Before making a permanent declaration in relation to an area, the Minister for Aboriginal Affairs must commission a report on the area, which addresses specific matters such as the significance of the area, the extent of the area to be protected and the effects of the declaration on any non-Aboriginal interests in the land. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Heritage Protection Act.

In respect of these sites and any other sites identified on any of the Tenements, the Company needs to ensure that any interference with such sites is in strict conformity with the provisions of the Heritage Act.

6. Native Title – MABO and Native Title Legislation

The Racial Discrimination Act 1975 (Cth) (RDA) was enacted by the Federal Parliament in 1975. It made racial discrimination unlawful. The RDA is binding on the State of Western Australia.

On 3 June 1992, the High Court of Australia held in Mabo v. Queensland (no.2) (1992) 175 CLR 1 (Mabo #2) that the common law of Australia recognises a form of native title which reflects the entitlements of Aboriginal people to their traditional lands in accordance with their traditional laws and customs. In order to succeed in a native title claim the persons making such claim must show that they enjoy certain customary rights and privileges in respect of a particular area of land and that by these rights and privileges they have a connection with that land

In Mabo #2, the High Court held that native title could be extinguished through loss of traditional connection with the land or by legislative or executive actions which are inconsistent with the continued right to enjoy native title. In particular, native title may be extinguished by the State:

- (a) granting a title or interest in land, such as a freehold or leasehold title; or
- (b) appropriating or reserving and using land for a public purpose such as public works,

which is inconsistent with the continued right to enjoy native title in respect of the same land. Extinguishment may be whole or partial depending upon the nature of the State's action. The principles concerning extinguishment have been developed in subsequent High Court and Federal Court decisions.

The grant of a mining tenement only partially extinguishes native title rights and interests. Under section 44H of the NTA and at common law, the rights held under mining tenements will prevail over any inconsistent native title rights. In the case of exploration licences, recent court decisions have held that there is considerable scope for the co-existence of native title rights and the exploration licensee's rights.

The Commonwealth Parliament responded to the Mabo decision by passing the Native Title Act 1993 (Cth). This Act enabled a State Parliament to validate any mining tenements granted prior to its commencement which might otherwise have been invalid by reason of the RDA. The Native Title Act 1993 was extensively amended by the Native Title Amendment Act 1998 (Cth). These amendments include the ability of a State Parliament to validate any titles which may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. The State of Western Australia has enacted the validating legislation contemplated by the NTA: the Titles (Validation) and Native Title (Effect of Past Acts) Act 1995 as amended by the Titles (Validation) and Native Title (Effect of Past Acts) Amendment Act 1999.

7. Native Title – Native Title Claims

Persons claiming to hold native title may lodge an application for determination of native title with the Federal Court. The Court will then refer the application to the Native Title Registrar for the registration test.

If the Native Title Registrar is satisfied that the lodged claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims maintained by the National Native Title Tribunal (**Register**). Claimants of registered claims are afforded certain procedural rights under the NTA including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. If a claim fails to meet the registration test, this only means that the native title claimants do not have access to the future act procedures under the NTA. It does not mean that the claim has been dismissed or discontinued. An unregistered claim must still be heard and determined by the Federal Court.

Some of the Tenements relate to land which is currently the subject of one or more registered native title claims. These claims are identified in the Schedule.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that existing claims may be successful, or the possibility of any further native title claims being made in the future.

In any event, the existence of native title is not the main issue for the Company. The main issue is the existence of a registered native title claim. That effectively requires the Company to observe the provisions of the NTA in proceeding with its applications for Tenements. The reason for this is that an act which affects native title rights such as the grant of a mining tenement may be invalid unless there has been compliance with the provisions of the NTA. Until the native title claim has been determined by the Federal Court the existence of native title will be uncertain. Prudence dictates that native title should be assumed to exist over all claimed land other than freehold, "exclusive possession" leasehold or vested reserve until the claim has been determined.

8. Native Title – Validity of Titles

(a) Tenements granted before 1 January 1994

The grant before 1 January 1994 of mining tenements over land other than freehold, "exclusive possession" leasehold or vested reserve is an act that is capable of affecting native title and could have been invalid under the RDA. However, the NTA and State legislation has validated any such mining tenements.

None of the Tenements was granted before 1 January 1994.

(b) Tenements granted between 1 January 1994 and 23 December 1996

The grant of a mining tenement over land other than freehold "exclusive possession" leasehold or vested reserve is an act that is capable of affecting native title. Acts affecting native title must comply with the future act processes of the NTA.

However, the State Government granted some mining tenements during the period between 1 January 1994 and 23 December 1996 without complying with the requirements of the NTA. Accordingly, there was a risk that some of the tenements granted during this period may have been invalid as a result of the failure to comply with the NTA. This risk has been removed by the 1998 amendments to the NTA (and corresponding State legislation, the Titles (Validation) and Native Title (Effect of Past Acts) Amendment Act 1999) so far as the tenements were

granted over land which is the subject of a pastoral lease or other prescribed leasehold land.

None of the Tenements was granted between 1 January 1994 and 23 December 1996.

(c) Tenements granted since 23 December 1996

Mining tenements granted since 23 December 1996 may be invalid if they were granted over land other than freehold, "exclusive possession" leasehold or vested reserve and the applicable processes prescribed by the NTA were not complied with. We understand that it has been the practice of the State Government since 23 December 1996 to comply with these processes subject to certain cases between July 2000 and February 2001 where the Minister granted mining tenements over enclosed or improved pastoral leasehold land relying on WA v Ward (2000) 170 ALR 159 (since overruled by the High Court on this point).

The following Tenements have been granted since 23 December 1996 and none was granted between July 2000 and February 2001:

Holder	Tenements
Talisman Mining Limited	E47/1136, E47/1137, E47/1194, E47/1195, E47/1196, E45/2377, E45/2378
Murchison Resources Pty Ltd	E52/1597
	E52/1607

So, in summary, on the basis that the procedural requirements of the NTA were complied with prior to their grant, each of those Tenements is valid so far as native title is concerned.

(d) Future Tenement Grants

The valid grant of any of the current applications for Tenements which may affect native title requires compliance with the provisions of the NTA.

The NTA regulates all future actions (such as the grant of a mining tenement) which affect native title rights. These actions are known as "future acts". A future act will be valid if it falls within one of a number of categories of land dealings specified in the NTA provided that there is compliance with the applicable procedural requirements: NTA Part 2, Division 3, Subdivisions B-P.

So, if the grant of any of the current applications for Tenements affect native title, the grant will be a future act and will be valid only if there has been compliance with the relevant requirements of the NTA. In order to determine whether the grant of any of the current applications will affect native title, a determination must be made as to whether the native title exists in the area. This will require a hearing by the Federal Court (or a consent determination) as to the existence of native title, which could take years. However, in the interim, the validity of the grant of the current applications for Tenements can be assured if the State and the applicants for the Tenements comply with the requirements of the NTA on the assumption that native title does in fact exist in the area.

These requirements are known as the "right to negotiate procedures". They are contained in Part 2 Division 3 Subdivision P of the NTA. They involve the notification and advertising of a proposed grant, negotiation by the State and the tenement applicant with any registered native title claimants and, if agreement cannot be reached, determination by the National Native Title Tribunal.

In the case of low impact mining tenements, the State may nominate that the NTA expedited procedure apply. As a general practice, the State of Western Australia nominates the expedited procedure in relation to exploration licences. If the registered native title claimants do not object to the expedited procedure within four months after receiving notification of the proposed act, the grant may proceed. If they do object and the objection is upheld by the National Native Title Tribunal, the right to negotiate procedure applies.

Tenements may also be validly granted under an Indigenous Land Use Agreement (Subdivisions B, C and D of the NTA) which must be entered into with all the registered native title claimants for the area and registered under the NTA.

The following Tenements are current applications:

Holder	Tenements
Talisman Mining Limited	ELA52/1691, ELA52/1685
Murchison Resources Pty Ltd	ELA51/1006

9. Qualifications

While the status of the Tenements is dealt with in the Schedule, we point out, by way of summary, that:

- (a) we have assumed the accuracy and completeness of all Tenement searches and other information or responses which were obtained from the relevant department or authority. We cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the searches of the Tenements obtained from the DIR;
- (b) the holding of the Tenements is subject to compliance with the terms and conditions and the provisions of the Mining Act;
- (c) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;
- (d) with respect to any application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;
- (e) where compliance with the requirements necessary to maintain a Tenement in good standing is not disclosed on the face of the searches referred to in this report, we express no opinion on such compliance;

- (f) references in the Schedule to any area of land are taken from details shown on searches obtained from the DIR. It is not possible to verify the accuracy of those areas without conducting a survey;
- (g) where Ministerial consent to any agreement or dealing referred to in Part II of the Schedule is being or will be sought, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we have no reason to believe that any application for consent will be refused; and
- (h) the Schedule is accurate as at 16 August 2005 as it is based on searches from DIR at that date. We cannot comment on whether any changes have occurred in respect of the Tenements between 16 August 2005 and the date of the Prospectus.

10. Consent

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

STEINEPREIS PAGANIN

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PART I

						TENEMENT	TENEMENT SCHEDULE				
TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY	AREA SIZE	ANNUAL RENT I	MINIMUM ANNUAL EXPENDITURE	RELATIONSHIPS (EG SECTION 49)	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
TRILLBAR PROJECT	ECT										
E52/1597	Murchison Resources Pty Ltd	001	12/01/04	11/01/09	8 Blocks	\$811.36	\$20,000	Ē	Amalgamation MEAM6/045	3, 5, 6, 7, 8, 10, 23, 24, 43, 44, A, (i)	WC04/10 Wajari Yamatji ARB/14, Geraldton ARB
E52/1607	Murchison Resources Pty Ltd	001	28/06/04	27/06/09	6 Blocks	\$608.52	\$20,000	Ī	Ī	3, 5, 6, 7, 8, 23, 24, 45, 46, A, (i)	WC 04/10 Wajarri Yamatji ARB/14, Geraldton ARB
ELA52/1691	Talisman Mining Limited	001	(18/03/03)	₹ Z	61 Blocks	N/A	No expenditure required yet	Ī	Ī	∢	WC04/10 Wajari Yamatji ARB/14, Geraldton ARB NTA/1, Ilua Wia 2000/001 Nharnuwangga Waj
MAITLAND PROJECT	JECT										
ELA51/1006	Murchison Resources Pty Ltd	001	(23/01/02)	₹ Z	34 Blocks	X/X	No expenditure required yet	Ē	Ī	<	WC04/10 Wajari Yamatji ARB/14, Geraldton ARB
MOUNT JAMES PROJECT	PROJECT										
ELA52/1685	Talisman Mining Limited	001	(04/02/03)	₹ Z	15 Blocks	X X	No expenditure required yet	Ē	Z	B, 54	WC 01/003, Wajarri Elders ARB/14, Geraldton ARB
WONMUNNA PROJECT	ROJECT										
E47/1137	Talisman Mining Limited	001	29/08/02	28/08/07	69 Blocks	\$6,997.98	\$62,100	Ē	Fines 198236 Plaint KR23/045 (dismissed)	2, 3, 5, 6, 7, 8, 10, 19, 20, 21, 22, 23, 24, 25, 26, 27, F, (iii)	WC 99/004, Nyiyaparii WC 97/43 Gobowarah Minduara Yinhawanga WC 05/003 Ngariawangga People ARB/12, Pilbara ARB
TOM PRICE PROJECT	DJECT										
E47/1136	Talisman Mining Limited	001	20/02/03	19/02/08	30 Blocks	\$3,042.60	\$27,000 (Previous year	Ē	Ī	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13,	WC 97/89, Eastern Guruma ARB/12, Pilbara ARB

9	4

TENEMENT	HOLDER / APPLICANT	SHARES HELD	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	ANNUAL RENT MINIMUM ANNUAL (NEXT RENTAL EXPENDITURE YEAR)	RELATIONSHIPS (EG SECTION 49)	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
							underexpended by \$8,704)			14, 15, 16, 17, 18, D, E, (iv), (v)	
ANTICLINE PROJECT	JECT										
E47/1194	Talisman Mining Limited	001	13/12/02	12/12/07	56 Blocks	\$5,679.52	\$50,400	Ī	Fines 202674	2, 3, 5, 6, 7, 8, 16, 17, 23, 24, 28, 29, 30, 31, 32, D, E, (ii)	WC 01/005, Puutu Kunti Kurrama & Pinikura ARB/12, Pilbara ARB
E47/1195	Talisman Mining Limited	001	13/12/02	12/12/07	70 Blocks	\$7,099.40	\$63,000	Ī	Fines 202675	2, 3, 5, 6, 7, 8, 16, 17, 23, 24, 29, 33, 34, 35, D, E, (ii)	WC 01/005, Puutu Kunti Kurrama & Pinikura ARB/12, Pilbara ARB
E47/1196	Talisman Mining Limited	001	13/12/02	12/12/07	70 Blocks	\$7,099.40	\$63,000 (Previous year underexpended by \$52,932)	₹	Fines 202676 Extension of Time - Form 5 188840 Fines 215439	2. 3. 5, 6, 7, 8, 16, 17, 23, 24, 36, 37, 38, 39, 40, 41, 42, D, E, (ii)	WC 01/005, Puutu Kunti Kurrama 8, Pinikura ARB/12, Pilbara ARB
COPPER HILLS PROJECT	PROJECT										
E45/2377	Talisman Mining Limited	100	31/10/02	30/10/07	70 Blocks	\$7,099.40	\$63,000	Ē	Fines 201460	2, 3, 5, 6, 7, 8, 47, 48, 49, 50, C, (vi)	WC 96/78, Martu ARB/12, Pilbara ARB
E45/2378	Talisman Mining Limited	100	31/10/02	30/10/07	70 Blocks	\$7,099.40	\$63,000	Ī	Fines 201461	2, 3, 5, 6, 7, 8, 10, 50, 51, 52, 53, C, (vi)	WC 96/78, Martu ARB/12, Pilbara ARB

Key to Tenement Schedule

E - Exploration Licence

ELA - Exploration Licence Application

ELA - Exploration Licence Application

Application to Fact to Part III of this Report for the status of the Native Title Claims. Please refer to Part III of this Report for the status of the Native Title Claims.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.
References to letters in the "Notes" column refers to the Agreements summarised in Part II of the Schedule. References to roman numerals in the "Notes" column refers to Heritage agreements summarised in Part III of the Schedule. References to numbers in the "Notes" column refers to the notes following this table.

Notes:

All Tenements are subject to the standard endorsements and conditions imposed by DIR.

- Special Leases 3116/4582, 3116/4592, 3116/4595, 3116/7842 to a depth of 30 metres. General Purpose Lease 3SA to a depth of 15 metres. Mineral Lease 4SA. Mining Lease 47/299, Description of Land NOT included in the grant of the Licence.
- Pursuant to the Savings and Transitional Provisions of the Mining Amendment Acts 1990 and 1994 all land surrendered, forfeited (other than by plaint action) or expiring from a non-graticular exploration licence will either:
- automatically be included into a graticular exploration licence, provided the surender, forfeiture or expiry occurred after the grant of the graticular exploration licence; or
- automatically be included into an application for a graticular exploration licence provided the surrender, forfeiture or expiry occurred after 14 October 1995.
- 3. The Licensee's attention is drawn to the provisions of the Aboriginal Heritage Act, 1972.
- Persons claiming native title to the land the subject of this mining tenement entered into a deed under the Native Title Act 1993 with the state of Western Australia, the Minister for State Development and the tenement holder agreeing to the grant of the tenement. Copies of he deed were given to the National Native Title Tribunal pursuant to Section 34 of the Native Title Act and filed at DIR.
- All surface holes drilled for the purpose of exploration are to be capped, filled or otherwise made safe after completion

5.

- All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being backfilled and rehabilitated to the satisfaction of the Environmental Officer, DIR. Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DIR.
- All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program. ζ.
- mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed Unless the written approval of the Environmental Officer, DIR is first obtained, the use of scrapers, graders, bulldozers, backhoes or other ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.

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- No interference with Geodetic Survey Station Mount Bruce 57 59, 75 89, 92, 129, 217 219, 291 293, 299, SSM W18 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface. ۶.
- No interference with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface 9

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- The rights of ingress to and egress from Miscellaneous Licence 47/19 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence. \equiv
- prior written consent of the Minister for State Development being obtained before commencing mining on Extraction of Soil Reserve 42406, Tom Price Townsite. The 2
- No mining on a strip of land 60 metres wide with the Hamersley Iron Railway Line as the centreline and no materials being deposited or machinery or buildings being erected on such strip of land. 3.
- Blasting operations being controlled so that no damage or injury can be caused by fly rock, concussion, vibration or other means. 4.
- No interference with the transmission line or Optic Fibre Cable or the installations in connection therewith, and the rights of ingress to and egress from the facility being at all times preserved to the owners thereof 15.
- deted May 2005 and signed by Mr Graeme Rowley Executive Director (EMP 3087) and retained on DIR File No. E0135/200401. Where a The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled "Fortescue Metals Group Limited, Pilbara Iron Ore and Infrastructure Project, Exploration Environmental Management Plan" difference exists between that document and condition in note 17 below, then condition in note 17 prevails 9.
- The development and operation of the project being carried out in such a manner so as to create the minimum practical disturbance to the existing vegetation and natural landform 7.
- Expenditure exemption KR277/045 lodged on 20 April 2005 (status is Underexpended by \$8,704 for the year ended 19 February 2005. "recorded") œ
- described in the notice appearing in the Government Gazette of Western Australia dated 16 September 1988. The grant of this Licence does not include land the subject of Temporary Reserves 4737, 4882 and 4883. grant of this Licence does not include land declared a protected area under Section 19 of the Aboriginal Heritage Act 1972 and The <u>%</u>
- The grant of this licence does not include land the subject of prior Exploration Licences 47/431, 47/540, 47/542 and 47/622. If a prior licence expires, is surrendered or forfeited that land may be included in this licence, subject o the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional provisions relating to the Geocentric Datum of Australia". 20.
- No interference with Geodetic Survey Station HRE 262-266 and mining within 15 metres thereof being confined to below a depth of 15 metres from the natural surface. 21.
- No excavation, excepting shafts, approaching closer to the Great Northern Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Great Northern Highway or Highway verge being confined to below a depth of 30 metres from the natural surface, and on any other road or road verge, to below a depth of 15 metres from the natural surface.

22.

- The Licensee notifying the holder of any underlying pastoral or grazing lease by telephone or in person, or by registered post if contact cannot be made, prior to undertaking airbome geophysical surveys or any ground disturbing activities utilising equipment such as scrapers, graders, bulldozers, backhoes, drilling rigs, water carting equipment or other mechanised equipment. 23.
- The Licensee or transferee, as the case may be, shall within thirty (30) days of receiving written notification of: 24.
- the grant of the Licence; or
- registration of a transfer introducing a new Licensee;

advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer.

Fines 198236. Penalty of \$4,003 imposed pursuant to Section 96A(5). Date Due 9 July 2004. Date Paid 22 June 2004. Recorded 9 June 2004.

25.

- Plaint KR23/045 (for forfeiture) lodged on 27 September 2004 by Danny Smith. Recorded on 27 September 2004. Dismissed on 23 March 2005, by consent, with no order in respect of costs. Warden D Tembt SM. 26.
- Underexpended by \$40,038 for the year ended 28 August 2003. Expenditure exemption lodged on 27 October 2003 and refused on 29 27.
- Description of Land NOT included in the grant of the Licence. Exploration Licences 47/470, 47/471 and 47/778. 28.
- or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled The grant of this licence does not include the land the subject of prior Exploration Licence 47/778. If the prior licence expires, is surrendered 'Transitional provisions relating to Geocentric Datum of Australia". 29.
- No interference with Geodetic Survey Station SSM-JM60 and mining within 15 metres thereof being confined to below a depth of 15 metres rom the natural surface. 8
- Fines 2026/74. Penalty of \$3,005 imposed pursuant to Section 96A(5). Date Due 13 October 2004. Date Paid 5 October 2004. Recorded on 13 September 2004. 31.
- Underexpended by \$30,058 for the year ended 12 December 2003. Expenditure exemption KR113/034 lodged on 10 February 2004 and efused on 25 June 2004. 32.
- Description of Land NOT included in the grant of the Licence. Mineral Lease 4SA. Exploration Licences 47/470, 47/778. 33.
- Fines 202675. Recorded on 13 September 2004. Penalty of \$4,708 imposed pursuant to Section 96A(5). Date Due 13 October 2004. Date Paid 5 October 2004. 34.

- Underexpended by \$47,081 for the year ended 12 December 2003. Expenditure exemption KR113/034 lodged on 10 February 2004 and refused on 25 June 2004. 35.
- Description of Land NOT included in the grant of the Licence. Mineral Lease 4SA. Exploration Licences 47/45, 47/469, 47/470 and 47/892. 36.
- The grant of this licence does not include the land the subject of prior Exploration Licence 47/892. If the prior licence expires, is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled 'Transitional provisions relating to Geocentric Datum of Australia". 37.
- Fines 202676. Recorded on 13 September 2004. Penalty of \$5,031 imposed pursuant to Section 96A(5). Date Due 13 October 2004. Date Paid 5 October 2004. 38.
- Extension of Time Form 5 188840 lodged on 9 February 2005 to extend time of lodgement of Form 5 to 24 February 2005. Approved on 9 February 2005. 39.
- Fines 215439. Penalty of \$100 imposed pursuant to Section 96A(5). Date Due 24 June 2005. Date Paid 9 June 2005. Recorded 25 May 2005. 64
- Expenditure exemption KR113/034 lodged on 10 February 2004 and Underexpended by \$50,313 for the year ended 12 December 2003. refused on 25 June 2004 4.
- Underexpended by \$52,932 for the year ended 12 December 2004. Expenditure exemption KR247/045 lodged on 24 March 2005 (status is 42.
- Description of Land NOT included in the grant of the Licence. Mining Leases 52/469 and 52/2470 43.
- Amalgamation MEAM6/045 lodged on 12 May 2005 to amalgamate the remaining portion of late Mining Lease 52/471 into E52/1597. Recorded on 12 May 2005. 44
- Description of Land NOT included in the grant of the Licence. Mining Leases 52/58, 52/123 and 52/751. The land contained within application for Mining Lease 52/704. 45.
- The rights of ingress to and egress from Miscellaneous Licence 52/68 being at all times preserved to the licensee and no interference with the purpose or installations connected to the licence 46.
- Description of Land NOT included in the grant of the Licence. Exploration Licence 45/1568. Exploration Licence Application 45/1743 47.
- or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled The grant of this licence does not include the land the subject of prior Exploration Licence 45/1568. If the prior licence expires, is surrendered "Transitional provisions relating to Geocentric Datum of Australia".

\$

- Fines 201460. Penalty of \$5,295 imposed pursuant to Section 96A(5). Date Due 16 September 2004. Date Paid 8 September 2004. Recorded 16 August 2004. 49.
- Expenditure exemption MB64/034 lodged on 29 December 2003 and Underexpended by \$52,951 for the year ended 30 October 2003. refused on 25 June 2004. 50.
- Description of Land NOT included in the grant of the Licence. Exploration Licences 45/1435 and 45/1568. 51.
- is surrendered or forfeited that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations The grant of this licence does not include the land the subject of prior Exploration Licences 45/1435 and 45/1568. If the prior licence expires, 1981 titled "Transitional provisions relating to Geocentric Datum of Australia". 52.
- Fines 201461. Penalty of \$5,295 imposed pursuant to Section 96A(5). Date Due 16 September 2004. Date Paid 8 September 2004. Recorded 16 August 2004. 53.
 - NTA objection No WO03/0620 by the Wajarri Elders affects this application. By letter dated 19 July 2005, the DIR advised the Company that it had 21 days within which to make a submission regarding the objection or within which to execute a Regional Standard Heritage Agreement; otherwise the application would be put to the Minister for refusal. No action was taken within the 21 day period. However, we have been advised that this matter will be resolved by the execution of the Yamatji Standard Heritage Agreement by the Company (which has been done and will be sent to the Yamatji Maripa Bama Baba Maaja Aboriginal Corporation) and the lodgement of a statutory declaration with the DIR (which will be done shortly). We have been advised that it is DIR policy to agree to the grant of an application once a heritage agreement has been signed by the applicant and sent to the relevant Aboriginal body.

54.

PART II

SUMMARY OF AGREEMENTS

A. Deed between Talisman and Murchison Resources Pty Ltd (Murchison) dated 31 August 2005 (Murchison Deed), affecting the Trillbar and Maitland Projects comprising E52/1597, E52/1607, ELA52/1691 and ELA51/1006 (Tenements).

The Murchison Deed effectively carries on arrangements under a Heads of Agreement dated 6 March 2003 (**Heads of Agreement**). Under the Heads of Agreement, the Company could purchase an 80% equity interest in the Tenements by way of:

- (a) a cash payment of \$10,000 (plus GST) on signing of the Heads of Agreement;
- (b) at 6 months from signing the Heads of Agreement the Company could make a further cash payment of \$10,000 (plus GST) in order to gain a 3 month extension from Murchison to gain admission to the Mining Board of the ASX:
- (c) at 9 months from signing the Heads of Agreement, Talisman could make a further cash payment of \$10,000 (plus GST) to gain a further 3 month extension to gaining admission to the ASX;
- (d) Talisman must make a further cash payment of \$150,000 (plus GST) within 20 days of Talisman gaining admission to the ASX; and
- (e) Talisman must issue 1,000,000 fully paid ordinary 20 cent shares in Talisman together with any free attaching options that may be part of the initial public offering. We note that no free attaching options are being issued pursuant to the Prospectus.

Murchison retains a 20% free carried equity in the Tenements until a decision to mine is made. Murchison may then elect to contribute to expenditure on a pro rata basis or to dilute its interest.

If Murchison dilutes to less than 5% equity then Murchison will be deemed to have 0% participating interest and 100% equity in the Tenements will be transferred to Talisman. Murchison will retain a 1% gross production royalty on any mineral produced and sold if this occurs.

Whilst sole funding exploration, Talisman is the manager of the joint venture and makes all decisions regarding exploration strategies and budgets without reference to Murchison, except where such decisions impinge upon the continuity of good standing of the Tenements.

Talisman and Murchison agreed to use best endeavours to have a formal joint venture agreement executed to replace the Heads of Agreement. This has not occurred.

The Heads of Agreement came to an end on 6 March 2004 because the Company did not gain admission to the official list of the ASX within 12 months of the Heads of Agreement.

The Murchison Deed provides that the provisions of the Heads of Agreement are repeated in full except that:

(a) the Company shall have until 31 December 2005 in which to gain admission to the official list of the ASX;

- (b) provided that the Company pay to Murchison \$10,000 (together with applicable GST) within 7 days of the date of the Murchison Deed;
- (c) if the Company does not gain admission to the official list of the ASX by 31 December 2005, then the agreement constituted by the Murchison Deed is null and void and the Company will have no further rights or interest over the Tenements;
- (d) the Company acknowledges that the expenditure will be met on a prorata basis on E51/1607; and
- (e) the Company will hand to Murchison an executed transfer form for ELA52/1691 (at no cost to Murchison) if the Company is unable to meet its obligations.
- B. Exploration Joint Venture Agreement between Talisman and Giralia Resources NL (Giralia) dated 30 March 2004 (Joint VentureAgreement), affecting the Mount James Project comprising ELA52/1685 (Tenement).

The Joint Venture Agreement provides for:

- (a) initial interests of the parties, in the Tenement, are Giralia 100% and Talisman nil%. Once Talisman has incurred expenditure of \$1,200,000 inclusive of GST (or such other amount that is agreed by the parties in writing) Talisman will then have a 60% interest in the Tenement and Giralia will have a 40% interest;
- (b) Talisman has 4 years from 30 March 2004 in which to expend the amount of \$1,200,000. If it fails to expend that amount before the expiry of the 4 year period (or fails to give written notice that it has done so) Talisman will not have earned any interest in the Tenement and Talisman will be deemed to have withdrawn from the Joint Venture:
- (c) on withdrawal from the joint venture the withdrawing venturer forfeits to the remaining venturer all its joint venture interest and any other interest it may have in the Tenement;
- (d) Talisman is responsible for maintaining the Tenement in good standing and payment of all outgoings during the 4 year earning period;
- (e) after completion of the earning period a venturer may elect not to contribute to its proportionate share of expenditure and on that occurring shall dilute its joint venture interest;
- (f) neither party may assign all or part of its interest without first offering the right to acquire the interest to the other joint venturer (except where the party assigns the interest to a related body corporate). An assignment will have no force or effect until the assignee enters into a covenant to observe and perform all terms and conditions of the Joint Venture Agreement;
- (g) on discovery of a mineral deposit and approval by the operating committee of a bankable feasibility study recommending development, the venturers will negotiate in good faith with a view to entering into one or more agreements relating to mining operations. Such an agreement will have provisions for the funding of all costs of construction, development, operations and further exploration by the venturers in proportion to their respective interests; and

- (h) either party may, by giving 90 days notice in writing to the other party, withdraw from the joint venture (provided that Talisman will not be entitled to withdraw until it has incurred \$150,000 of expenditure).
- C. Farm-in Joint Venture Heads of Agreement between Talisman and Western Platinum NL (Western Platinum) dated 16 September 2003 (Heads of Agreement), affecting the Copper Hills Project comprising E45/2377 and E45/2378 (Tenements).

The Heads of Agreement provide for:

- (a) Western Platinum is able to acquire a 70% interest in the Tenements by incurring expenditure of not less than \$1,000,000 over a 3 year period (which commenced on 31 December 2003);
- (b) on Western Platinum earning the interest Talisman must do all things necessary to enable Western Platinum to be registered as the holder of a 70% interest in each of the Tenements;
- (c) Western Platinum is able to terminate the Heads of Agreement by giving 90 days notice to Talisman;
- (d) during the earning period, Western Platinum has exclusive possession of the Tenements and has the exclusive right to carry out exploration on the Tenements:
- (e) once Western Platinum earns the participating interest in the Tenements the parties become associated in a joint venture and covenant to enter into a formal joint venture agreement to govern the joint venture; and
- (f) both parties are able to assign any or all of its interest to a third party provided it obtains the consent from the other party. An assignment will have no force or effect until the assignee enters into a covenant to observe and perform all terms and conditions of the Heads of Agreement.
- D. Agreement between Talisman and Fortescue Metals Group Limited (FMG) dated 4 February 2004 (Agreement), affecting the Tom Price and Anticline Projects comprising E47/1136, E47/1194, E47/1195 and E47/1196 (Tenements).

The Agreement provides for:

- (a) Talisman granting to FMG an exclusive licence to explore for and mine iron ore on the Tenements;
- (b) Talisman must apply to the Minister and do all such things necessary to obtain the Minister's authorisation and endorsement to explore for iron ore on the Tenements;
- (c) if a deposit of iron ore is located on any of the Tenements and it is identified as being economically viable to mine then FMG may require Talisman to facilitate FMG obtaining mining leases over so much of the area of the Tenements as may be necessary for FMG to undertake mining of that deposit;
- (d) FMG may also apply for miscellaneous licences over the Tenements where reasonably required for the purposes of exploiting its right to explore for and mine iron ore;

- (e) Talisman is not to relinquish any Tenement or any part of any Tenement without giving FMG 21 days prior written notice offering to transfer to FMG the area intended to be relinquished;
- (f) as from the second anniversary of any Tenement granted as at the date of the Agreement, FMG agrees to keep the Tenement in good standing for a period of at least 1 year, but may at any time thereafter by notice to Talisman exclude any such Tenement from the terms of the Agreement following which FMG will cease to have any obligations or rights in respect of any Tenements so notified to Talisman;
- (g) if an ore body is identified which contains both economically recoverable quantities of iron ore and any other mineral, or two or more bodies are identified, one of which contains an economically recoverable quantity of iron ore and the other an economically recoverable quantity of some other mineral but both ore bodies cannot be simultaneously mined by different parties, then FMG may mine the iron ore deposit first but must, at the election of Talisman and to the extent that the recovery of the iron ore body is not prejudiced, leave the non iron ore minerals in situ for access by Talisman or stockpile the non iron ore minerals for Talisman's access;
- (h) FMG must pay Talisman a royalty of 10 cents per tonne of ore mined from the Tenements (such royalty is capped at \$2,000,000);
- (i) whilst FMG is keeping any Tenement in good standing in accordance with the Agreement, Talisman has a non-exclusive right to explore for precious metals, copper, lead, zinc, cobalt and nickel over all tenements held by FMG from time to time in the Pilbara region of Western Australia;
- the Agreement does not restrict Talisman from dealing with the Tenements provided such dealings do not affect FMG's enjoyment of its rights and provided Talisman gives FMG prior reasonable written notice of such dealings; and
- (k) the parties agree to use their best endeavours to negotiate in good faith a full and more detailed agreement to replace the Agreement.

Pursuant to the Agreement, FMG subscribed for and was issued 250,000 shares in the capital of Talisman at a price of 10 cents per share.

E. Farm-in Letter between Talisman and De Beers Australia Exploration Limited (DBAE) dated 26 November 2003 (executed by Talisman on 12 December 2003) (Farm-in Letter Agreement), affecting the Tom Price and Anticline Projects comprising E47/1136, E47/1194, E47/1195 and E47/1196 (Tenements).

The Farm-in Letter Agreement provides for:

- (a) Talisman granting DBAE an option to enter a farm-in and joint venture agreement with Talisman;
- (b) during the option period DBAE is permitted to investigate a number of remote sensing anomalies by field inspection and heavy mineral sampling on the Tenements;
- (c) if DBAE gives notice of withdrawal or fails to exercise the option, it will report the results to Talisman and advise Talisman of its expenditure but will not retain any rights;

- (d) if a farm-in and joint venture agreement is entered DBAE will be able to earn an interest of 60% for diamonds in each Tenement by expending a total of \$170,000 on each Tenement within 3 years. DBAE would give Talisman notice when it has expended a \$170,000 on a Tenement, at which time a joint venture will be formed with DBAE holding 60% and Talisman 40% participating interest in the Tenement. Talisman will either contribute pro rata or dilute. Should Talisman elect not to contribute and dilutes below 10% then its interest would be converted to a 1.5% gross royalty, capped at US\$50 million;
- (e) the farm-in and joint venture agreement will be for diamonds only;
- (f) under the farm-in and joint venture agreement DBAE will be obliged to comply with all conditions applying to the Tenements, the requirements of the Mining Act (including rehabilitation requirements), the Aboriginal Heritage Act and all other relevant statutes and DBAE will indemnify Talisman against any liability for any breach of those obligations;
- (g) notwithstanding anything contained in the farm-in and joint venture agreement, Talisman and/or its related company will be fully entitled at all times to conduct such exploration activities within the Tenements as they see fit; and
- (h) if the farm-in and joint venture agreement is entered it will provide for a pre-emptive right to either party who wishes to sell all or a portion of interest in the joint venture other than to a related corporation.

The option was initially to expire on 1 September 2004 but was extended to 31 March 2005 by a letter agreement between the parties dated 8 September 2004 (executed by Talisman on 5 October 2004).

By letter agreement dated 9 March 2005 (executed by Talisman on 20 March 2005), DBAE advised that it was exercising the option to enter into a farm-in and joint venture agreement with Talisman in respect of E47/1194 – 1196. It was also agreed that the option in relation to ELA47/1136 be extended for a further 12 months.

F. Exploration Agreement between Talisman and Poondano Exploration Pty Ltd (Poondano) dated 15 November 2004 (Exploration Agreement), affecting E47/1137 (Tenement).

Under the Exploration Agreement, Talisman grants Poondano the sole and exclusive right to explore and, subject to the Mining Act mine iron ore on the Tenement. In return, Poondano will:

- (a) pay Talisman a one off good faith payment of AUD\$10 per sq km for the Tenement upon signing the Exploration Agreement;
- (b) carry out an exploration program on the Tenement at no cost to Talisman (subject to Poondano's right to relinquish rights in respect of any Tenement);
- (c) ensure that all statutory requirements in relation to this program are met in full and all clearances and permits are obtained;
- (d) ensure that all results and reports are made available to Talisman;
- (e) pay Talisman a fee of AUD\$1,000 per sq km for mining leases for iron ore applied for by Talisman at Poondano's request over any part of the

- Tenement and following grant transferred to Poondano. Application costs and rent will be at Poondano's cost;
- (f) pay Talisman a production royalty of (AUD)\$0.25/tonne of iron ore mined by Poondano from the Tenement twice a year (at the start of the calendar and financial years);
- (g) Poondano will not sell or assign any of its rights under the Exploration Agreement or any of its rights to the Tenement unless the buyer or assignee first enters into a deed to be bound by conditions in the Exploration Agreement; and
- (h) the royalty will be indexed to movements in the Mt Newman fines iron ore reference price on a FOB basis on each anniversary of the Exploration Agreement as reported in the Tex Report closest to the anniversary date and expressed in US cents per Long Ton Fe Unit.

In return for the above, Talisman agrees to:

- (a) grant Poondano sole exploration rights for iron ore over the Tenement and, subject to the Mining Act and the grant of necessary mining leases, sole access and mining rights to the iron ore deposits already known or discovered as a result of Poondano's program;
- (b) not to sell, assign, mortgage or otherwise deal with the Tenement unless the buyer, assignee, mortgagee or disposee first enters into a deed in favour of Poondano agreeing to be bound by the Exploration Agreement;
- (c) in the event that Poondano forms the view that a portion of any tenement may contain iron ore deposits which do or may warrant development then Poondano may give notice to Talisman requiring that mining rights be granted to Poondano. Upon such notice being given:
 - (i) if the relevant mining tenement is a mining lease, Talisman will by deed grant to Poondano the exclusive right to explore and mine ferrous deposits (and any other material which will in the normal course be removed or mined with such ferrous deposits) but reserving to Talisman the right to explore for and mine other minerals;
 - (ii) if the relevant mining tenement is not a mining lease, Talisman will use its statutory right to conditionally surrender the mining tenement or part thereof and make a priority application for a mining lease over the parts of the Tenement specified by Poondano and upon the grant of such mining lease Talisman will, subject to obtaining Ministerial approval under the Mining Act, transfer the granted mining lease to Poondano free from encumbrances. Immediately after such transfer Poondano will, subject to any required ministerial consent under the Mining Act, by deed grant to Talisman the exclusive right to explore for and mine all non-ferrous minerals; and
- (d) where there may be a conflict of order of mining, the parties will cooperate with each other so as to enable orderly and safe mining of both.

The Exploration Agreement will lapse in relation to the Tenement if a Resource, as defined in JORC, of iron ore greater than 20 million tonnes has not been defined within the Tenement by 31 December 2006.

Poondano may relinquish its rights in respect of the Tenement at any time by giving notice in writing to Poondano not less than 3 months prior to each anniversary date of the Exploration Agreement in which case Poondano will cease to have any further rights or obligations in respect of the Tenement.

Talisman will not surrender or relinquish the Tenement or part thereof unless either:

- (a) by way of conditional surrender for the purposes of applying for a replacement mining tenement in which case the replacement mining tenement will be deemed to be a tenement subject to the Exploration Agreement (subject to obtaining any approval required under the Mining Act); or
- (b) Talisman first offers in writing to transfer the Tenement to Poondano for no consideration other than the terms of the Exploration Agreement (and subject to any consent required under the Mining Act being obtained) and Poondano does not accept the offer. The offer must be open for acceptance for at least 45 days.

The Exploration Agreement is subject to:

- (a) the Minister or an officer of the department with his authority consenting to the Exploration Agreement in accordance with the requirements of the Mining Act if such consent is required under the Mining Act; and
- (b) if the Minister has not already done so, the Minister authorising exploration for iron ore on the Tenement by an instrument under section 111 of the Mining Act (and in which case Talisman agrees to promptly apply for such authorisation in consultation with Poondano).

Talisman must keep strictly confidential all information obtained by the Company regarding the techniques, processes and methodology, activities and strategies of Poondano.

Both parties agree to keep all information with regard to the other party's exploration and mining activities confidential except with the consent to release of the other party or if required to release such information under law or in compliance with the listing rules of ASX.

The agreements noted above are all otherwise on standard commercial terms.

PART III

STATUS OF NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	STATUS	RNTC STATUS	IN MEDIATION
WC 97/89	WAD 6208/98	Eastern Guruma	Active	Registered	Yes
WC 99/4	WAD 6280/98	Nyiyaparli	Active	Registered	Yes
WC 97/43	WAD 6173/98	Gobawarrah Minduarra Yinhawanga	Active	Registered	Yes
WC 05/3	WAD 78/05	Ngarlawangga People	Active	Registered	No
WC 01/5	WAD 6007/01	Puutu Kunti Kurrama and Pinikura	Active	Registered	Yes
WC 04/10	WAD 6033/98	Wajarri Yamatji	Active	Not registered	No
WC 01/3	WAD 6042/99	The Wajarri Elders	Active	Registered	Yes
WC 96/78	WAD 6110/98	Martu	Active	Native Title determined	Yes

INDIGENOUS LAND USE AGREEMENT

ELA 52/1691 is subject to the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement dated 25 September 2000 between the State of Western Australia and the Nharnuwangga Wajarri and Ngarlawangga Applicants, on behalf of the Nharnuwangga Wajarri and Ngarlawangga native title claim group (ILUA) (as indicated in the Native Title Claims column in the Schedule by "NTA/1, Ilua Wia2000/001 Nharnuwangga Waj"). The ILUA was registered with the NNTT on 5 July 2001.

The ILUA applies to all applications for tenements applied for or granted under the Mining Act wholly over Nharnuwangga Wajarri and Ngarlawangga land (**Tenements**), and all applications for the following rights:

- (a) a right to productive mining;
- (b) the compulsory acquisition of native title rights and interests;
- (c) the grant of a general purpose lease;
- (d) the grant of any petroleum title under the Petroleum Act 1967 (WA) (**Petroleum Title**); or
- (e) any future act other than the grant of a tenement to which Subdivision P of Division 3 of Part 2 of the Native Title Act 1993 (Cth) (NTA) would ordinarily apply (together, the **Rights**),

in respect of which:

- (a) native title has not been extinguished;
- (b) are applied for or granted under the relevant legislation after 5 July 2001; and

(c) the State has not stipulated that the ILUA is not applicable.

In addition, if, as at 5 July 2001, the State is required to commence or has commenced the notification procedure under section 29 of the NTA in respect of a Tenement and the Rights, and the State has not stipulated that the ILUA is not applicable, then the ILUA will apply to that Tenement and the Rights from the relevant date of notification.

Pursuant to the ILUA, the parties agree that the doing of the following acts shall be subject to the procedures described in Part 2 of the Native Title (State Provisions) Act 1999 (WA) (Part 2):

- (a) the creation of a right to productive mining, save that Part 2 will not apply unless and until the holder of the Tenement has submitted to the State Mining Engineer a notice of intent to mine: or
- (b) an act to which Subdivision P of Division 3 of Part 2 of the NTA would apply, and that act consists of:
 - (i) the compulsory acquisition of native title rights and interests;
 - (ii) the grant of a general purpose lease;
 - (iii) the grant of any Petroleum Title; or
 - (iv) any future act other than the grant of a tenement to which Subdivision P of Division 3 of Part 2 of the NTA would ordinarily apply.

Under the ILUA, except in respect of an act consisting of productive mining or the compulsory acquisition of native title rights and interests or the grant of a general purpose lease or the grant of a Petroleum Title, there shall be no right to compensation in respect of any future act permitted by the ILUA.

The Nharnuwangga Wajarri and Ngarlawangga native title claim group shall be entitled to apply for compensation according to the provisions of Part 5 of the Native Title (State Provisions) Act 1999 (WA) if operative, or under Division 5 of Part 2 of the NTA, in respect of an act consisting of productive mining, the grant of a general purpose lease or the grant of a Petroleum Title.

An act of productive mining will be deemed to have occurred where a notice of intent to mine is submitted by the holder of a Tenement to the State Mining Engineer, and written approval for the proposed mining operations to proceed has been issued.

For a Tenement granted after 5 July 2001 and within that part of the land the subject of the Nharnuwangga Wajarri and Ngarlawangga claim in respect of which it is determined that native title does exist and where native title has not been extinguished:

- (a) the Tenement instrument must state that the rights conferred by that Tenement may not be exercised until a Heritage Agreement (being substantially in the form of Annexure A to the ILUA) has been entered into in respect of the Tenement (provided that the ILUA is still in force);
- (b) in respect of such a Tenement on which an exploration activity only is to be conducted, the Tenement instrument must specify that the holder must not carry out the exploration activity other than in accordance with the Heritage Agreement; and
- (c) in respect of such a Tenement on which an ancillary activity only is to be conducted, the Tenement instrument must specify that the holder must not carry

out the ancillary activity other than in accordance with the Heritage Agreement.

The ILUA endures for 99 years unless terminated or amended by the consent of all of the parties, or it is rendered inappropriate by a variation to the determination of native title.

Further, the ILUA was or is to be reviewed within a reasonable time prior to the expiration of 2 years after 5 July 2001, or by agreement at any other time.

Heritage Agreement

The Heritage Agreement, which is to be entered into between the Nharnuwangga, Wajarri and Ngarlawangga People and the Tenement holder, is to ensure that in the exercise of the rights under the Tenement, damage, disturbance or interference to an Aboriginal site is avoided so far as possible.

During the term of the Tenement, the Tenement holder shall not carry out exploration activity or ancillary activity unless:

- (a) a program of activity for that proposed activity has been provided to the Nharnuwangga, Wajarri and Ngarlawangga People; and
- (b) any heritage survey proposed to be undertaken has been completed; and
- (c) if the exploration or the ancillary activity originally notified to the Nharnuwangga, Wajarri and Ngarlawangga People would otherwise be carried out within an Aboriginal site identified by a heritage survey, the Tenement holder has provided the Nharnuwangga, Wajarri and Ngarlawangga People with an amended program of activity avoiding the Aboriginal site, and such activities are carried out in accordance with that amended program of activity.

Within 30 days after being provided with a program of activity, the Nharnuwangga, Wajarri and Ngarlawangga People may require that a heritage survey be undertaken. The parties to the Heritage Agreement must negotiate the terms of the heritage survey in good faith. If no agreement on this matter is reached within 2 months of the notification of the requirement of a heritage survey, then the parties may refer their dispute to arbitration.

The Tenement holder must use all reasonable endeavours to ensure that the required heritage survey is compiled, and a report as to the results of the heritage survey is provided to the Nharnuwangga, Wajarri and Ngarlawangga People within 90 days after the Tenement holder is entitled to commence conducting the heritage survey.

If, within 30 days after being provided with a program of activity, the Nharnuwangga, Wajarri and Ngarlawangga People notify the Tenement holder that a heritage survey is not required, or fail to notify whether or not a heritage survey is proposed to be undertaken, the Tenement holder may, subject to the Aboriginal Heritage Act 1972 (WA) (Aboriginal Heritage Act), proceed to immediately implement the notified program of activity.

The Tenement holder may at any time amend the program of activity, and must immediately provide the Nharnuwangga, Wajarri and Ngarlawangga People a copy of the amended program of activity if the amendment results in a change in the category of activity or an increased or different area.

Notwithstanding any term of the Heritage Agreement, the Tenement holder may proceed with a program activity, subject to obtaining all necessary clearances under section 18 of the Aboriginal Heritage Act, if the parties are unable to reach an

agreement on the scope of a heritage survey and after arbitration, the Tenement holder is still dissatisfied with the scope of the required heritage survey.

If the Tenement holder assigns the Tenement to a third party, the Tenement holder must contemporaneously assign its whole right, title and interest in the Heritage Agreement to that third party.

(i) Heritage Protection Agreement between Talisman, Murchison Resources Pty Ltd (Murchison) and the Ngoonooru Wadjari People dated 26 November 2003 (Heritage Protection Agreement), affecting E52/1597 and E52/1607 (Tenements)

The parties have entered into the Heritage Protection Agreement to ensure that the grant of the Tenements is not likely to interfere directly with the community life of the claimants, the areas or sites of particular significance to the claimants, involve major disturbance to any land or waters concerned, and that all work done pursuant to the Tenements is in compliance with the Aboriginal Heritage Act. In order to achieve this objective Talisman and Murchison agreed:

- (a) to conduct such work and incur such costs for the conduct of a heritage survey in accordance with the schedule of costs included in the Heritage Protection Agreement;
- (b) to engage the heritage officer to conduct the heritage survey;
- (c) that all information provided during the course of or in relation to the heritage survey remains intellectual property of the claimants and is not to be recorded or released to any person without the express written permission of the claimants;
- (d) not to make any application under Section 18 of the Aboriginal Heritage Act within the area covered by the Tenements without the prior written consent of the claimants; and
- (e) not to carry out any ground disturbing work of any kind in any area of the Tenements that has not been subject to a heritage survey. Talisman and Murchison must use their best endeavours to provide work programmes prior to any prospecting or exploration work on any area of the Tenements that has not been subject to a heritage survey.

(ii) Heritage Protection Agreement between Talisman and Puutu Kunti Kurr dated 2 October 2002 (Heritage Protection Agreement), affecting E47/1194, E47/1195 and E47/1196 (Tenements)

The parties have entered into the Heritage Protection Agreement to ensure that the grant of the Tenements is not likely to interfere directly with the community life of the claimants, the areas or sites of particular significance to the claimants, involve major disturbance to any land or waters concerned, and that all work done pursuant to the Tenements is in compliance with the Aboriginal Heritage Act. In order to achieve this objective Talisman agreed:

- to conduct such work and incur such costs for the conduct of a heritage survey in accordance with the schedule of costs included in the Heritage Protection Agreement;
- (b) to engage the heritage officer to conduct the heritage survey;
- (c) that all information provided during the course of or in relation to the heritage survey remains intellectual property of the claimants and is not to be recorded or released to any person without the express written permission of the claimants;
- (d) not to make any application under Section 18 of the Aboriginal Heritage Act within the area covered by the Tenements without first having consulted in good faith with the claimants for a minimum period of 3 months in an effort to obtain their prior written consent;
- (e) not to carry out any ground disturbing work of any kind in any area of the Tenements that has not been subject to a heritage survey. Talisman must

- use its best endeavours to provide work programmes prior to any prospecting or exploration work on any area of the Tenements that has not been subject to a heritage survey; and
- (f) to provide the Pilbara Native Title Service a copy of each Form 5 that Talisman is required to provide pursuant to the Mining Act and Mining Regulations 1981 (WA) at the same time as that form is required to be provided to the DIR.
- (iii) Heritage Protection Agreement between Talisman and Nyiyaparli People dated 26
 April 2002 (Heritage Protection Agreement), affecting E47/1137

This Heritage Protection Agreement is on essentially the same terms as the Heritage Protection Agreement noted above for Ngoonooru Wadjari People noted above (except that Murchison is not a party).

(iv) Deed for Grant of Mining Tenement between Talisman, the State of Western Australia, The Minister for State Development, Nelson Hughes, Peter Stevens and Eva Connors dated 21 January 2003 (Deed), affecting E47/1136 (Tenement)

The Deed provides for:

- (a) consent by the native title party to the grant of the Tenement and to Talisman exercising its rights and discharging its obligations under the Tenements; and
- (b) set off of compensation to the native title party by compensation already claimed.
- (v) Exploration Clearance Agreement between Nelson Hughes, Peter Stevens, Eva Connors (representing the Eastern Guruma People) and Talisman dated 4 December 2002 (Agreement), affecting E47/1136 (Tenement)

Under the Agreement Talisman covenants among other things;

- that it will confine its exploration to the works programmes described in the agreement;
- (b) to undertake its operations according to reasonable directions of the Eastern Guruma People in respect of areas of special significance. Such directions shall be given in writing;
- (c) to not refer to or use the Agreement in any legal or other proceedings without the written consent of the Eastern Guruma People;
- (d) notify the Eastern Guruma People as soon as practicable and to take all reasonable steps to protect and preserve any artefacts or other evidence of prior use by Aboriginal People which it discovers during the course of its operations;
- (e) give notice of any intention to substantially change the scope of its operation or extent outside the area of the application of the Tenement to the Eastern Guruma People;
- (f) any contractors engaged to carry out exploration activities must agree in writing to observe the clearance terms of the Agreement as applicable to its activities:
- (g) to not interfere with or in any way constrain the exercise of the rights and interests that may be held by the traditional owners by way of native title;
- (h) to regularly consult the Eastern Guruma People and to advise of its work programme plans with respect to the Tenement to schedule work and to avoid material disruption to the practice of particular activities or to particular locations and/or at particular times on the land; and
- (i) if Talisman decides to assign, sell or transfer in any matter whatsoever all/or any part of its interest in the Tenement then it undertakes to notify the solicitor Oliver Wijetillake in writing 28 days prior to such act taking place

and undertakes to enter in a Deed of Covenant with the assignee to observe and comply with the obligations of Talisman under the Agreement.

(vi) Heritage Agreement and Supplemental Deed between Talisman and the Ngaanyatjarra Council Aboriginal Corporation (Corporation), affecting E45/2377 and E45/2378 (Tenements)

The agreements provide for the native title party (Martu) to consent to the grant of licences to Talisman and to Talisman exercising its rights and discharging its obligations under the licences (provided the Company complies with its obligations). The agreement also provides:

- (a) that the Company shall not enter upon or carry out any activity which causes interference with damage to or impact on an Aboriginal object or an area of cultural concern:
- (b) the Company has the obligation to report to the Corporation the location of any previously unidentified Aboriginal object and as soon as such previously unidentified Aboriginal object is located comply with the requirements of any applicable law;
- (c) if the Company wishes to carry out any activity on the land the Company must notify the native title party and provide to it a works programme;
- (d) the Company may include a statement in the works programme that it believes the proposed activity should be deemed by the native title party to be a nil or minimal impact activity. Where a works programme contains such a statement the native title party will conduct a preliminary survey and either advise the Company that the works programme is deemed to be nil or minimal impact activity or advise that the works programme is not so deemed;
- (e) where a works programme does not contain a statement such as the one described above, the Company must request a survey be undertaken by the native title party to enable the traditional owners to determine those works which are cleared works;
- (f) the Company is liable to pay invoiced costs and expenses relating to transport, food, accommodation and other items connected with the survey team;
- (g) on conclusion of reports prepared from the survey the Company shall carry out only those works in the work programme that are identified in the heritage survey as cleared works and in cleared areas;
- (h) the Company also has obligations in relation to environmental protection;
 and
- (i) the Company cannot assign its right title and interest in any part of licences without the consent of the Corporation.

INTRODUCTION

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed. The Section identifies the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks that may be higher than the risks associated with an investment in other companies. Intending subscribers should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to subscribe for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the minerals and resources industry.

Applicants should be aware that there are risks associated with any share investment. The prices at which the Company's Shares trade may be above or below the issue price for these Shares under this Prospectus.

A summary of the main risk factors relevant to the Company are set out below. However, this summary is not exhaustive and potential applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Shares.

Factors which may affect the Company's financial position, prospects and price of its listed Shares include but are not limited to the following:

ECONOMIC RISKS

General economic factors such as inflation, currency exchange, industrial disruption and interest rate fluctuations, government policy and regulations, commodity prices and stock market prices may have an adverse impact on the exploration and production activities of the Company, on its ability to fund those activities and on the financial performance of the Company.

MARKET CONDITIONS

The trading price of the Shares is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as additions or departures of key personnel, litigation, newspaper and other media reports, actual or anticipated variations in the Company's operating results and results of the Company's mineral and resources activities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

SECURITY INVESTMENTS

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

Mineral exploration and mining are speculative operations that may be hampered by circumstances beyond the control of the Company. Profitability depends on successful exploration and / or acquisition of reserves, design and construction of efficient processing facilities, competent operation and management and proficient financial management.

The Shares allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX. The Company's principal activities comprise mineral exploration and evaluation which by their nature involve significant risks.

The value of the Company's listed Shares can increase or decrease based on the Company's exploration activities. The future profitability of the Company will be dependent on the success of exploration on the current and any future exploration assets of the Company, and if possible the successful commercial exploitation of these assets.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

EXPLORATION AND DEVELOPMENT RISKS AND RESOURCES ESTIMATES

The mining tenements in which the Company has an interest are at the exploration stage only. There can be no assurance that exploration of those tenements, or any other tenement in which the Company may acquire an interest in the future, will result in the discovery of an economic mineral deposit. Even if any apparent viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

Exploration may be hampered by mining, heritage and environmental legislation, industrial disputes, cost overruns, land claims and compensation and other unforeseen contingencies.

The success of the Company depends on the delineation of economically mineable reserves, access to required development capital, securing and maintaining title to its exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration on the Company's existing exploration tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment

of the exploration tenements. Weather conditions over a prolonged period can adversely affect exploration, mining and drilling operations and the timing of earning revenues.

COMMODITY PRICE VOLATILITY

The price of commodities is influenced by physical and investment demand and supply. Fluctuations in the price of commodities may influence individual projects in which the Company has an interest and the price of the Company's listed Shares.

ENVIRONMENTAL RISKS AND NATIVE TITLE

It is possible that there will exist on the Company's tenement areas sacred sites or sites of significance to Aboriginal people subject to the provisions of the Aboriginal Heritage Act. Further the Company's tenements in most instances are subject to claim under the Native Title Act. As a result, land within the mining tenements may be subject to exploration, mining or other restrictions as a result of claims of Aboriginal heritage or native title. This may have a material adverse effect on the Company's business and its financial condition and performance.

Mining is an industry that has become subject to increasing environmental responsibility and liability. The potential for liability is an ever present risk. The use and disposal of chemicals in the mining industry is under constant legislative scrutiny and regulation.

JOINT VENTURE PARTIES, AGENTS AND CONTRACTORS

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

FUTURE CAPITAL REQUIREMENTS

The Company's activities will require substantial expenditures. There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing if available, may involve restrictive covenants, which limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities and the price of its Shares.

POTENTIAL ACQUISITIONS

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

Additional Information

section 8

COMPANY DETAILS

The Company was incorporated on 1 August 1997 as Millennium Platinum Mines NL. The Company then changed its name to Talisman Mining NL and subsequently changed status to Talisman Mining Limited in January 2002.

RIGHTS ATTACHING TO SHARES

A summary of the material provisions of the Constitution pertaining to Shares is set out below:

a) Voting

Members are entitled to notice of and to attend and vote at, general meetings. Subject to any shares which may in the future be issued with special or preferential rights (at present there are none), every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each fully paid share, but in respect of partly paid shares, shall have such number of votes being equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable in respect of those shares (excluding amounts credited). In the case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

b) Dividends

Subject to any shares which may in the future be issued with special or preferential rights (at present there are none), the Directors may declare a dividend to be paid to shareholders entitled to that dividend. The Directors may set aside out of the profits of the Company such amounts as they determine as reserves to be applied at the discretion of the Directors for any purpose for which the profits of the Company may be properly applied. Further information about the Company's Dividend Policy is included in Section 1, Details of the Offer.

c) Transfer of Shares

Subject to the Constitution, the Corporations Act 2001, the Australian Clearing House (ACH) Rules and the ASX Settlement and Transfer Corporation (ASTC) settlement rules, the Shares are freely transferable.

d) Meetings and Notice

Each shareholder is entitled to receive notice of and to attend general meetings of the Company and to receive all notices, accounts and other documents required to be sent to shareholders under the Constitution of the Company, the Corporations Act 2001, or the Listing Rules.

e) Liquidation Rights

The liquidator may, with the sanction of a special resolution divide among the members in kind, the whole or any part of the property of the Company and may determine how the division is to be carried out between the members. Restricted securities at the time of commencement of winding up rank in priority after all other shares.

The liquidator can with the sanction of a special resolution of the Company's shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in which there is any liability.

TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Talisman has issued 3 Convertible Notes. In summary, the material terms of each Convertible Note are:

a) Principal

The holder has paid to Talisman the principal of \$3,000, in return for the issue by Talisman to the holder of the Convertible Note.

b) Redemption and Sale

The Convertible Note may be redeemed by Talisman (at Talisman's absolute discretion) without obtaining the consent of the holder to the redemption of the Convertible Note, by notice in writing to the holder, effective immediately if the capital raising is not completed within twelve months of the date of the Convertible Note or the capital raising is completed but the holder has not performed its obligations to the issuer to assist and facilitate the capital raising. Talisman shall redeem the Convertible Note in full. The amount payable by Talisman and redemption of the Convertible Note is the principal (\$3,000).

c) Conversion

On achieving the minimum capital raising of \$2.5 million pursuant to this Prospectus and obtaining conditional approval for quotation of the Shares on ASX (whichever occurs later) Talisman must redeem the note, the holder must pay the issuer the additional premium amount (\$13,333.33) and the holder must then use the principal and the additional premium to subscribe for Shares in accordance with the formula:

$$A = \frac{P + APA}{0.00544444...}$$

where:

A is the number of Shares;

P is the principal; and

APA is the additional premium amount

In effect, each Convertible Note on issue converts to 3,000,000 Shares.

The Shares issued under the Convertible Note will rank equally and form one class with the Shares on issue at the date of conversion.

d) Escrow

The holder shall enter into restriction agreements in respect of the Shares issued on conversion of the note if required by the ASX in accordance with Listing Rules.

e) Status as Creditors and Subordination

The Convertible Note confers rights on the holder as an unsecured creditor of Talisman. The Convertible Note does not confer a holder any right to attend or vote at General Meetings or any rights to participate in any issue of securities unless the Convertible Note has been converted. The Convertible Note confers the holder a right to be given copies of all documents sent to shareholders.

f) Transfer

The holder may only transfer the Convertible Note with the prior written consent of Talisman which Talisman may withhold in its absolute discretion.

DIRECTORS' OPTIONS

Shareholders of the Company have approved the issue and grant of 3,900,000 Directors' Options. The following is a summary of the terms and conditions of the Directors' Options:

a) Expiry Date

The expiry date of these Options is 30 June 2008.

b) Entitlement

Each Option shall entitle the holder to subscribe for one Share upon exercise of the Option and payment of the exercise price, being 25 cents per share.

c) Ranking of Shares Allotted on Exercise of Option

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares on issue at the date of allotment.

d) Transfer of an Option

Options are not transferable or assignable.

e) Voting Rights

A registered owner of an Option ("Option Holder") will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a member of the Company.

f) Method of Exercise of an Option

The Company will provide to each Option Holder a notice that is to be completed when exercising the Options ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company to be received prior to the Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Shares to be allotted; which number of options must be a multiple of 10,000 if only part of the Option holder's total options are exercised.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of 25 cents per Share.

The exercise of less than all of an Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.

Within 14 days from the date the Option Holder properly exercises options held by the Option Holder, the Company

shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules of the ASX, the timetable outlined in the Listing Rules shall apply.

g) Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

h) Participation in New Share Issues

There are no participating rights or entitlements inherent in the Directors' Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the expiry date unless and until the Options are exercised. The Company will ensure that during the exercise period, the record date for the purposes of determining entitlements to any new such issue, will be at least 9 business days after such new issues are announced (or such other date if required under the Listing Rules of the ASX) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

There are no rights to change the exercise price or the number of underlying Shares if there is a pro-rata issue or bonus issue to the holders of Shares.

DIRECTORS' INTERESTS

Directors' interests in Shares and Options, as at the date of this Prospectus, are held both directly and indirectly as follows:

Dimension	Number	of Shares	Number of Options		
Director	Direct	Indirect	Direct	Indirect	
lan Macpherson	800,000	1,000,000	-	-	
Steven Elliott	410,001	4,590,002	3,900,000	Nil	
Michael Hannington	300,000	-	-	-	

None of the Directors have an interest in the Convertible Notes.

The Directors may subscribe for Shares under this Prospectus.

REMUNERATION OF DIRECTORS

The Company has entered into an employment service contract with Steven Elliott on the following terms:

- 1. Salary payable to Steven Elliott of \$110,000 per annum (exclusive of superannuation);
- 2. The employment agreement is for a period of 2 years commencing once the Company has listed and may be extended for a further two years;
- 3. Steven Elliott has the right to terminate the agreement at any time by giving 6 months notice.
- 4. The Company has the right to terminate the

agreement at any time by giving 3 months notice.

The contract is otherwise on normal commercial terms.

The Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. A determination has been made by general meeting that the remuneration will be not more than the aggregated sum of \$100,000.

CORPORATE GOVERNANCE STATEMENT

The Board is responsible for the overall corporate governance of the Company, and it recognises the need for the highest standards of ethical behaviour and accountability. The board is committed to administering its Corporate Governance structures to promote integrity and responsible decision-making. To the extent that they are relevant to the organisation, the Company has adopted the Ten Corporate Governance Principles and Best Practice Recommendations as published by the ASX Corporate Governance Council.

The following policies and procedures have been implemented and are available in full on the Company's website at www.talismanmining.com.au .

- Statement of Board and Management Functions;
- Nomination Committee Charter;
- Policy and Procedures for selection and appointment of new directors;
- Code of conduct for Directors and key executives;
- Share Trading Policy;
- Audit Committee Charter;
- Summary of procedures for selection of external auditor and rotation of engagement audit partner;
- Shareholder Communications Strategy;
- Risk Management Policy;
- Remuneration Committee Charter;
- Process for performance evaluation of the Board, Board Committees, individual Directors and key executives;
- Corporate Code of Conduct.

The Board will consider on an ongoing basis its Corporate Governance procedures and whether they are sufficient given the Company's operations and size.

DEEDS OF INDEMNITY

The Company has entered (or will enter) into Deeds of Indemnity Insurance and Access with each of the Directors under which the Company agrees to indemnify the Directors against certain liabilities incurred by the Directors while acting as Directors of the Company, to insure the Directors against certain risks to which the Directors are exposed as Directors of the Company and to grant to each Director a right of access to certain records of the Company for a period up to seven (7) years after the Director ceases to be a Director.

LETTER AGREEMENT WITH CPA FINANCIAL SERVICES PTY LTD

The Company has entered into a letter agreement with CPA Financial Services Pty Ltd (CPA) pursuant to which CPA agreed to work with Talisman, its Directors and advisors to assist in the promotion of the Offer and the raising of the targeted funds. CPA will also assist

the Company in ensuring an appropriate spread of Shareholders if necessary. The Company will pay CPA a success fee of \$60,000 (exclusive of GST) for its services. CPA is not acting in a sponsoring role.

LETTER AGREEMENT WITH SUPERSTRUCTURE SERVICES

Talisman has entered into a letter agreement with SuperStructure Services (SuperStructure) pursuant to which SuperStructure agreed to provide, amongst other things, investor relations and promotion services and corporate strategy and advice to the Company. The Company will pay SuperStructure a fee of \$5,000 (exclusive of GST) for each calendar month of the contract and reimburse SuperStructure for all relevant out-of-pocket expenses. The contract commenced on 15 August 2005 and is for a period of 4 months. Both parties may agree to extend the contract for a further period of 4 months.

INTERESTS OF NAMED PERSONS

Except as disclosed in this Prospectus, no Director of the Company, promoter of the Company or other person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, has, or had within the 2 years before lodgement of this Prospectus with ASIC any interest in:

- a) the formation or promotion of the Company; or
- b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Offer; or
- c) the Offer,

No amounts of any kind (whether in cash, Shares or otherwise) have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation of the Company or the Offer under this Prospectus.

Steinepreis Paganin have acted as solicitors to the Offer and in that capacity have been involved in undertaking due diligence enquiries in relation to all legal matters and have prepared a Solicitor's Report on Mining Tenements. Steinepreis Paganin have provided other professional services to the Company during the last two years for which the Company has paid fees of \$42,787.

Ord Corporate Pty Ltd have provided corporate advisory services to the Company and have been involved in the co-ordination of the Prospectus preparation matters. Fees for professional services during the last two years amount to \$48,731. Ian Macpherson is a director and has a relevant interest in Ord Group Pty Ltd the holding company of Ord Corporate Pty Ltd.

Boonjarding Resources Ltd have acted as the Independent Consulting Geologist to the Company in relation to the Offer and has prepared an Independent Consulting Geologist's Report. During the 24 months preceding lodgement of this Prospectus, Boonjarding Resources Ltd has received \$18,000 for geological services.

Stanton Partners Corporate Pty Ltd have prepared an Investigating Accountant's Report. In respect of this work the Company will pay approximately \$5,000. During the 24 months preceding lodgement of this Prospectus, Stanton Partners Corporate Pty Ltd has received \$4,541 from the Company.

Stanton Partners acted as auditor to the Company in the previous year. During the 24 months preceding lodgement of this Prospectus, Stanton Partners has received \$6,848 for audit services.

The amounts disclosed above are exclusive of any amount of goods and services tax payable by the Company in respect of those amounts.

CONSENTS

Each of the parties referred to in this Section 8, Additional Information:

- a) does not make the Offer;
- b) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Boonjarding Resources Ltd has consented in writing to being named as Independent Consulting Geologist to the Company and to the inclusion of the Independent Consulting Geologist's Report and all statements referring to that report in the form and context in which they appear in this Prospectus. Boonjarding Resources Ltd has not withdrawn their consent prior to lodgement of this Prospectus with the ASIC.

Stanton Partners has given its written consent to be named as Auditor to the Company in the form and context in which it is named, but otherwise has not authorised or caused the issue of this Prospectus and takes no responsibility for its contents other than the references to it being named as Auditor.

Stanton Partners Corporate Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in this Prospectus and all statements, referring to that report in the form and context in which they appear in this Prospectus. Stanton Partners Corporate Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin have given their written consent to being named as the solicitors to the Offer and to the inclusion in this Prospectus of their Solicitor's Report and all statements referring to that report in the form and context in which they appear in this Prospectus and have not withdrawn such consent prior to lodgement of this Prospectus with the ASIC.

Ord Corporate Pty Ltd has given its written consent to be named in this Prospectus as corporate adviser to the Offer in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus.

There are a number of persons referred to elsewhere in this Prospectus who are not experts and who have not made any statements in this Prospectus nor are any statements made in this Prospectus on the basis of any statements made by such persons. These persons were not requested and have not consented to being named in this Prospectus and did not authorise or cause the issue of this Prospectus. Any reference to such persons is purely a reference by the Company and such persons are entitled to expressly disclaim and take no responsibility for any part of this Prospectus.

COSTS OF THE OFFER

The total estimated costs of the Offer will be approximately \$286,000 (exclusive of any goods and services tax which may be payable on that amount) comprising the following:

Service	Estimate of Cost
Independent Consulting Geologist's Report	\$25,000
Investigating Accountant's Report	\$10,000
Solicitor's Report on the Tenements and other services	\$15,000
Design, Printing	\$28,000
Corporate Advisory fee	\$26,000
Commissions	\$150,000
Lodgement and listing fees	\$32,000
Total Cost Estimate	\$ 286,000

LITIGATION

As at the date of this Prospectus, the Company is not engaged in any litigation and, so far as the Directors are aware, no litigation involving the Company is threatened.

ASX LISTING RULES

If the Company is admitted to the Official List of the ASX, then despite anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/44 the ASIC has exempted compliance with certain provisions of the Corporations Act 2001 to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with the ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at info@ talismanmining.com.au and the Company will send to you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the Electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application

moneys received will be dealt with in accordance with Section 722 of the Corporations Act 2001.

TAXATION ASPECTS

The taxation obligations and the effects of participating in the Offer can vary depending on the circumstances of each individual investor, the particular circumstances relating to their holdings of securities and the taxation laws applicable to investors as residents of difference jurisdictions.

Investors who are in doubt as to their taxation position should seek professional advice. It is solely the responsibility of individual Applicants to inform themselves of their taxation position resulting from participation in the Offer.

DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements; those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC.

Each Director has consented to the lodgement of this Prospectus with the ASIC and has not withdrawn that consent.

Dated 19th September, 2005

MANNET

Signed for and on behalf of Talisman Mining Ltd by Steven Elliott

THE FOLLOWING DEFINITIONS APPLY THROUGHOUT THIS DOCUMENT UNLESS THE CONTEXT REQUIRES OTHERWISE.

ACH Clearing Rules	Australian Clearing House Pty Ltd Rules and Procedures.
Applicant(s)	Person(s) who submit valid Application Forms pursuant to this Prospectus.
Application	A valid application made to subscribe for a specified number of Shares pursuant to this Prospectus.
Application Form	The form so described which is attached to or accompanies this Prospectus.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange ACN 008 624 691.
ASTC Settlement Rules	ASX Settlement and Transfer Corporation Pty Ltd Rules and Procedures.
Board	The Board of Directors.
Business Day	A day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.
Company or Talisman	Talisman Mining Limited ABN 71 079 536 495.
Convertible Note	Convertible Notes issued to holders for a total premium of \$9,000 and a total additional premium amount of \$40,000 on conversion to 9,000,000 ordinary shares subject to certain conditions being met.
Closing Date	5.00pm Western Standard Time on 21 October 2005 or such other date as the Directors decide at their discretion
Directors	The Directors of the Company.
Directors Options	Unlisted Options issued to Directors of the Company with an exercise price of 25 cents per share at any time on or before 30 June 2008.
Electronic Prospectus	An electronic version of this Prospectus.
Issue	The issue of Shares pursuant to this Prospectus.
Listing Rules	The listing rules of the ASX.
Offer	The invitation to the public made in this Prospectus to subscribe for up to 15.0 million Shares at an issue price of 20 cents each to raise up to \$3.5 million with the right to accept oversubscriptions for the Offer to a limit of 2,500,000 shares of 20 cents each being \$500,000.
Official List	The official list of the ASX.
Option	Options to subscribe for a Share.
Prospectus	This Prospectus and includes the Electronic Prospectus.
Section A	Section of this Prospectus.
Share(s)	Fully paid ordinary share(s) in the Company.
WST	Western Standard Time, Perth, Western Australia

Instructions to Applicants

A and B Application for Shares

To calculate application money due, multiply the number of Shares that have been applied for by \$0.20. Please forward the completed Application Form and cheque

By post to: Talisman Mining Ltd or In person to: Talisman Mining Ltd

C/- Advanced Share Registry Services
C/- Ord Corporate Pty Ltd
PO Box 1156
Level 2, 47 Colin St

Nedlands, WA 6909 West Perth, WA 6005

C Name of Applicant

Write the Applicant's FULL NAME in Box C. This must be either an individuals name or the name of a company. If a company please also include its I/ABN. Please refer to the bottom of this page for the correct form of registrable title. Applicants using the incorrect form of name may be rejected.

If an Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Application Form, and how to construe, amend or complete it, shall be final. An Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque for the application money referred to in Box B.

Joint Applicants and/or Account Designations

If JOINT APPLICANTS are applying or an ACCOUNT DESIGNATION is required, complete Box C. Please refer to the bottom of this page for instructions on the correct form of registrable title. Up to three joint Applicants may register.

D Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

E Contact Details

Please provide a contact name and day time telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application for.

F CHESS Details

If you are sponsored in CHESS by a stockbroker or other CHESS Participant enter your Holder Identification Number ("HIN").

G Tax File Number or Exemption

An Applicant is not obliged to quote his or her Tax File Number ("TFN"). However, in cases where no TFN is quoted, the Company must deduct tax from any dividends payable (to the extent that they are not franked) at the top personal marginal tax rate plus the Medicare Levy.

H Payment Details

Payment must be made in Australian currency by cheque or bank cheque drawn on an Australian bank. The amount of the cheque should agree with the amount shown in Box B of the Application Form. Cheques are to be made payable to "Talisman Mining Limited Float Account" and should be crossed "Not Negotiable". Cash should not be forwarded. Similarly payment made direct to the Company's bank account may not be accepted.

I Declarations

By completing the Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Application Form does not need to be signed.

Application Form



Please read all instructions on reverse of this form

A Number of Shares app		В		unt payable to equal this	
	At 20c per Share	e = A\$			
you may be allocated all of the	Shares above or	a lesser n	umber		
C Full name details titl company name	le, given name	(s) (no in	itials) and	surname or	D Tax file number(s) Or exemption category
Name of applicant 1					Applicant 1/company
Name of joint applicant 2 or <	account name>				Joint applicant 2/ trust
Name of joint applicant 3 or <	account name>				Joint applicant 3/exemption
E Full postal address Number/street					F Contact details Contact name
					Contact daytime telephone number
					()
Suburb/town		Stat	e/postcode		Contact email address
G CHESS HIN applicable)	(if				
Mining Limited –Float	Account" Cheque				reque payable to "Talisman
Drawer	number	BSB nur	nber	Account number	Total amount of cheque

No signature is required.

You should read the Prospectus dated 19 September 2005 carefully before completing this Application Form. The Corporations Act 2001 prohibits any person from passing on this Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus (whether in paper or electronic form).

Correct form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) person(s), companies or other legal entities acceptable to the Company. At least one full given n surname is required for each natural person. The name of the beneficiary or any other non-registrable included by way of an account designation if completed exactly as described in the example of con registrable title below:

Type of investor	Correct form of Registrable Title
Individual	Mr John Alfred Smith
Use names in full, no initials	
Minor (a person under the age of 18)	John Alfred Smith
Use the name of a responsible adult, do not use the name of a	<peter smith=""></peter>
minor.	
Company	ABC Pty Ltd
Use company title, not abbreviations	•
Trusts	Mrs Sue Smith
Use trustee(s) personal name(s), do not use the name of the	<sue a="" c="" family="" smith=""></sue>
trust	
Deceased Estates	Ms Jane Smith
Use executor(s) personal name(s), do not use the name of the	<est a="" c="" john="" smith=""></est>
deceased	
Partnerships	Mr John Smith and Mr
Use partners personal names, do not use the name of the	Michael Smith
partnership	<john and="" smith="" son<="" td=""></john>
	A/C>

Lodgment of Applications

Return your completed Application Form with cheque(s) attached to:

By Post	or	Delivered To
DYIUSU	VI	Dunituu 10

Talisman Mining Limited
C/- Advanced Share Registry Services
PO Box 1156
Nedlands WA 6909

Talisman Mining Limited
C/- Ord Corporate Pty Ltd
Level 2, 47 Colin St
West Perth, WA 6005

