



TALISMAN MINING LTD

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19 September 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited

By Electronic Lodgement

Dear Sir

SHARE PLACEMENT & PRO RATA OFFER OF OPTIONS

Share Placement

The Company is pleased to advise that it is proceeding with a capital raising by way of a placement of up to 7,000,000 fully paid shares at 16 cents each to raise a total of \$1.12m (before costs) .

The capital raising is to be managed by RM Capital Pty Ltd (AFS Licence Number: 221938) pursuant to a mandate letter executed 15 September 2006.

The placement is to be undertaken pursuant to a Prospectus and, to the extent that the number of new shares to be issued pursuant to the placement will exceed the 15% threshold as set out in Listing Rule 7.1, the Company will proceed with the calling of a general meeting of shareholders to approve the placement.

In consideration of the placement RM Capital are to receive fees of 5% on funds raised and in addition, subject to the successful raising of a minimum of \$600,000, RM Capital are to receive 3 new options for every 5 shares placed pursuant to the issue on the same terms and conditions as the pro rata options referred to below.

Pro Rata Options Issue

The Company has resolved to proceed with an offer of up to 12.26m new options to existing shareholders on a basis of one new option for every 3 shares held as at the books close date at an issue price of one(1) cent each. The Company will apply to ASX for quotation of these options. The principal terms and conditions of the options include an exercise price of 20 cents each and exercisable on or before 31 December 2010.

The placement of shares via RM Capital mandate will take effect subsequent to the books close and shares placed pursuant to the mandate will not be entitled to the pro rata option issue.

The Company is currently preparing the appropriate documentation being a Notice of Meeting to seek shareholder approval for the placement of shares and the Prospectus for the Offer.

Successful completion of the placement and pro rata offer will result in the raising of \$1.24m (before costs) and the issue and allotment of 7,000,000 new shares and 12.26m new options in addition to the placement of up to 4.2m new options forming part of the RM Capital fee as outlined.

Yours faithfully

TALISMAN MINING LTD

L Flint
Company Secretary