TALISMAN MINING LTD

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The Manager
Company Announcements Office
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By Electronic Lodgement

NEW HORIZONS

Whilst remaining focused on developing the Company's base metals projects in the Hamersley Basin and gold projects in the Gascoyne region, the Company has embarked on a program of project generation and acquisition encompassing new commodities and new terranes.

The Company is targeting poorly explored, or unexplored, areas with conceptual models for metals mineralisation. These areas are amenable to rapid and low cost exploration techniques to develop targets for detailed follow up evaluation to be completed, depending upon results, either in-house or farmed – out to major resource companies.

East Kimberley Nickel Project

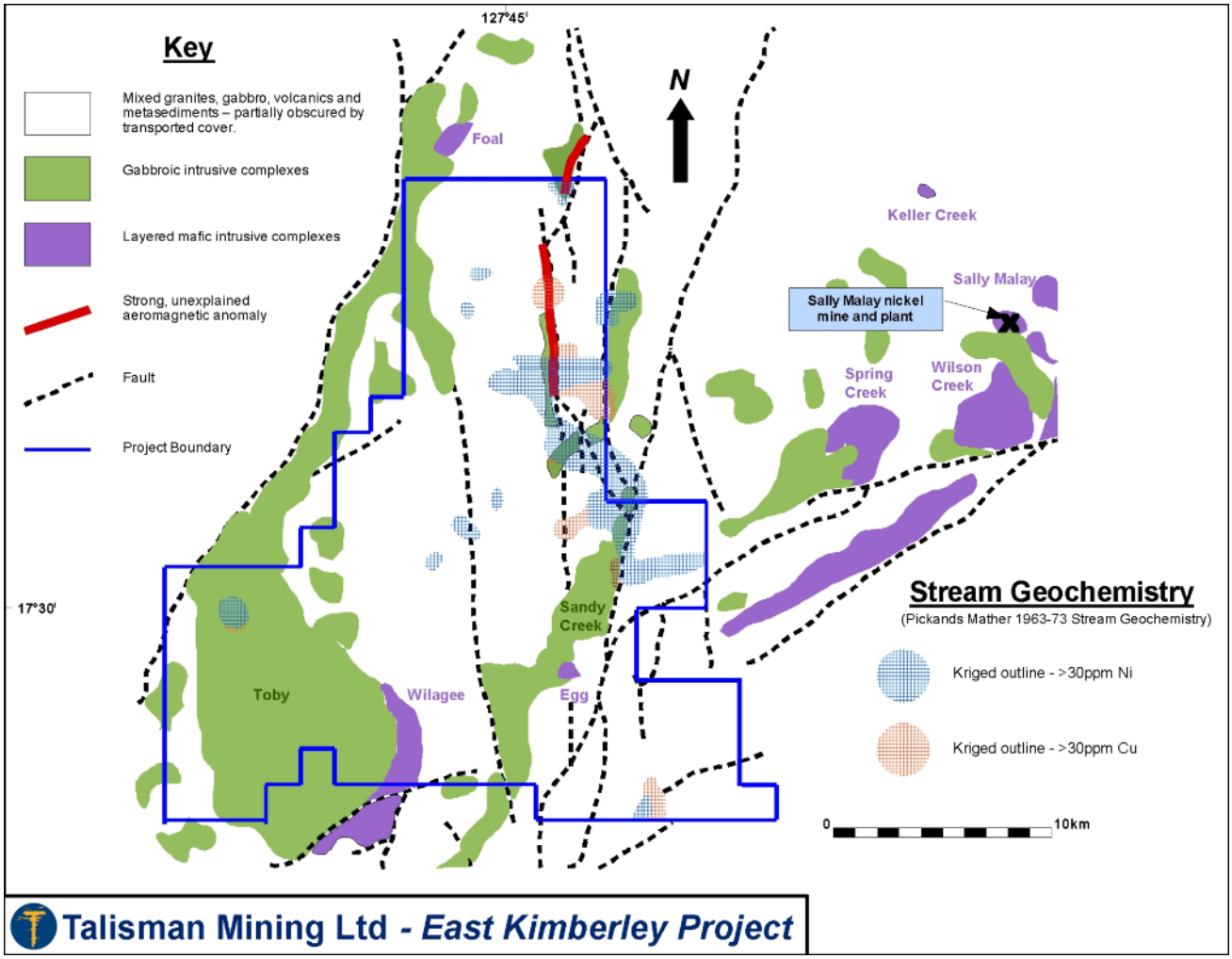


Figure 1

Talisman Mining Ltd has applied for three contiguous Exploration Licences in the East Kimberley region, Western Australia (Figure 1). Situated less than 20 kilometres west of the producing Sally Malay nickel mine and processing plant, Talisman believes that the project area has excellent potential for the discovery and definition of mineable nickel sulphide deposits.

The project area encompasses part of the Wilagee layered mafic intrusive which is known to host, to the south of the project area, thin chromitite seams containing up to 0.33g/t Pt+Pd. This intrusive complex, and the similar Egg intrusive, remain substantively underexplored (Figure 1). Furthermore, the Company believes that there is good potential for the discovery of additional previously unknown layered intrusives, with potential for nickel – copper or PGE mineralisation, beneath transported cover.

It is of significance to note that regional stream sediment geochemistry completed by Pickands Mather in the period 1963 -73 defined semi-coincident areas of nickel and copper anomalism in the centre-east of the project area, coincident with an area of intense faulting and associated linear magnetic anomalies. It is also of significance to note that this geochemistry returned peak values of 60ppm nickel and 45ppm copper, whilst the same sampling in the area of the outcropping (gossan) Sally Malay nickel-copper deposit returned peaks of 90ppm and 25ppm respectively.

Talisman also notes that although there has been significant previous exploration for nickel in the region, particularly in recent years, this exploration has for the most part focussed on known, outcropping mineralisation. Very little regional exploration has been completed to locate new mineralisations, particularly in areas of transported cover.

Talisman also believes that the area has good potential for the discovery of economic gold mineralisation, a commodity that has had no significant previous exploration activity in the project area.

The Company will commence operations in the area by completion of a detailed program of multi-element geochemistry to be followed up by soil geochemistry and/or shallow bedrock drilling as required.

This acquisition gives Talisman exposure to a new commodity in a new terrane and the Company looks forward to commencement of activities.

Yilgalong Project

The Yilgalong project comprises two contiguous Exploration Licence applications in the East Pilbara region, Western Australia (Figure 2). Situated approximately 80 kilometres northeast of the township of Nullagine, Talisman considers this largely unexplored terrane to have excellent potential for the discovery of significant gold and / or base metals mineralisation.

The project area encompasses Archaean Fortescue Group volcanics and sediments of the Hamersley Basin, unconformably overlying granitic basement rocks in the southwest and centre of the area. A small Archaean greenstone enclave, comprising mafic and ultramafic schist and chert, straddles the project boundary in the centre-east of the project area.

Previous exploration in the area has largely been restricted to the south and west of the current project area where high – grade gold mineralisation is associated with quartz veins in granite in the historic Boodyalerrie mining field. Some of these high – grade gold lodes encroach onto the southern margin of the project area where previous explorer, Plenty River Mining Company NL, reported grades to 68g/t gold and 1030g/t silver. Limited sampling of a quartz vein in Fortescue Group volcanics returned up to 1.4g/t gold and 6.9% copper with visible galena (lead sulphide).

Plenty River Mining also completed very limited stream sediment geochemistry in the south of the project area with a single sample from a stream draining the greenstone enclave returning 6.7ppb gold over a background of <1ppb gold.

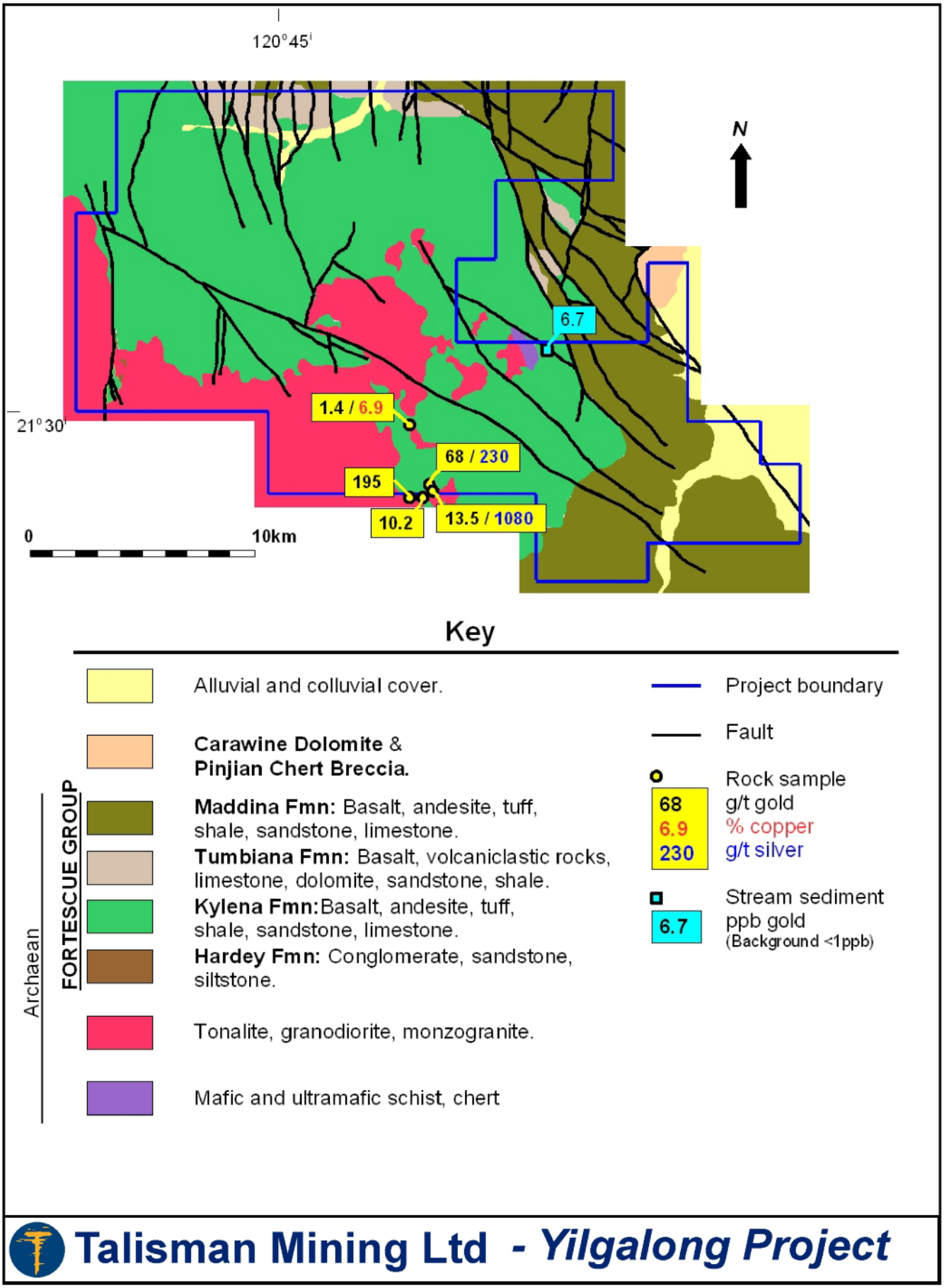

120°45'
21°30'
N
6.7
1.4 / 6.9
68 / 230
195
10.2
13.5 / 1080
0
10km
Key
Alluvial and colluvial cover.
Carawine Dolomite &
Pinjian Chert Breccia.
Maddina Fmn: Basalt, andesite, tuff, shale, sandstone, limestone.
Tumbiana Fmn: Basalt, volcaniclastic rocks, limestone, dolomite, sandstone, shale.
Kylena Fmn: Basalt, andesite, tuff, shale, sandstone, limestone.
Hardey Fmn: Conglomerate, sandstone, siltstone.
Archaean
FORTESCUE GROUP
Tonalite, granodiorite, monzogranite.
Mafic and ultramafic schist, chert
Project boundary
Fault
Rock sample
68
6.9
230
g/t gold
% copper
g/t silver
Stream sediment
6.7
ppb gold
(Background <1ppb)
Talisman Mining Ltd - Yilgalong Project

Figure 2

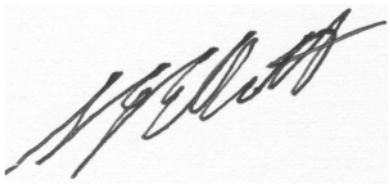
Talisman believes the project area is prospective for a number of styles of mineralisation:

1. Boodyalerrie-type high grade gold – silver mineralisation in quartz veins in granite,
2. Greenstone – hosted gold mineralisation in the greenstone enclave,
3. Gold – (copper – lead) mineralisation in quartz veins associated with major fault systems in the Fortescue Group volcanics,
4. Gold mineralisation in tuff and silicified limestone interflow sediments in the Kylena Volcanics (Plenty River Mining reported assays to 0.4g/t gold from these sediments to the south of the project area,
5. Witwatersrand-type placer gold mineralisation associated with conglomerate horizons in the Fortescue Group (Plenty River Mining reported assays to 2g/t gold in soil overlying Hardey Formation conglomerates to the south of the project area).
6. Volcanogenic massive copper-zinc sulphides associated with volcanics of the Fortescue Group.

Initial exploration of the project area will comprise stream sediment geochemistry with follow up soil geochemistry, as required, to define drill targets.

Whilst the project is very 'greenfields', the Company looks forward to commencement of activities and the possible definition of yet another new mineral field.

Yours sincerely



S. J. Elliott
Managing Director

Information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Steven Elliott who is a member of the Australasian Institute of Mining and Metallurgy. Mr Steven Elliott is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Steven Elliott consents to the inclusion in this report of the matters based on information in the form and context in which it appears.