

Media / ASX Release

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FARM-OUT AGREEMENT WITH SHAW RIVER RESOURCES ON PILBARA MANGANESE PROJECTS

Talisman Mining Ltd (ASX: **TLM**) is pleased to advise that it has reached agreement to farm out its portfolio of manganese exploration projects in the East Pilbara region of Western Australia to manganese-focused exploration company Shaw River Resources Limited (ASX: **SRR** – “Shaw River”).

Under the farm-out agreement, Shaw River can earn up to a 70% interest in Talisman’s **Wandanya**, **Yilgalong** and **Gangarrigan** manganese projects, located within a 50km radius of the Woodie Woodie Manganese Mine, by funding exploration over two years and making an up-front payment of cash and shares to Talisman.

Under the farm out agreement, Shaw River will spend \$300,000 in exploration expenditure over the next two years to evaluate key target areas within the three projects. Shaw River intends to rename the projects as the Skull Springs Project.

Planned activities in the coming months by Shaw River will include a review of EM targets on the tenements, as well as programs of mapping and systematic rock chip sampling to identify areas of mineralisation, leading to RC drilling planned to coincide with the first drilling program at its Baramine project in 2010.

Talisman’s Managing Director, Mr Gary Lethridge, said the farm out agreement with Shaw River was consistent with the Company’s exploration focus and corporate strategy and provided an opportunity to secure focused exploration funding to progress the Company’s East Pilbara manganese portfolio, while retaining exposure to future exploration success.

“As previously outlined, Talisman’s core focus will remain on our exciting Springfield copper-gold project, as well as other emerging exploration opportunities,” Mr Lethridge said.

“We are looking forward to the commencement of exploration activities at these projects under Shaw River’s management,” Mr Lethridge said. “Shaw River is building a high-quality manganese focused exploration portfolio in the East Pilbara and has a strong depth of expertise in manganese exploration in this region. By virtue of Talisman obtaining Shaw River shares as part of this transaction it also provides an opportunity for Talisman to participate in Shaw River’s future success.”

Key Agreement Terms

The key terms of the farm-in agreement are summarised as follows:

- Shaw River can earn up to a 70% interest in the three tenements by spending \$300,000 over a two year period;
- Shaw River will make an up-front payment to Talisman of 1,000,000 Shaw River shares (to be held in voluntary escrow for three months) and \$50,000 in cash;
- a joint venture will be formed once the expenditure commitment has been achieved and its earned interest has been transferred;
- both parties have pre-emptive right to acquire the other's interest; and
- following the formation of a joint venture, the dilution provisions set out in schedule 4 of the AMPLA joint venture model (boilerplate agreement, see www.ampla.org) will apply. If either party is diluted to 10% or less, their holding will revert to a 2% net smelter return for all minerals and metals produced from the Tenements.

Competent Persons' Statement

Information in this ASX release that relates to Exploration Results is based on information compiled by Mr Harry Cornelius, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Harry Cornelius is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities 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 Harry Cornelius consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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