

Media / ASX Release

22 January 2010

EXPLORATION UPDATE – COPPER-GOLD PROJECTS

Key Points:

- Strong pipeline of priority VMS-style copper-gold targets identified at Springfield
 - Drilling set to commence in March 2010 following recent granting of key EL's
 - Portfolio of emerging exploration projects consolidated across the Bryah Basin covering extensive areas of the Narracoota Volcanic formation
 - Talisman's strategic footprint in the Bryah Basin now covers a total area of 956km²
 - Exploration at Springfield to be progressed in parallel with an aggressive regional VMS exploration strategy in the Bryah Basin in 2010
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Talisman Mining Ltd (ASX: **TLM**) is pleased to provide an update on exploration activities at its 100%-owned **Springfield Copper-Gold Project** in Western Australia as well as across its emerging portfolio of copper-gold exploration projects within the **Bryah Basin**.

The Company has developed a strong pipeline of high-quality drilling targets for 2010 which are prospective for the discovery of volcanogenic massive sulphide (VMS) copper-gold mineralisation similar to Sandfire Resources NL's nearby DeGrussa, Conductor 1 and Conductor 4 deposits.

Through a combination of project acquisition and evaluation of its existing tenements, Talisman has now consolidated an extensive portfolio of exploration projects across the Bryah Basin covering a total area of 956km². This will enable the Company to adopt a strategic regional approach to exploration across the Basin and develop a deep pipeline of exploration targets.

Springfield Copper-Gold Project (100%)

The Springfield Project comprises a 294km² ground package located approximately 150km north east of Meekatharra in the northern Murchison Goldfields (see *Figure 1*). Springfield is located approximately 5km to the east of the DeGrussa, Conductor 1 and Conductor 4 high-grade VMS copper-gold discoveries.

Talisman has rapidly progressed exploration at Springfield over the past six months, with key milestones including:

- Confirmation that the same **Narracoota Volcanic Formation** that hosts the DeGrussa and Conductor 1 and 4 deposits continues for approximately 25km within the Springfield Project area;

- *Establishment of the VMS Camp concept based on the geological model that VMS deposits typically occur in clusters. This understanding opens up the Springfield Project as one of the most prospective exploration properties in Western Australia for the discovery of high-grade copper-gold VMS deposits;*
- *Granting of key Exploration Licences for the Springfield Project, allowing Talisman to fast-track its planned exploration programs;*
- *Signing of regional access agreements and successful completion of the first phase of ground clearances with the traditional owners;*
- *Completion of extensive geochemical sampling programs that have identified multiple targets for further assessment and follow-up exploration;*
- *Commencement of moving loop electromagnetic surveys (“MLEM”); and*
- *Planning for drilling programs to commence in March 2010.*

The key component of the exploration programs undertaken to date has been extensive programs of multi-element geochemical sampling. This work has been very encouraging, resulting in the identification of in excess of 30 priority targets across the Springfield Project that will provide the basis for the next phase of exploration including drilling and MLEM (see Figure 2).

Ongoing programs of in-fill geochemical sampling and mapping are expected to elevate a series of Priority 2 targets to a Priority 1 status suitable for EM surveys and drill testing, plus potentially identifying additional exploration targets.

Forward Program

Exploration priorities at the Springfield Project over the coming months include:

- *Completion of the MLEM survey at the Priority 1 **Homer** and **Abraham** Prospects;*
- *First-pass MLEM surveys at the Priority 1 **Monty** and **Skinner** Prospects;*
- *In-fill geochemical sampling and mapping at the 32 currently defined Priority 2 geochemical targets, which this work will further refine and prioritise;*
- *Commencement of drilling of the Priority 1 targets in March 2010, with the expectation that this first phase of drilling will extend from between 3 to 6 months; and*
- *Establishment of an exploration camp.*

Talisman has made substantial progress with exploration at Springfield over the past six months, laying the foundations for drilling to commence in March 2010.

The quality of the exploration targets delineated to date justifies the commitment to a concerted drilling program that will be designed to test for the presence of copper-gold mineralisation and to establish the geological setting.

In addition, ongoing geophysical and geochemical work is expected to generate follow-up targets which will be progressively tested depending on drilling progress and results. The information will be reviewed and fed back into Talisman’s regional exploration database to

refine its exploration model for the Bryah Basin and assist with exploration at its other regional exploration projects in the province.

Regional – Bryah Basin Projects

In addition to the advanced Springfield Project, Talisman has now successfully consolidated a series of exploration projects across the Bryah Basin. These projects, encompassing a total area of 956km² collectively cover extensive areas of the prospective **Narracoota Volcanic Formation**.

This positions Talisman to take advantage of the emergence of what is believed to be a new geological province that is considered highly prospective for camps of VMS Deposits.

It also provides depth and continuity to the Company's exploration portfolio, providing the opportunity to apply geological knowledge gained from exploration across the Basin and develop a series of follow-up exploration targets to complement those already identified at Springfield.

Halloween Project (100%)

The Halloween Project, which was acquired in December 2009, is located approximately 11.5km west of the Springfield Project and 16.5km south-west of, and along strike from, the high-grade DeGrussa, Conductor 1 and Conductor 4 VMS copper-gold deposits, where Sandfire is currently completing a resource drill-out (see *Figure 3*).

The Halloween Project covers part of the Narracoota Volcanic Formation and is located along strike of a series of airborne EM conductors identified by both Sandfire and Chrysalis Resources.

Work programs planned over the coming months for Halloween include collection of geochemical samples, moving loop electromagnetic surveys, mapping and drilling.

Shelby Project (100%)

The Shelby Project is located on the northern margin of the Bryah Basin approximately 30km north of the Horseshoe Lights Copper-Gold Mine (see *Figure 1*). The 309km² project area has been targeted on the basis that extensions of the prospective Narracoota Volcanic Formation may extend further to the north under the younger sedimentary units of the Bangemall Basin.

Talisman has recently secured the grant of three Exploration Licences at Shelby. These cover both the margins of the Bryah Basin and a number of large magnetic features identified in regional magnetic datasets beneath the edge of the Bangemall Basin.

Upcoming programs of exploration include reconnaissance mapping and geochemical sampling, as well as modelling of the airborne magnetic data to identify potential targets for drilling under the sedimentary cover.

While the Shelby Project is considered to be higher risk than Talisman's other projects in the Bryah Basin, it presents an innovative concept with the potential to add a large prospective area for VMS exploration.

Milgun Project (100%)

The Milgun Project is located approximately 20km north west of the Shelby Project and covers what Talisman has identified as a northern outlier of the Bryah Basin (see *Figure 1*). The 123km² Project was originally targeted for gold, however recent assessments have identified

the presence of a sequence of volcanic rock that are likely to be the equivalent of the Narracoota Volcanic Formation, and are therefore prospective for VMS-style deposits.

Initial exploration planned for the Milgun Project will consist of reconnaissance mapping and programs of geochemical sampling. This work is aimed at confirming the prospectivity of the area prior to more detailed exploration.

Trillbar Project (80%)

The Trillbar Project is located on the western edge of the Bryah Basin and is interpreted to cover an approximate 20km strike length of the Narracoota Volcanic Formation (see *Figure 1*).

Until recently, the exploration focus at Trillbar has been for shear zone related gold (the Project includes a 50,000oz JORC compliant resource at the Boundary Gold Deposit). The Project has never previously been considered for its VMS potential.

Exploration programs planned for the Trillbar Project in the coming months include programs of reconnaissance geochemistry to confirm if the Narracoota Formation in this area has a VMS “signature”, mapping of limited outcrop and re-sampling of available drill spoils from historical gold drilling.

Summary

With the Springfield Project and the additional projects outlined above, Talisman already has a strong footprint in the Bryah Basin. In addition, the Company is continuing to assess other strategic opportunities to expand its portfolio and acquire additional quality acreage in the region.

Exploration work programs at Springfield and other regional projects will commence at the end of January 2010, including MLEM surveys and in-fill geochemical sampling at Springfield, geochemical sampling and reconnaissance mapping on the regional projects and the establishment of an exploration camp at Springfield.

Activities will be geared towards the commencement of drilling in March 2010. This is planned to provide a consistent news flow from Talisman’s copper-gold exploration activities over the coming months.

The Company looks forward to reporting the results of its exploration activities as they come to hand.

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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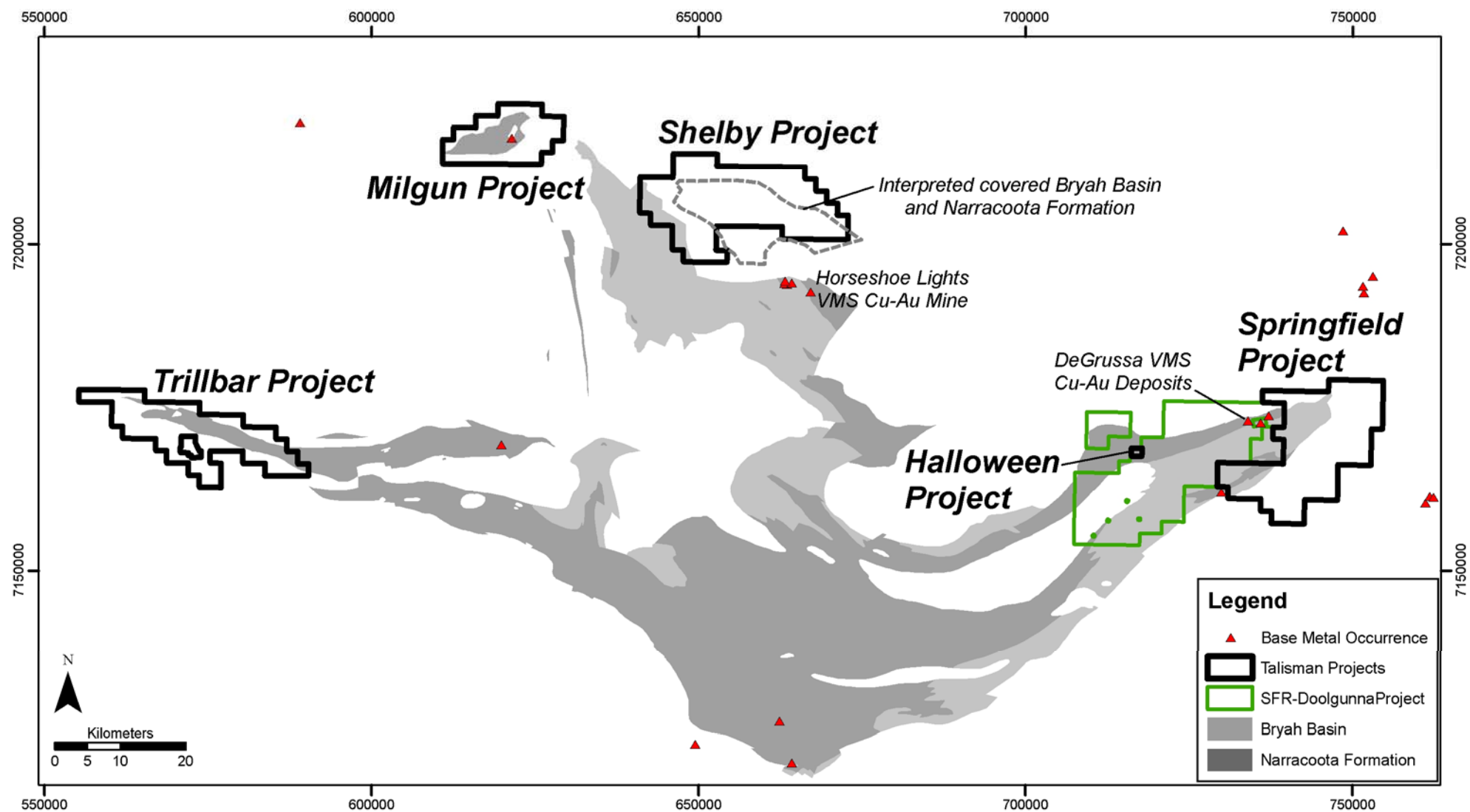


Figure 1 – Talisman Mining Ltd Bryah Basin Projects

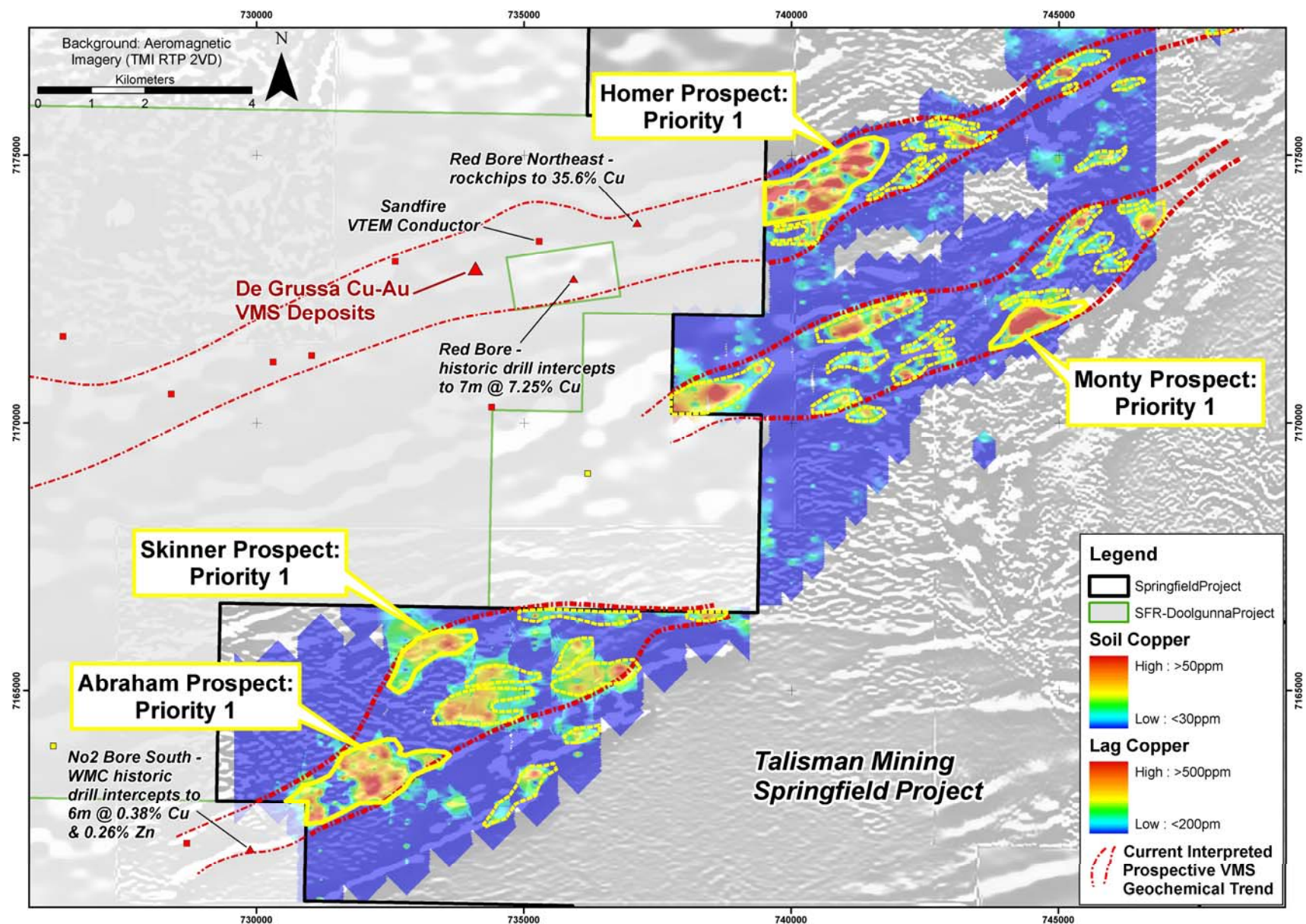


Figure 2 – Springfield Project Priority Exploration Targets

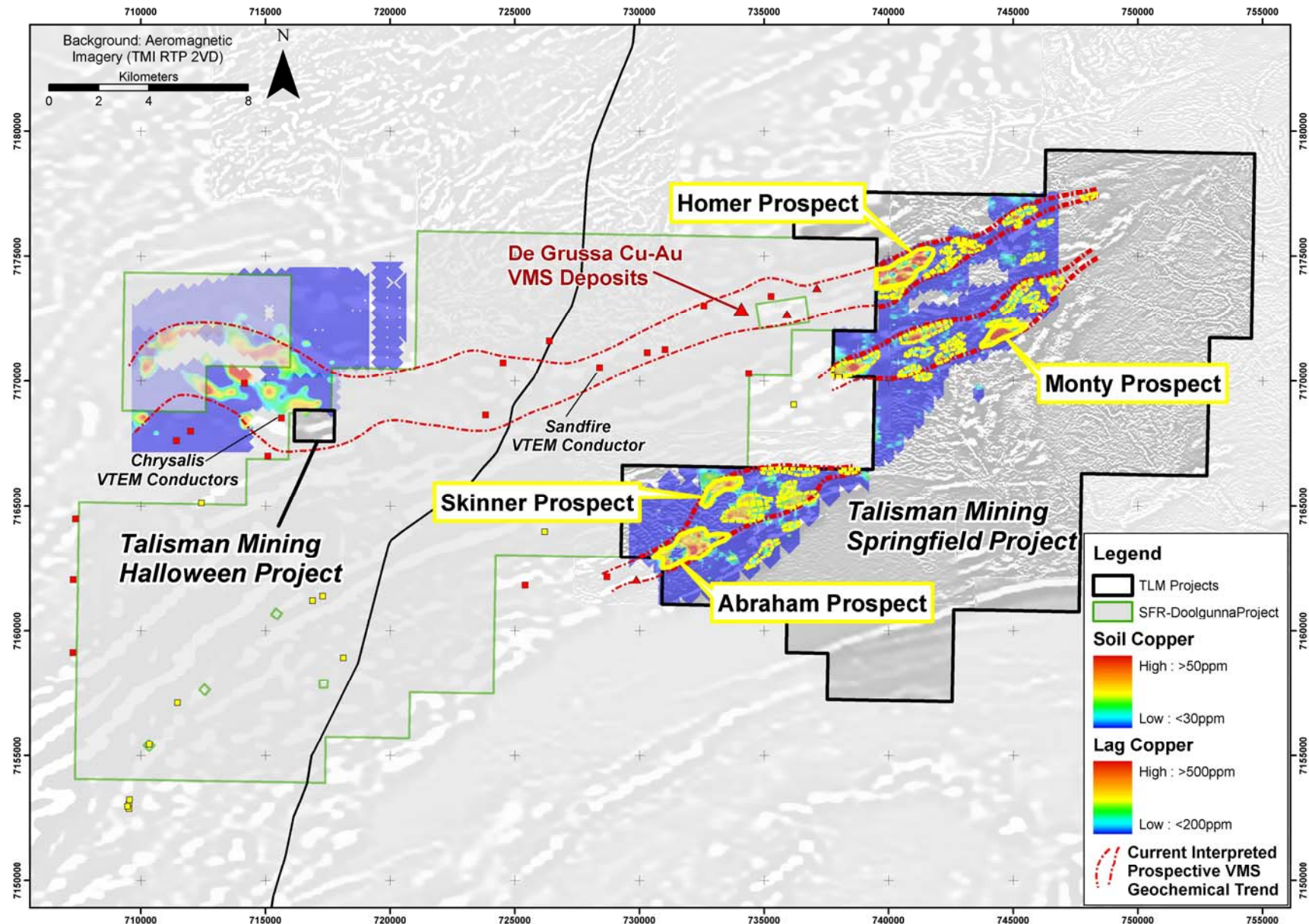


Figure 3 – Springfield & Halloween Projects Copper Geochemistry