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## **TALISMAN TO GRANT OPTION TO SELL WA IRON ORE PROJECTS FOR \$41.35M**

*Proposed deal delivers value for non-core iron ore assets & gains Talisman a stake in a new growth orientated Australian iron ore company*

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### *Key Points:*

- Option to be granted by Talisman to E-Com Multi Limited (subject to receipt of E-Com Multi Limited shareholder approval to the payment of a \$2M option fee) for the exclusive right to purchase the Wonmunna and Uaroo Projects for \$41.35M, comprising:
    - \$34.25M cash; and
    - \$7.1M worth of shares in E-Com Multi Limited
  - E-Com Multi Limited being repositioned as a growth orientated new Australian iron ore company backed by key strategic partners
  - E-Com Multi Limited to undertake a capital raising, capital consolidation and board re-structure
  - Wonmunna and Uaroo are the first WA iron ore assets to be acquired by E-Com Multi Limited, which is also pursuing other Pilbara iron ore opportunities
  - Post option exercise Talisman will hold approximately 9% of E-Com Multi Limited, retaining exposure to potential future value upside
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Talisman Mining Ltd (ASX: **TLM**) is pleased to announce that it has reached agreement to sell its **Wonmunna** and **Uaroo** iron ore projects in Western Australia in a deal which, if completed, will realise \$34.25 million in cash and a substantial shareholding in a new Australian iron ore company.

### **Option Agreement**

Talisman has entered into an Option Agreement with E-Com Multi Limited to grant it a three-month option to purchase the **Wonmunna** and **Uaroo** iron ore projects for a consideration of **\$41.35 million**, comprising cash of \$34.25 million and shares in E-Com Multi Limited to the value of \$7.1 million.



Under the terms of the Option Agreement the option term will commence upon payment by E-Com Multi Limited of a \$2 million non-refundable option fee. E-Com Multi Limited has paid \$0.5 million of this Option fee to Talisman at this time.

The payment of the remaining \$1.5 million option fee to Talisman by E-Com Multi Limited is subject to approval by E-Com Multi Limited shareholders which is planned to be sought by 11 November 2010. This condition precedent must be satisfied on or before 30 November 2010.

The total \$2 million option fee will be included in the overall cash consideration if the option is exercised by E-Com Multi Limited.

The exercise of the option by E-Com Multi Limited is conditional on:

- Completion of due diligence on the Wonmunna and Uaroo Projects by E-Com Multi Limited to its satisfaction;
- Shareholder approval for the exercise of the option by both companies (if required by the ASX);
- Any other statutory approvals which may be required by either party; and
- E-Com Multi Limited completing a capital consolidation and capital raising of up to a total of \$45 million.

The option, if granted will expire on 12 February 2011 or as otherwise agreed.

If the option is exercised by E-Com Multi Limited, it will result in a major boost to Talisman's cash resources underpinning its ongoing copper-gold exploration activities in the highly prospective Bryah Basin and significantly enhancing its ability to target additional new growth opportunities in the Australian resource sector.

Talisman will also retain a holding in E-Com Multi Limited of between 8.7% and 9.6% on an undiluted basis post that company's recapitalisation and capital consolidation, giving Talisman exposure to the future upside from the successful execution of E-Com Multi Limited's Australian iron ore strategy.

## **Sale Consideration Split**

### **Wonmunna**

Upon exercise of the option, the total sale consideration for the **Wonmunna Project** will be \$41.0 million, comprising \$34 million in cash (including the \$2 million option fee), 35 million shares in E-Com Multi Limited on a post-consolidation basis at 20 cents per share (\$7 million) and a 1% gross royalty on all metals produced and sold from the project.

The Wonmunna Project, which is located south of the Hope Downs and Mining Area C mining operations, east of the West Angelas mining operation and west of the Rhodes Ridge deposits in the Pilbara region (refer to **Figure 1**), comprises an Inferred Resource of 78.3 million tonnes grading 56.0% Fe (at a 50.0% Fe cut-off) including a high-grade Direct Shipping Ore (DSO) component of 10.0 million tonnes grading 61.3% Fe.

### **Uaroo**

Upon exercise of the option, the total sale consideration for the **Uaroo Project** will be \$350,000, comprising \$250,000 in cash, 500,000 shares in E-Com Multi Limited on a post-consolidation basis at 20 cents per share (\$100,000) and a 1% gross royalty on all metals produced and sold from the project.

There is also a conditional deferred milestone payment of \$3 million upon the definition of a JORC compliant iron ore resource at Uaroo of greater than or equal to 300 million tonnes at greater than or equal to 30% Fe.



The Uaroo Project is located within the Ashburton Mineral Field approximately 370km north-east of Carnarvon (refer to **Figure 2**). Recent exploration field work has highlighted the potential of this project to contain substantial BIF-hosted magnetite deposits.

### **E-Com Multi Limited**

E-Com Multi Limited have indicated to Talisman that it considers the acquisition of the Wonmunna and Uaroo iron ore projects to be the first phase in a strategy to build a significant, stand alone iron ore business in Western Australia underpinned by access to substantial strategic funding sources.

E-Com Multi Limited plans to undertake a capital reconstruction and recapitalisation supported by key strategic partners in order to complete the proposed transaction and commence its growth strategy.

Also, E-Com Multi Limited anticipates re-structuring its Board and Management in due course to enable it to meet and support its stated growth strategy. Initially, Andrew Simpson and Andy Haslam are expected to assist the E-Com Multi Limited Board in a strategic and technical capacity.

### **Summary**

The proposed transaction is consistent with Talisman's strategy of seeking to realise value from its non-core Australian iron ore assets, maintaining its focus on exploration within its high-quality copper-gold exploration portfolio in the Bryah Basin and pursuing new growth opportunities in copper-gold, nickel and gold.

Talisman's Managing Director, Mr Gary Lethridge, said the agreement with E-Com Multi Limited represented a significant opportunity to realise substantial value from its Wonmunna and Uaroo Projects.

"We have been working hard to pursue opportunities to realise value from our non-core iron ore assets, particularly the Wonmunna Project, for which virtually no value is attributed in Talisman's current share price."

"Wonmunna is surrounded by major iron ore mines operated by Rio Tinto and BHP Billiton, along with the potentially massive undeveloped Rhodes Ridge project owned by Rio Tinto and Wright Prospecting Pty Ltd and we believe offers significant value to a focused iron ore company looking for strategic growth."

"This proposed transaction offers substantial potential value upside for Talisman through its E-Com Multi Limited shareholding, while giving us a major cash boost to support our ongoing exploration and growth activities in the Bryah Basin and elsewhere," Mr Lethridge added.

#### **For further information, please contact:**

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#### **Competent Persons' Statement**



*Information in this ASX release that relates to Exploration Results and Mineral Resources 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.*

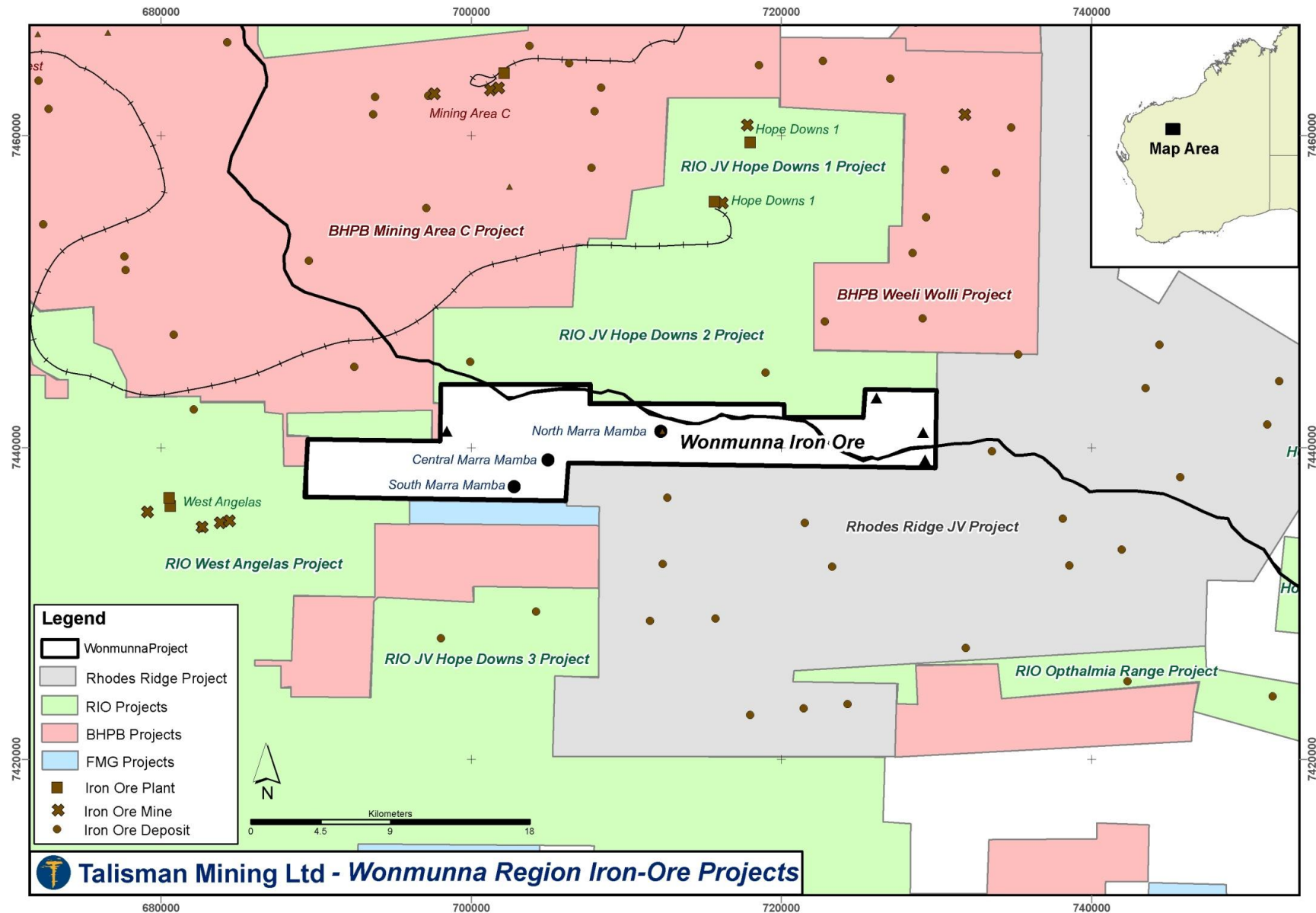


Figure 1: Wonmunna Project Location

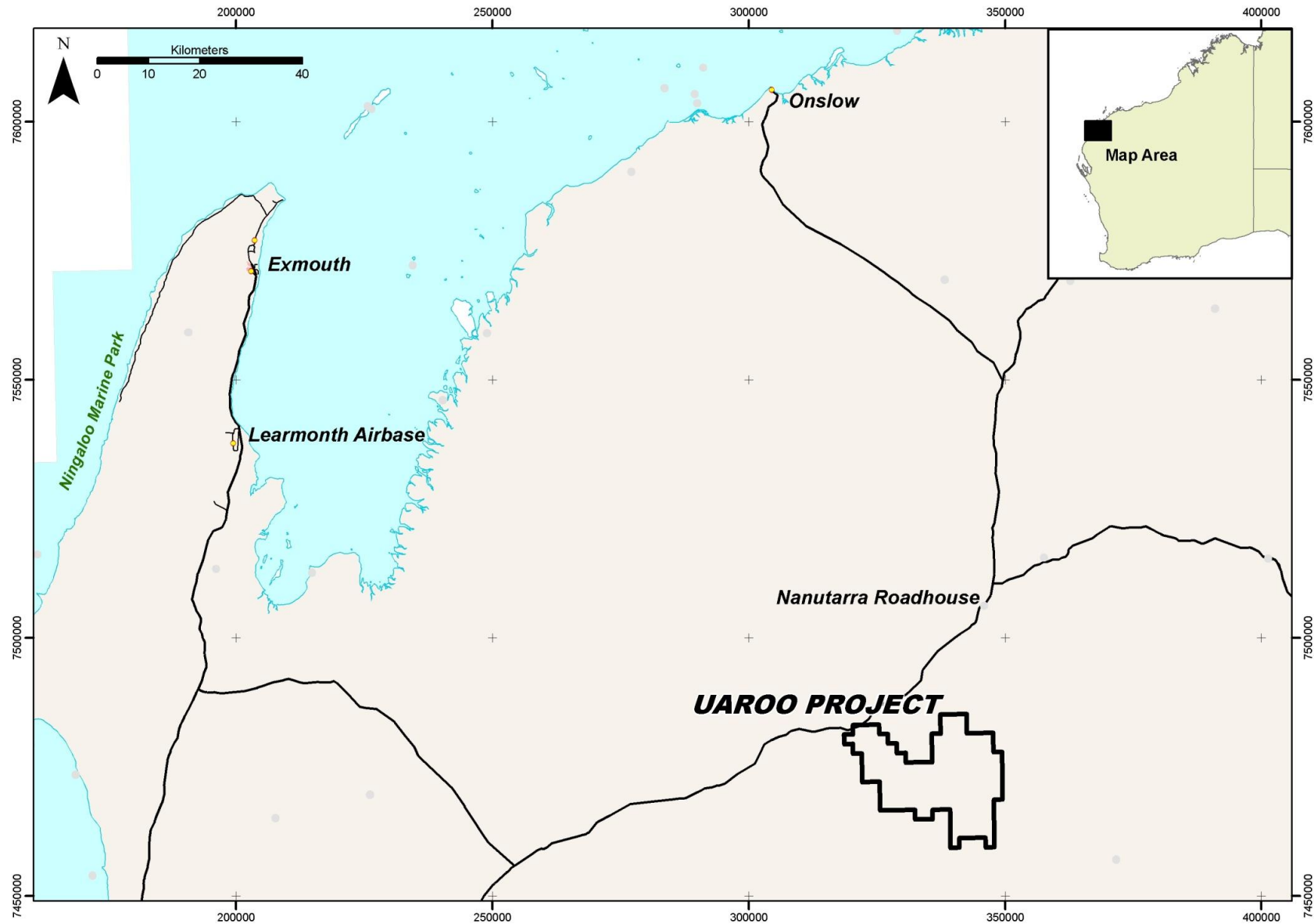


Figure 2: Uaroo Project Location