
TALISMAN ACQUIRES TWO GOLD EXPLORATION PROJECTS

BROADENS EXPLORATION PORTFOLIO WITH NEW PROJECT ACQUISITIONS IN WA'S GOLDFIELDS

Key Points:

- Talisman acquires 80% interest in the Muddawerrie and Livingstone Gold Projects, located in the Murchison Region of Western Australia.
- Provides the Company with two new gold-focused exploration projects with excellent opportunities to develop a series of high priority drilling targets for gold.
- Planned exploration programs to commence in second half of 2011, subject to required statutory approvals, alongside ongoing drilling programs at the flagship Springfield VMS Copper-Gold Project.

Talisman Mining Ltd (ASX: **TLM**) is pleased to announce that it has further expanded and diversified its exploration portfolio by acquiring an 80% interest in the **Muddawerrie** and **Livingstone** Gold Projects, located in Western Australia's northeastern Goldfields (see Figure 1).

The Muddawerrie Project is located 100km north west of Meekatharra and contains two demonstrably mineralised shear zones extending over a strike length of more than 16km within an Archaean greenstone belt.

The Livingstone Project is located approximately 25km north west of the Muddawerrie Project and consists of three granted Exploration Licenses containing demonstrated gold endowment within the western extension of the Proterozoic aged Bryah Basin. The core focus of both projects is the opportunity for Talisman to develop a series of high priority drilling targets for gold.

The acquisitions are consistent with Talisman's stated strategy of seeking to expand and diversify its exploration portfolio through the pursuit and acquisition of suitable new growth opportunities in copper-gold, gold and nickel.

Exploration activities will be initiated at the projects during the second half, subject to obtaining statutory approvals, in parallel with Talisman's ongoing drilling programs at its flagship Springfield VMS Copper-Gold Project in the Bryah Basin.



Acquisition Terms

The key terms of the acquisitions are summarised as follows:

- Talisman will acquire an 80% interest in the Muddawerrie and Livingstone Projects for a combined consideration of 100,000 ordinary fully-paid Talisman shares;
- the projects will be held in separate Joint Ventures between Talisman (80%) and Murchison Resources Pty Ltd (Murchison) (20%);
- the Joint Ventures will be managed and operated by Talisman;
- the interest held by Murchison will be free-carried until a decision to mine is made, at which point Murchison may elect to contribute on a pro-rata basis to the joint venture. Should Murchison not elect to contribute on a pro-rata basis at this time then it must transfer its 20% interest to Talisman in exchange for a 1% gross production royalty; and
- Murchison retains the right to dilute in accordance with an industry standard formula should it elect to contribute on a pro-rata basis to the joint venture from the decision to mine. Should Murchison's interest fall below 5%, it must transfer all remaining equity to Talisman in exchange for a 1% gross production royalty.

Muddawerrie Project

The Muddawerrie Project is located approximately 100km north west of Meekatharra in the Murchison Region of Western Australia (see *Figure 1*). The granted Exploration Licence covers an area of approximately 52 square kilometres and encompasses the entire 16km strike length of an Archaean greenstone belt that is highly prospective for banded iron formation (BIF) and mafic hosted shear zone gold deposits, similar to those at Mt Magnet and Meekatharra.

The exploration opportunity presented at the Muddawerrie Project is based on the fact that two demonstrably mineralised significant shear zones covering at least 16km of strike have only received cursory amounts of historic exploration (see *Figure 2*).

The Muddawerrie Trend in the east of the project area extends for the entire 16km length of the project and is characterized by a series of BIF units where significant old gold workings are present. Limited shallow drilling on this trend has consistently returned highly anomalous results including (see *Table 1*):

- 2m @ 1.54g/t Au
- 1m @ 1.18g/t Au

The Mount Maitland Trend extends for 5km along the eastern side of the project. The trend is characterized by sheared mafic volcanic rocks with a number of zones of old gold workings present.

Drilling has been limited to one area of old workings and the results returned clearly demonstrate that the shear zone has the potential to be strongly mineralised. Results from the only drilling along this trend include (see *Table 2*):

- 10m @ 2.02g/t Au (includes 4m @ 3.82g/t Au)
- 2m @ 1.01g/t Au

Subject to attaining the required statutory permits, the Muddawerrie Project represents an opportunity to quickly develop a series of high priority drilling targets for gold.



Livingstone Project

The Livingstone Project is located approximately 25km to the immediate north west of the Muddawerrie Project (see *Figure 1*). The project consists of three Exploration Licences and covers an area of 208 square kilometres of the western extension of the Proterozoic aged Bryah Basin.

The Project has demonstrated gold endowment with a series of significant high-grade gold intercepts returned from both Reverse Circulation (RC) and Rotary Air Blast (RAB) drilling over a 31km strike length of the Central Shear Zone (CSZ) (see *Figure 3*).

In general, this extensive gold mineralised trend has not been subject to systematic exploration. Significant historic results include (see Table 3):

- 6m @ 5.30g/t Au
- 7m @ 4.75g/t Au
- 2m @ 4.65g/t Au

In addition to the main CSZ, a number of other targets have been identified that require follow-up exploration. The Winja Prospect has returned sporadic thick, high grade gold intersections from within a dolomitic host sequence. Exploration is required to determine the style and extent of this gold mineralisation. Best results include (see Table 4):

- 29m @ 5.20g/t Au
- 13m @ 3.71g/t Au

At the Livingstone Prospect, a large zone of mineralised quartz stockwork has been defined through an extensive series of old workings and a limited amount of shallow drilling. Further work is required to understand the extent and quality of the gold stockwork zone and to determine the best drilling orientation. Best results include (see Table 5):

- 14m @ 2.71g/t Au
- 4m @ 3.39g/t Au

Subject to securing the required statutory permits, the Livingstone Project represents an opportunity to quickly develop a series of high priority drilling targets for gold.

Summary

Talisman's Managing Director, Mr Gary Lethridge, said the acquisition was consistent with the Company's stated strategy of actively targeting quality exploration and business development opportunities in copper-gold, nickel and gold, and moving quickly to secure suitable projects as soon as they became available.

"These projects allow Talisman to expand and diversify its exploration portfolio with two gold-focused projects which we believe have significant potential to deliver near-term drilling opportunities," Mr Lethridge said.

"The Company is well structured with a capable and adequately sized exploration team that enables us to undertake evaluation of additional projects such as Muddawerrie and Livingstone while retaining a strong focus on ongoing drilling and exploration activities at our flagship Springfield Copper-Gold Project," he added. "With exploration gathering momentum at Springfield following recent drilling success, it's great to be able to broaden our commodity focus into gold."



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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.

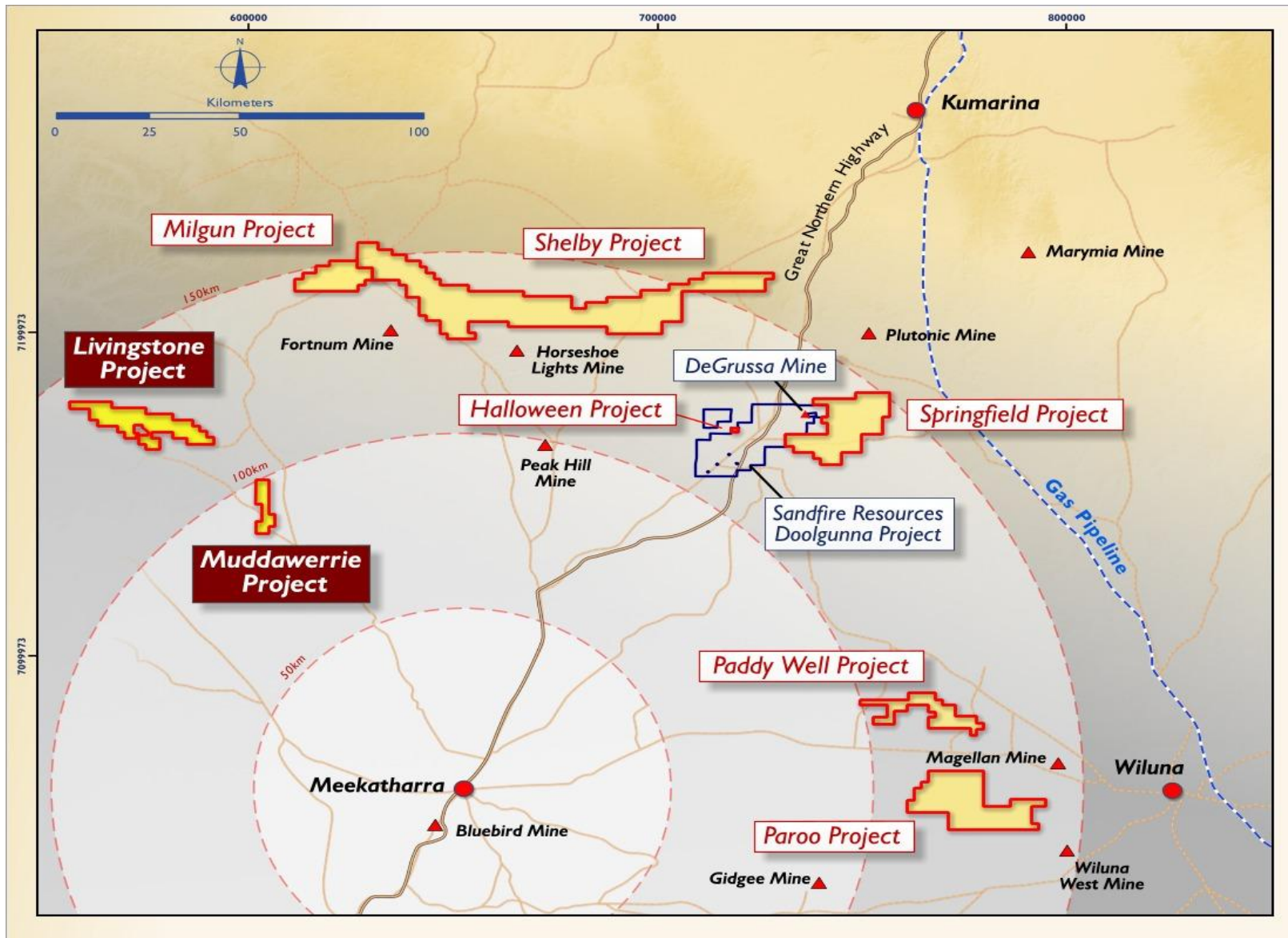


Figure 1: Muddawerrie and Livingstone Project Locations

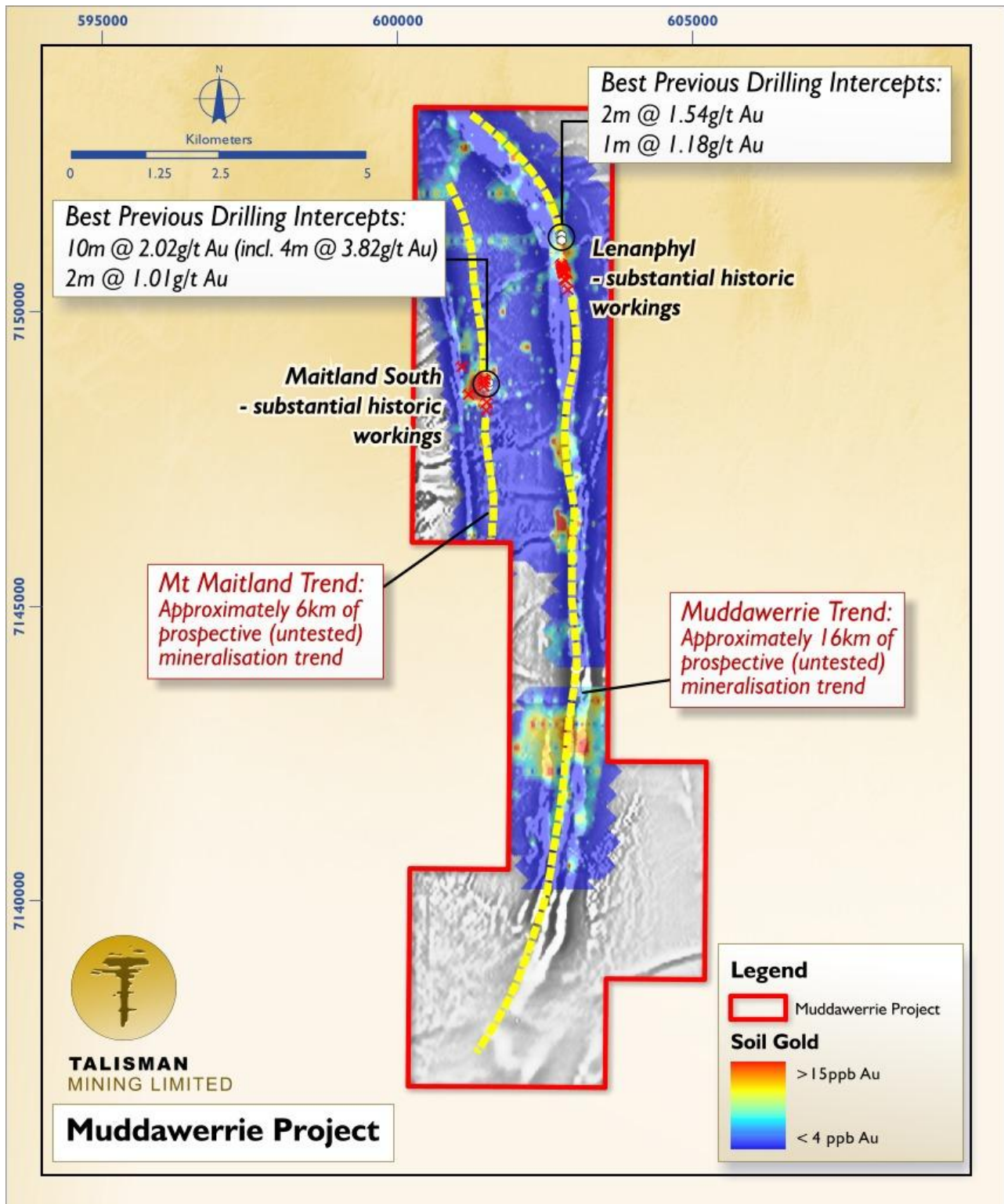


Figure 2: Muddawerrie Project

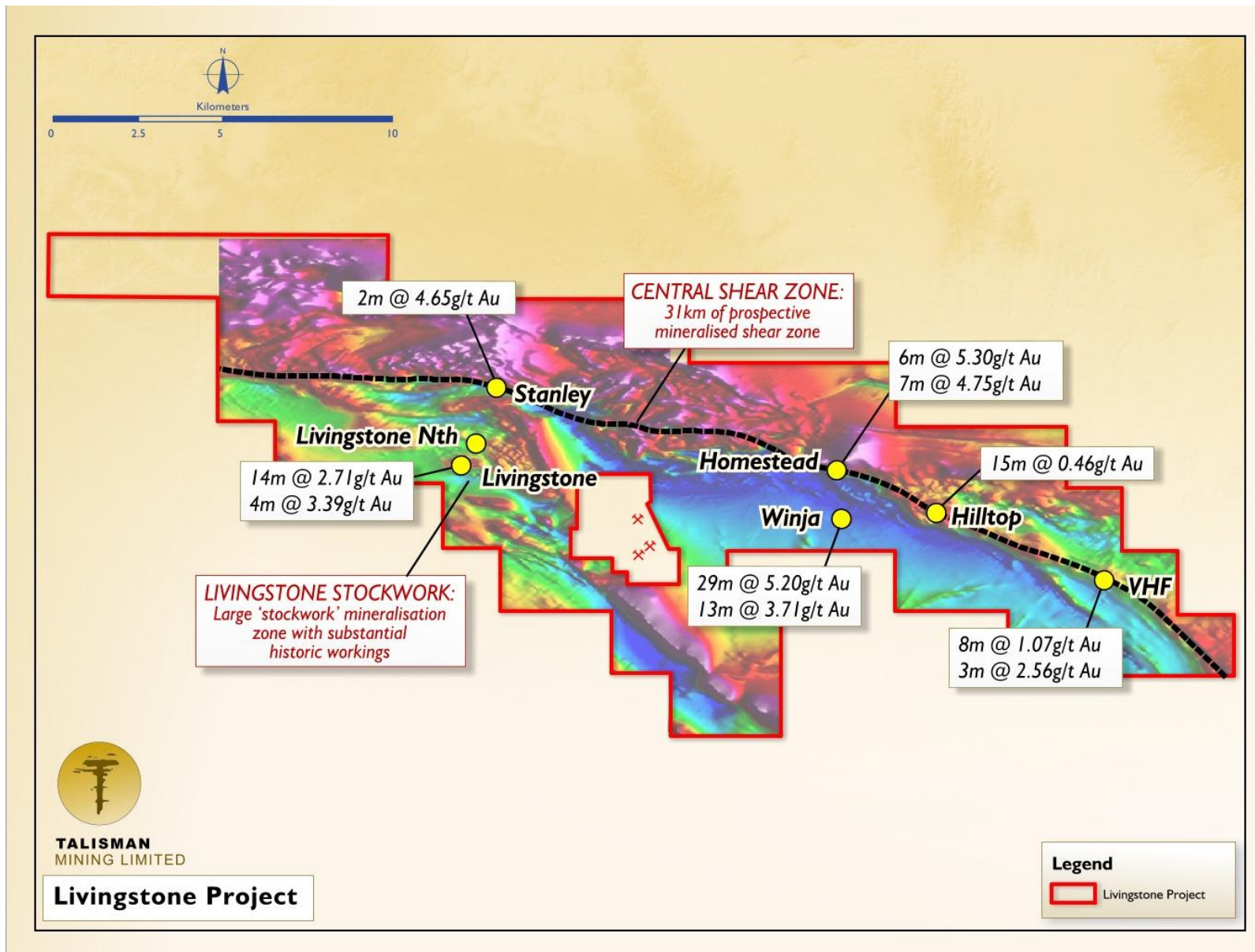


Figure 3: Livingstone Project



Table 1 – Mt Maitland Trend Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
MTC007	602742	7151290	-60	270	13	15	2	1.54
MTC011	602774	7151209	-60	270	33	34	1	1.18

Table 2 – Muddawerrie Trend Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
MTC002	601504	7148717	-60	270	0	4	4	1.17*
MTC003	601538	7148721	-60	270 (incl.	66 67	76 71	10 4	2.02 3.82)
MTC005	601505	7148791	-60	270	18	20	2	1.01

Table 3 – Central Shear Zone Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
MSEC165	566939	7173393	-60	180	47	49	2	4.65
TR649	581714	7169533	-60	180	24	39	15	0.46
TRC015	578706	7170684	-60	180	27	33	6	5.30
TRC037	578708	7170765	-60	180 (incl.	104 112	139 119	35 7	1.57 4.75)
TRC110	585340	7167272	-60	180	9	17	8	1.07
TRC111	585342	7167310	-60	179	46	49	3	2.56

Table 4 – Winja Prospect Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
TRC070	578759	7169262	-60	180 (incl.	64 68	93 77	29 9	5.20 13.96)
TRC094	578780	7169240	-60	180 (incl.	52 56	65 59	13 3	3.71 7.69)



Table 5 – Livingstone Prospect Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
LRC001	567150	7170950	-60	225	1	5	4	3.39
LR051	567906	7171644	-60	010	6	20	14	2.71 [#]

Note: * = 4m composite sample (not split)
 # = 2m composite sample (not split)