



TALISMAN
MINING LIMITED



Diamond Drilling Confirms VMS Mineralising System at Halloween Project

19th July 2012

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Capital Structure

Shares on Issue:

131,538,627 (TLM)

Options on Issue:

14,800,000 (Unlisted)

ASX: TLM

Highlights:

- **High-grade gold, copper and silver results returned in two out of three diamond holes from the Halloween Project, located 11.5km SW of DeGrussa Copper Project, including:**
 - **HWD004 – 4m @ 5.34 g/t Au and 3.12 g/t Ag (including 1m @ 9.79 g/t Au and 6.54 g/t Ag);**
 - **HWD004 – 1m @ 2.04 g/t Au; and**
 - **HWD002 – 0.15m @ 2.62% Cu, 5.52 g/t Ag and 0.28 g/t Au**
- **Pathfinder elements returned in copper mineralised intervals are consistent with geochemical signature of the DeGrussa deposit**
- **Follow-up RC drilling to commence by end of July**
- **Detailed soil program now complete with Fixed Loop Electro-Magnetic survey to commence shortly at the Halloween West Joint Venture Project**

Talisman Mining Limited (ASX: TLM) is pleased to announce that initial results from recently completed diamond drilling at its **Halloween Project**, located 11.5km south-west of the high-grade DeGrussa VMS Copper Project in WA (see **Figure 1**), have provided strong evidence of the presence of a VMS mineralising system.

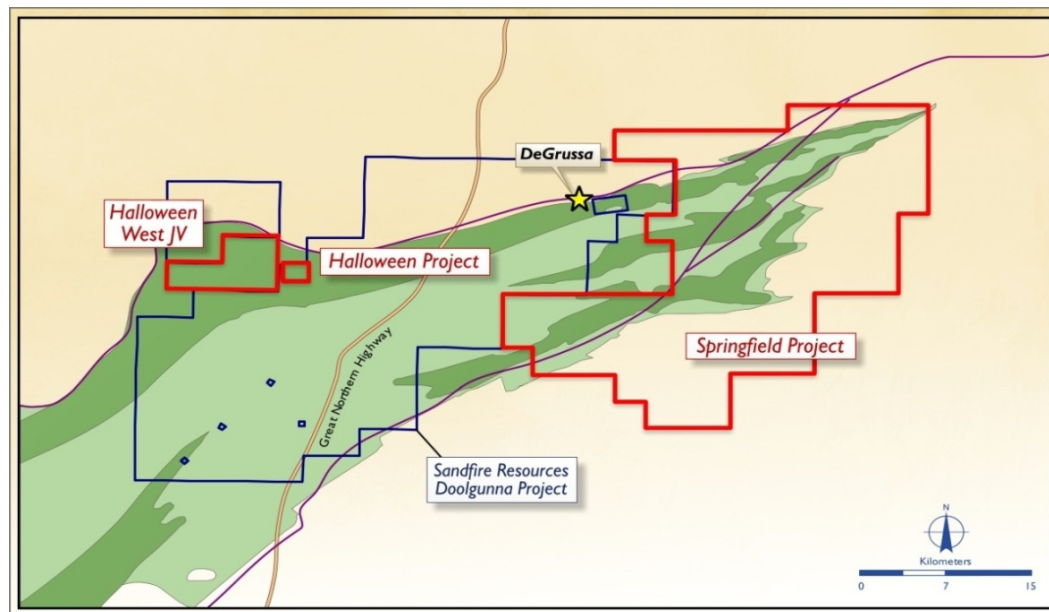


Figure 1 – Simplified interpreted Geological Location Plan for Halloween and Halloween West Projects



Of particular note, the drilling results have returned a series of significant high-grade gold, copper and silver assays, including individual intersections of up to **9.79g/t** gold and **2.62%** copper.

These results, combined with the consistently elevated pathfinder elements associated with the copper mineralised intervals (zinc, selenium, tellurium, molybdenum and bismuth), are encouraging as they are strongly indicative of the presence of a VMS mineralising environment.

This suite of pathfinder elements is consistent with the geochemical signature associated with the nearby DeGrussa VMS high grade copper-gold deposit.

Halloween Drilling Update

First-pass RC drilling undertaken at Halloween earlier this year comprised 16 holes on four broadly-spaced traverses. These holes were drilled to test several copper-gold soil anomalies along an interpreted basaltic volcano-sedimentary sequence.

Significant gold assay results were returned in four holes (*HRC001*, *HRC002*, *HRC006* and *HRC015* – refer *ASX announcement 13/04/2012*) along **three** out of the **four** wide-spaced drill traverses (see **Figure 2**). The best results included:

- HRC002:
 - **1m @ 14g/t Au from 86m; and**
 - **9m @ 3.80g/t Au from 84m (including 4m @ 7.37g/t Au from 84m)**
- HRC006:
 - **6m @ 1.52g/t Au from 18m**

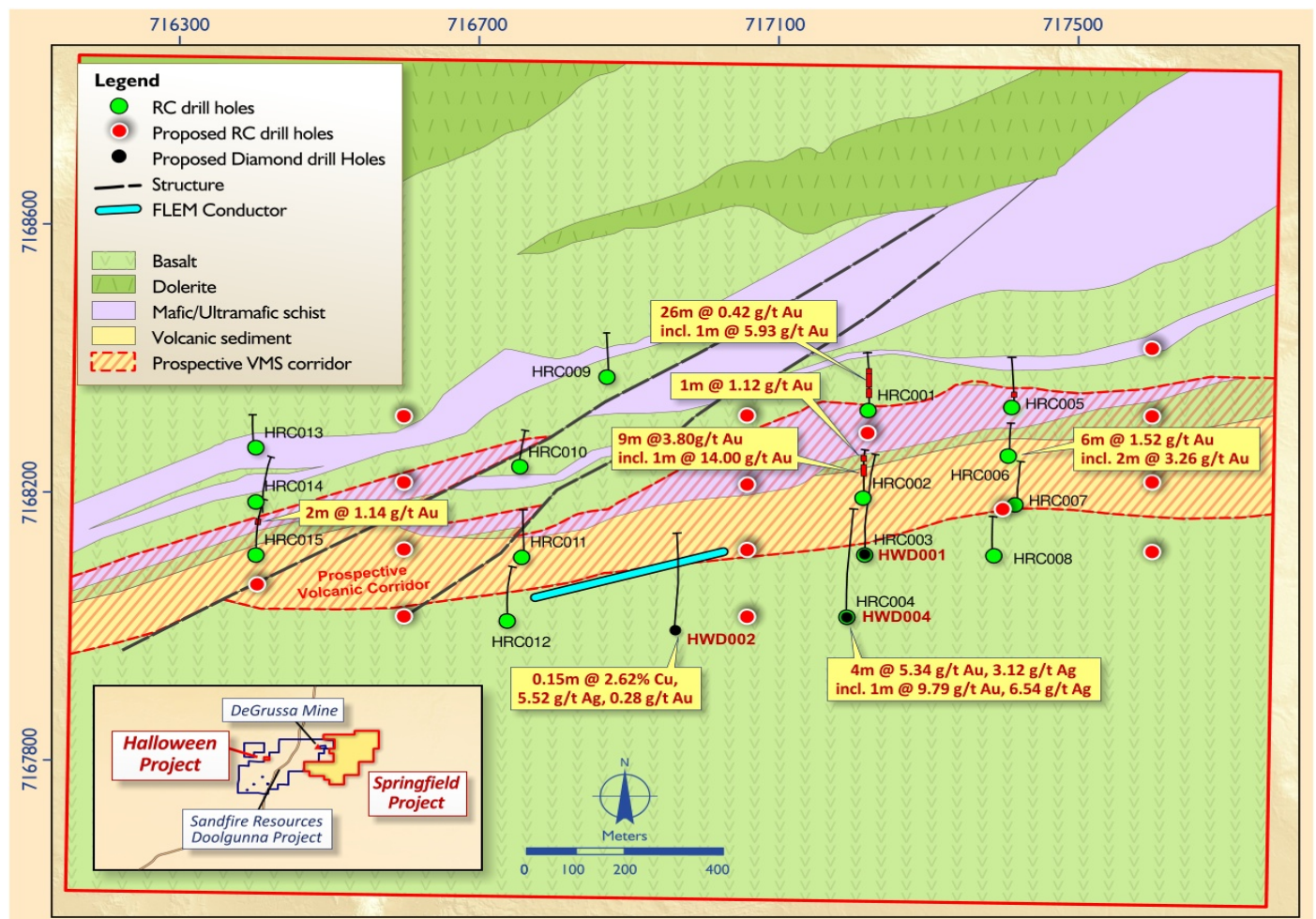


Figure 2 – Simplified geological plan with drill hole locations showing significant mineralised intercepts



Three diamond drill holes (HWD001, HWD002 and HWD004; see **Appendix 1**) were recently completed to:

- test the prospective volcanic horizon for VMS mineralisation associated with the high-grade gold intercepts below HRC002; and
- target a late-time Fixed Loop electromagnetic (FLEM) anomaly located 250 metres along strike and to the west of HRC002 (see **Figure 2** above).

Hole HWD003 was commenced, but halted due to significant lifting of the hole and was replaced by HWD004.

Holes HWD001 and HWD004 were drilled to test the prospective mineralised horizon for VMS copper-gold mineralisation immediately down-dip from the peak gold results in HRC002 (see **Figure 3** below).

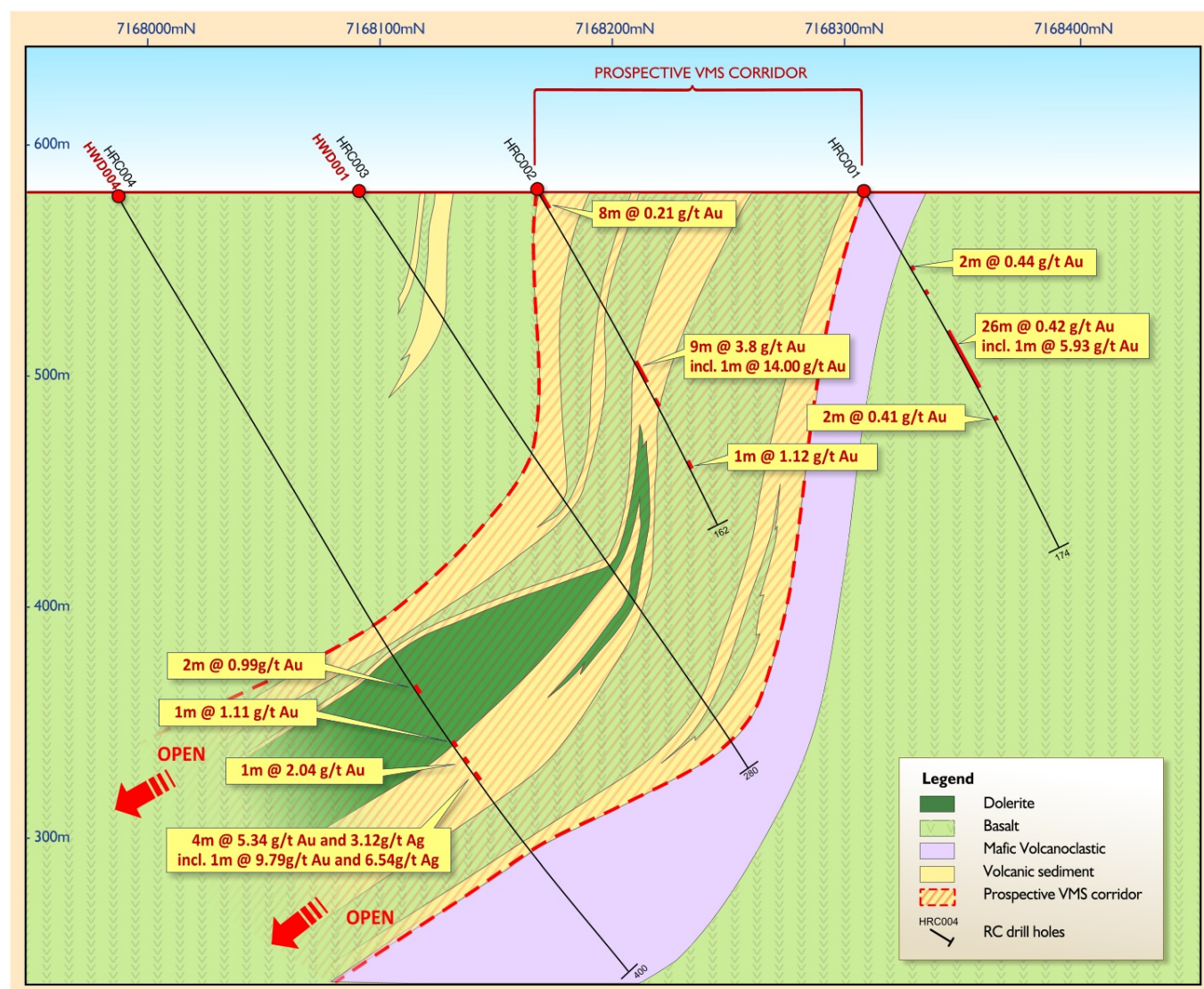


Figure 3 – Interpreted Drill section 717200E looking west showing interpreted geology and significant gold intercepts

Both drill holes intersected the down-dip extension of the target VMS horizon with intensely deformed volcanic-derived sediments showing strong silicification and chlorite-carbonate alteration with abundant disseminations and thin bands of near-massive, bedded exhalative sulphides – principally pyrrhotite and pyrite with lesser chalcopyrite (see **Figure 4**).



Figure 4 – HWD004 Target VMS horizon showing bedded sulphide (pyrite-pyrrhotite-chalcopyrite) in silicified cherts and shale

The better gold and silver results are associated with these sulphide bands in HWD004 and include:

- **4m @ 5.34 g/t Au, 3.12 g/t Ag** from 297m (including **1m @ 9.79 g/t Au, 6.54 g/t Ag** from 299m);
- **1m @ 2.04 g/t Au** from 288m;
- **1m @ 1.11 g/t Au** from 281m; and
- **2m @ 0.99 g/t Au** from 253m.

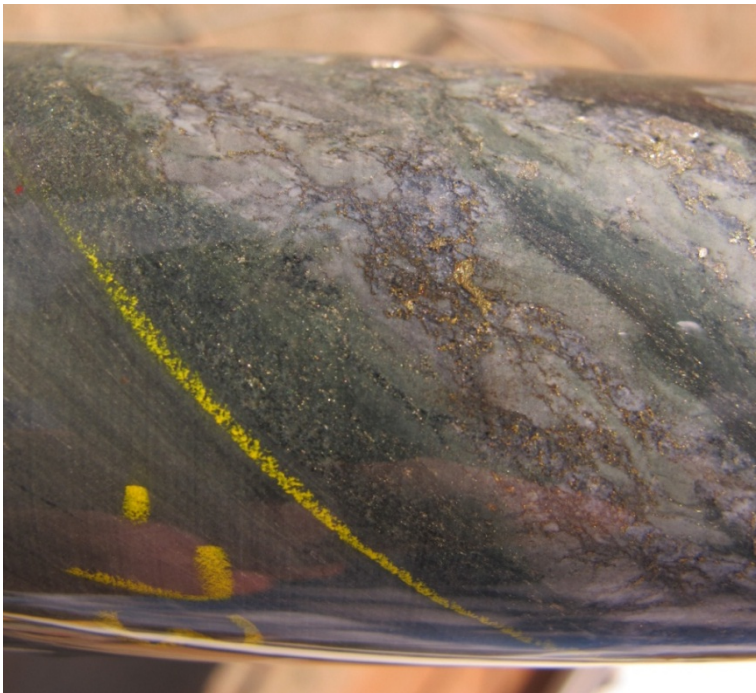
Hole HWD002 was designed to test an electro-magnetic conductor defined in a recently completed FLEM program, which is located along the prospective VMS corridor in the centre of the project (see **Figure 2**).

The hole intersected an intensely sheared, sulphide-bearing volcano-sedimentary sequence (similar to that encountered in HWD001 and HWD004) with discrete bands of siliceous chalcopyrite-bearing sediment that are thought to explain the conductor.

Although no massive sulphides were intersected in HWD002, significant disseminated chalcopyrite mineralisation was identified and is associated with an interval of highly sheared, silica-altered volcanic sediments.

The best result from this interval was **0.15m @ 2.62% Cu, 5.52 g/t Ag and 0.28 g/t Au from 164.73m** (see **Figure 5** below).

Of particular note are the elevated pathfinder elements associated with the copper mineralised intervals in both HWD004 and HWD002.



In addition to copper, gold and silver, the zinc, selenium, tellurium, molybdenum and bismuth values are consistently elevated and are particularly encouraging as they are consistent with the geochemical signature associated with the nearby DeGrussa VMS high grade copper-gold deposit.

A 3,000 metre in-fill RC drilling program has been developed to follow-up these results. This drill program will attempt to better define the mineralised trend at Halloween. Additionally, some of the planned drill holes will establish a platform for deeper diamond drilling beneath, and along strike, from HWD004 (see **Figure 2**) later in the year.

Preparatory site works have commenced and an RC drill rig will arrive at Halloween later this month in order to undertake this trend definition drill program.

Figure 5 – HWD002 Significant disseminated chalcopyrite mineralisation associated with highly-sheared, silica-altered volcanic sediments



Halloween West JV (formerly Doolgunna West)

Talisman is farming into a 60% joint venture interest in the Halloween West JV Copper Gold Project from Chrysalis Resources (ASX: CYS – refer ASX release 16/05/12). Halloween West is located immediately to the west of the 100%-owned Halloween Project and is interpreted to host the continuation of the Halloween VMS trend (see **Figure 6** below).

Talisman has recently completed a detailed 100m x 25m soil geochemical program (totalling 1,455 samples) covering the portion of the Halloween West JV Project immediately along strike of the Halloween VMS horizon (see **Figure 6** below). Assay results from this program are pending.

The Company will shortly undertake detailed geological mapping and an extension of the Halloween FLEM survey at Doolgunna West in order to better define prospective stratigraphic horizons across the project and to assist in targeting future RC drilling later this year.

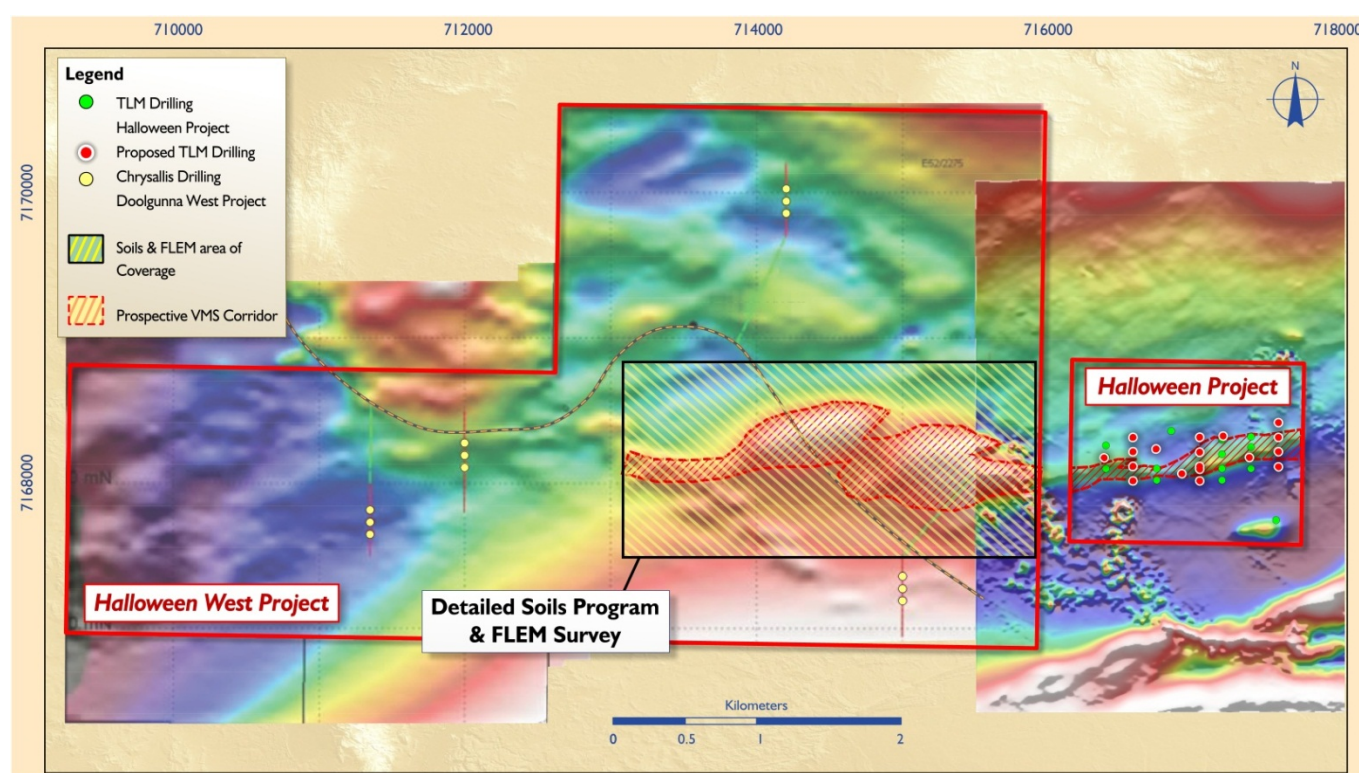


Figure 6 – Halloween West JV Project showing proposed soil and FLEM area of coverage over regional magnetics

Comment

The geological and geochemical evidence that Talisman is accumulating at the Halloween Project confirms that a VMS mineralising system may be present within the Halloween sequence.

This evidence and the growing supportive observations from Talisman's Springfield Project (located to the east of DeGrussa) support the Company's view that there is excellent potential to discover additional VMS copper-gold deposits within the Bryah Basin.

Talisman's Managing Director, Gary Lethridge, said the recent diamond drilling results from Halloween were very encouraging, providing strong indications that the Halloween trend could represent a significant VMS mineralising environment.



“The combination of high-grade gold, silver and copper intercepts, significant pathfinder elements and the geology we are seeing in the drill core gives us great encouragement that we are in the right location and applying the correct techniques and approach to make a potential discovery.

“This vindicates our continuing patient, but focused Bryah Basin exploration effort, and gives our exploration team another very exciting exploration front in this region, alongside our Springfield Project, where we are currently ramping up drilling efforts as announced earlier this week.

“We are very much looking forward to the next round of drilling, which kicks off later this month.”

Ends

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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 Graeme Cameron, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Graeme Cameron 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 Graeme Cameron consents to the inclusion in this report of the matters based on information in the form and context in which it appear.

Appendix 1 - Halloween Diamond Drillhole Locations

Hole ID	Hole Type	Depth (m)	East MGA94	North MGA94
HWD001	RC_DD	297.2	717214	7168107
HWD002	DDH	300.4	716945	7167990
HWD003	RC_DD	162.1	717189	7168009
HWD004	DDH	399.5	717189	7168007