

## Talisman Strategically Expands Bryah Basin Portfolio

### *Joint Venture Farm-in Agreed with Chrysalis Resources on the Doolgunna West Copper – Gold Project*

#### KEY POINTS

- **Talisman enters into joint venture farm-in agreement to earn a 60% interest in the Doolgunna West Copper-Gold Project**
- **Doolgunna West is located adjacent to Talisman's 100% owned Halloween Project where a maiden RC drilling program has recently highlighted gold and VMS potential**
- **A systematic and fully integrated exploration targeting approach will be applied to define key controls on potential VMS mineralisation and to generate drill targets**

Talisman Mining Limited (ASX: TLM) is pleased to advise that it has further strengthened its exploration portfolio in the emerging Bryah Basin mineral province of Western Australia after reaching agreement with Chrysalis Resources Limited (ASX: CYS) to farm into the Doolgunna West Project (**Appendix 1**). The Doolgunna West Project is located ~ 15km from Sandfire Resources' DeGrussa Cu-Au Project.

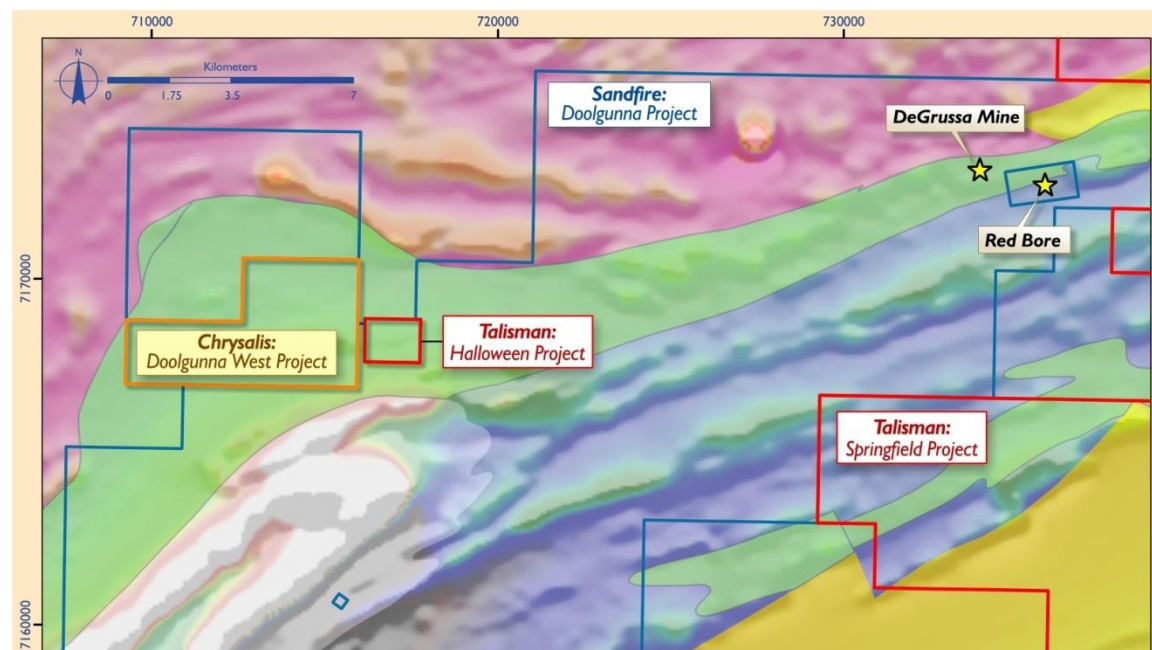


Figure 1 – Doolgunna West Project (E52/2275)

#### COMPANY SNAPSHOT

##### Board of Directors

###### **Alan Senior**

Non-Executive Chairman

###### **Gary Lethridge**

Managing Director

###### **Graeme Cameron**

Technical Director

###### **Brian Dawes**

Non-Executive Director

###### **Karen Gadsby**

Non-Executive Director

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##### Capital Structure

##### **Shares on Issue:**

131,538,627 (TLM)

##### **Options on Issue:**

15,150,000 (Unlisted)

**ASX: TLM**



The Doolgunna West Copper Gold Project comprises an area of approximately 18.5km<sup>2</sup> and covers part of the prospective Narracoota Volcanic Formation which hosts the DeGrussa Deposits (**Figure 1**).

Furthermore the Project lies immediately adjacent to Talisman's Halloween Project where Talisman recently completed a maiden 2,158m drilling program. Significant gold assays were returned from four holes HRC001, HRC002, HRC006 and HRC015 along three wide-spaced drill traverses - refer to TLM March 2012 quarterly activities report (**Figure 2**).

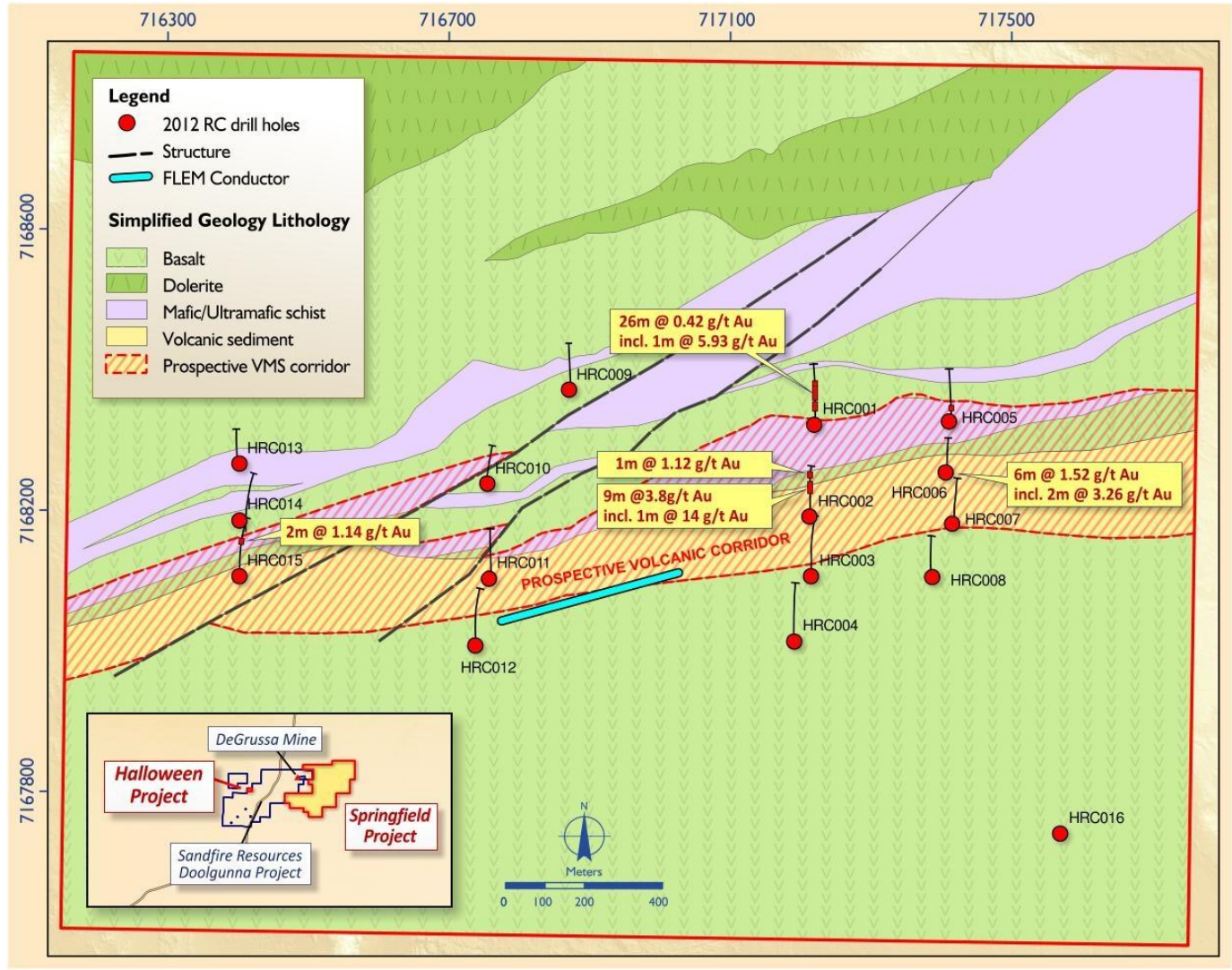


Figure 2 – Simplified Geological Plan with Drill Hole Locations Showing Significant Gold Intercepts

The host volcanics intersected in the drill holes at Halloween show pervasive magnetite development and strong manganese enrichment with elevated zinc-lead-silver geochemistry. These are key pathfinders which are potentially indicative of a VMS-related exhalative mineralising system.

The prospective volcano-sedimentary corridor at Halloween is interpreted to trend onto the eastern portion of the Doolgunna West project. Consequently the Doolgunna West and Halloween Projects are considered by Talisman to be highly prospective for VMS style Cu-Au mineralisation.





## Previous Exploration at Doolgunna West

Historic broad spaced surface soil sampling at the Doolgunna West Project has defined widespread copper-gold anomalism across the project. In 2010, Chrysalis Resources conducted aerial VTEM and ground electromagnetic surveys at the Project which were used to identify prospective areas for initial drill testing.

First-pass reconnaissance drilling, comprising 12 RC holes for a total of 1,172m, was completed by Chrysalis in 2010 across five isolated VTEM targets and returned no significant results. No further material exploration activities have been conducted on the Project since.

## Key Commercial Terms of Agreement

Under the terms of the Joint Venture Farm-In Letter Agreement entered into with Chrysalis, Talisman has the right to earn a 60% interest in the Doolgunna West project by spending \$500,000 on exploration within three years.

Talisman must spend a minimum of \$150,000 on exploration within the first 12 months.

After the expenditure of the initial \$150,000 Talisman can elect to either:

- i. withdraw from the farm-in arrangement with no further commitment; or
- ii. expend a further \$350,000 within the next 2 years in order to earn a 60% interest in the Doolgunna West Project.

Once Talisman has earned a 60% joint venture interest, Chrysalis will have the right to maintain its 40% interest by contributing to exploration expenditure on a pro rata basis or dilute on an industry standard basis.

Under the terms of the agreement Talisman will manage all exploration activities during the farm-in period and will also be the Joint Venture Manager as it will be the majority holder of the project.

## Forward Plan

At the nearby Springfield Project, Talisman has adopted a systematic approach to exploration which has involved an investment of \$13 million over the past two years in extensive reconnaissance exploration activities, resulting in the compilation of a comprehensive and regionally unique project database.

This has led to the development of a regional 3D geological model for the Springfield Project from which 20 Tier-One target areas have been identified and are currently being drill tested. This has enabled Talisman to identify key stratigraphic horizons, primary structural controls and geochemical vectors to mineralisation within the Springfield Project and regionally within parts of the Bryah Basin.

With the benefit of this advanced geological and regional knowledge, the same methodology and scientific approach will be utilised by Talisman to progress exploration at the Doolgunna West Project.

Talisman plans to conduct geological mapping and further infill soil sampling to better define key stratigraphic horizons across the project. Geophysical data will be re-processed and Fixed Loop electromagnetic surveys will be conducted to test for conductors along the target volcanic horizons.

It is expected that these activities will commence during the June Quarter in parallel with ongoing exploration activities at the Halloween and Springfield Projects with the view to identifying potential targets for drilling during the second half of the year.



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 – Talisman Mining Ltd Project locations

