

TALISMAN MINING LTD

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The Manager
Company Announcements Office
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EXPLORATION UPDATE

HIGHLIGHTS

- ❖ Preliminary results of RC drilling campaign at the Winja prospect (Trillbar) reports intercept of 24m @ 5.4g/t gold (Including 8m @ 13.9g/t gold),
- ❖ Preliminary results of third RC drilling campaign at the Boundary prospect (Trillbar) reports further ore grade intercepts to 10m @ 2.23g/t gold
- ❖ RAB / Aircore reconnaissance drilling west of Boundary and Winja defines several anomalies indicating possible underlying mineralisation of similar size and form to Boundary,
- ❖ Soil geochemistry at Maitland delineates extensive gold-in-soil anomalies associated with the Mudawerrie BIF.



TRILLBAR (GOLD) – (Talisman Mining Ltd – 80%)

Talisman has completed a third RC drilling program comprising follow up of the Boundary and Winja prospects, together with completion of RAB / Aircore completed along strike to the west from these two prospects in an endeavour to locate new mineralisations beneath cover.

Winja

Follow up drilling at the Winja prospect comprised the completion of 15 RC drillholes for 1098m on 5 traverses, including the original discovery traverse. This drilling was designed to establish the geometry of the mineralisation previously intersected by Western Mining (2m @ 2.86g/t gold) and confirmed by Talisman (12m @ 1.72g/t gold).

Drillhole TRC70 completed beneath the original Talisman and Sons of Gwalia intercepts intersected **24m (68-92m) @ 5.4g/t gold (including 8m (68-76m) @ 13.9g/t gold)** (Figure 1). This result was obtained from 4 metre composites with 1 metre re-assays currently in progress (Note: Historically at Trillbar, 4m composites and 1m re-assays do not vary appreciably in total contained gold).

Significantly, this intercept was in fresh rock below the zone of intense alteration and is therefore not the result of supergene enrichment.

At 129.6gm (5.4g/t x 24m) this intercept is by far the best drill intercept yet to be recorded from the Trillbar project area, inclusive of drilling completed by previous explorers.

The drill traverses completed at 40 and 80 metres to both the east and west of the mineralised traverse failed to intersect significant mineralisation. This failure to establish strike continuity has been attributed to a combination of factors:

1. Closer re-examination of the aeromagnetic data has indicated that the host structure, and by association the mineralisation, strikes approximately northwest, not west as originally thought when planning the drilling, and
2. There are indications that the oxide zone, to which most of the drillholes are confined, is depleted in gold.

Follow up drill evaluation of this exciting new discovery, based on the new interpretation, is to be completed as a matter of priority.

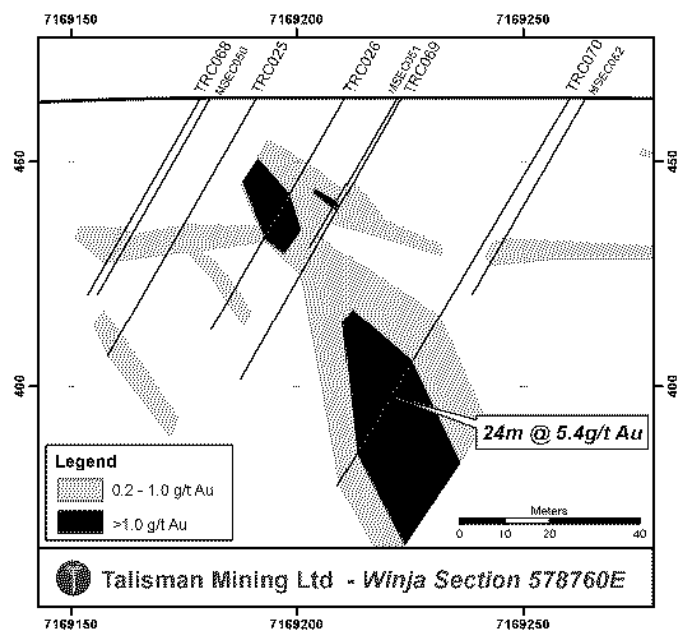


Figure 1: Trillbar Project – Winja Drill Section

**Boundary**

The third program of RC drilling of the Boundary prospect (23 drillholes for 2414m) appears to have closed off the mineralisation along strike to both the east and west, although strong mineralisation remains open at depth. Additionally, Boda's Lode to the east of the Boundary 'Main Lode' remains poorly tested and open to the east and at depth.

Drill intercepts of greater than 1g/t gold from this program are listed in Table 1 below.

Table 1: Boundary Prospect: July – August, 2006 - Intercepts > 1g/t Gold – # Sampled as 4m composite – 1m 'splits' yet to be assayed.

Drillhole	From	To	m	g/t gold
TRC51	28	32	4	1.15#
TRC52	111	112	1	1.00
	115	116	1	2.18
TRC54	44	46	2	1.05
	54	55	1	2.73
TRC55	44	52	8	1.13#
TRC58	16	18	2	1.13
TRC61	47	50	3	1.67
TRC62	42	45	3	2.08
TRC63	56	64	8	2.10#
	104	106	2	1.94
TRC83	40	44	4	1.76#
	73	83	10	2.23
Including	78	79	1	13.81
	89	95	6	2.04

Results for drillholes TRC84 and TRC85, designed to test the Main Lode at depth, are not yet available.

Recalculation of the Boundary resource is in progress with results expected in late October, 2006. A significant upgrade from the original 314,000t @ 2.2 g/t gold is expected.

The Talisman drilling completed to date has proved that the Boundary mineralisation comprises two elements:

1. A supergene 'blanket' from surface to approximately 60 metres depth, and
2. A pipe-like primary lode extending below the supergene mineralisation.

In addition, drilling combined with the aeromagnetic survey completed for the Company has indicated that mineralisation is localised at the intersection of a small cross-fault with the major west-northwest trending ore-hosting fault.

A number of similar structural situations exist along strike from Boundary and elsewhere in the project area, many with associated geochemical anomalism. The potential for locating repetitions of the Boundary mineralisation is therefore considered to be very good.

Reconnaissance

Aircore and RAB drilling at 40m spacings on traverses on average 400 metres apart has been completed for a total of 3561 drillholes for 4099 metres over a strike length of approximately 6km to the west of Boundary and Winja (Figure 2). This drilling was completed to test for gold anomalies in saprolite (highly weathered bedrock) beneath cover. Complete assay results from this drilling are not yet available.

Preliminary results of the reconnaissance drilling has indicated a number of new anomalies containing >10ppb gold, to a maximum of 131ppb gold, over a background of <1ppb gold.

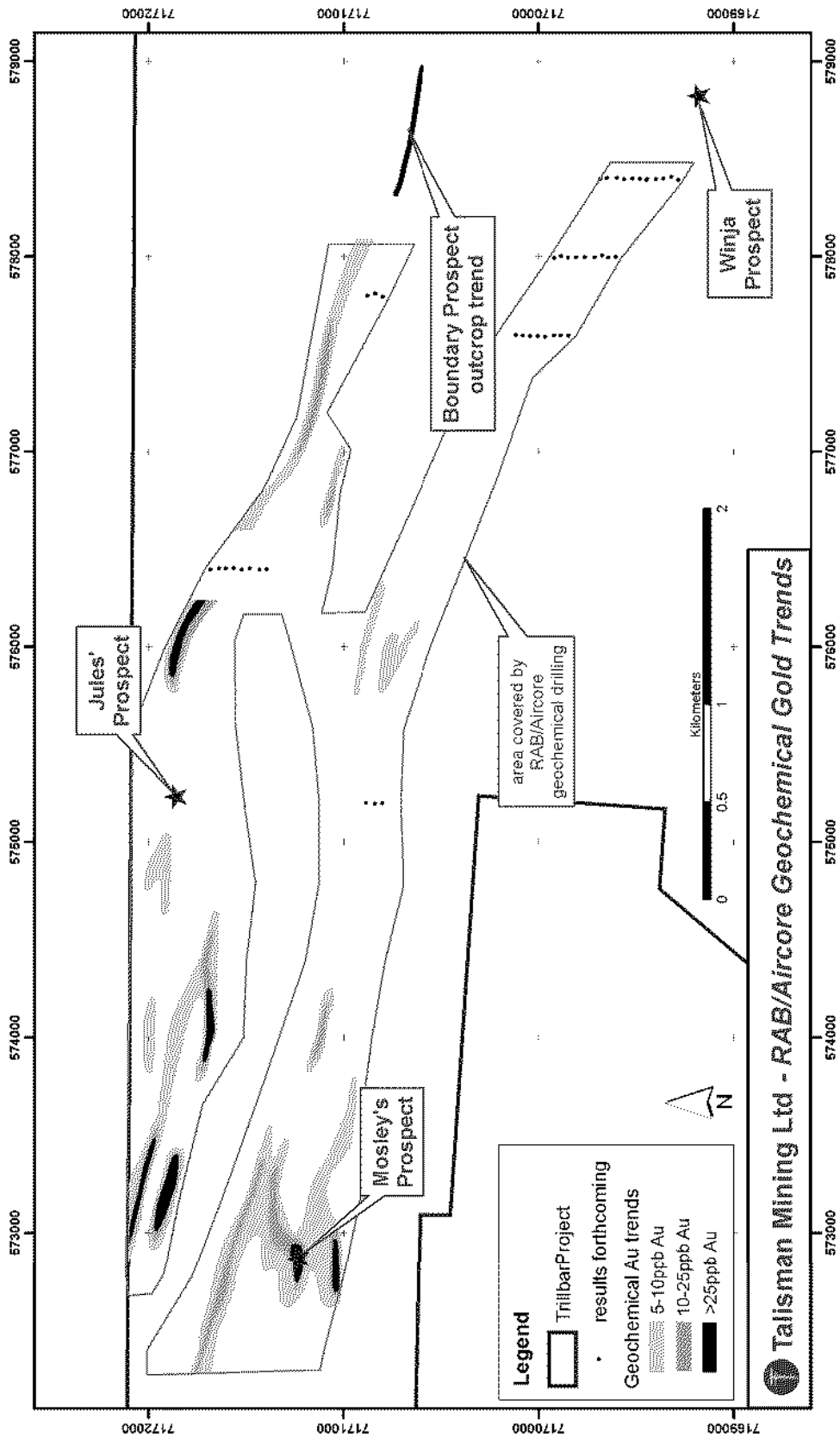


Figure 2: Trillbar Project – RAB / Aircore Saprolite Geochemistry



Additionally, this drilling has confirmed strong bedrock gold anomalism associated with Mosley's 'nugget patch', but only weak anomalism associated with Jules 'nugget patch'.

These anomalies provide a number of exciting new targets for follow up RC drilling, together with those previously defined at Hilltop, VHF, WW, Stanley and the Livingstones Find area.

Further infill RAB / Aircore drilling is required in this area and much of the strike lengths of the major host structures to mineralisation remain untested.

MAITLAND (GOLD) – (Talisman Mining Ltd – 80%)

Mudawerrie BIF

Gridded soil geochemistry, sampled at 200m x 40m centres, has been completed over a total of approximately 7.5 kilometre strike length of the gold-mineralised Mudawerrie BIF. This geochemistry defined a series of anomalies coincident with the Mudawerrie BIF including a significant anomaly of approximately 1000m strike adjacent to and north of the abandoned Maitland North gold workings (Figure 3). This anomaly of some is directly associated with the Mudawerrie BIF which in this area was shown, by rock geochemistry, to contain up to 4g/t gold.

Follow up RC drill evaluation of this anomaly is planned for completion in October, 2006.

A significant series of gold-in-soil anomalies has also been delineated on the western margin of the sampled area, coincident with the western margin of the BIF sequence. This anomalism is particularly apparent in the south and immediately to the northwest of the Maitland North workings. Further soil sampling is being completed to better define these anomalies.

Mount Maitland - Maitland South - Jacia

Gridded soil geochemistry completed over the Mount Maitland - Maitland South - Jacia trend has been completed although results are not yet available.

Follow up RC drill evaluation of any defined anomalies is planned for completion in October, 2006.

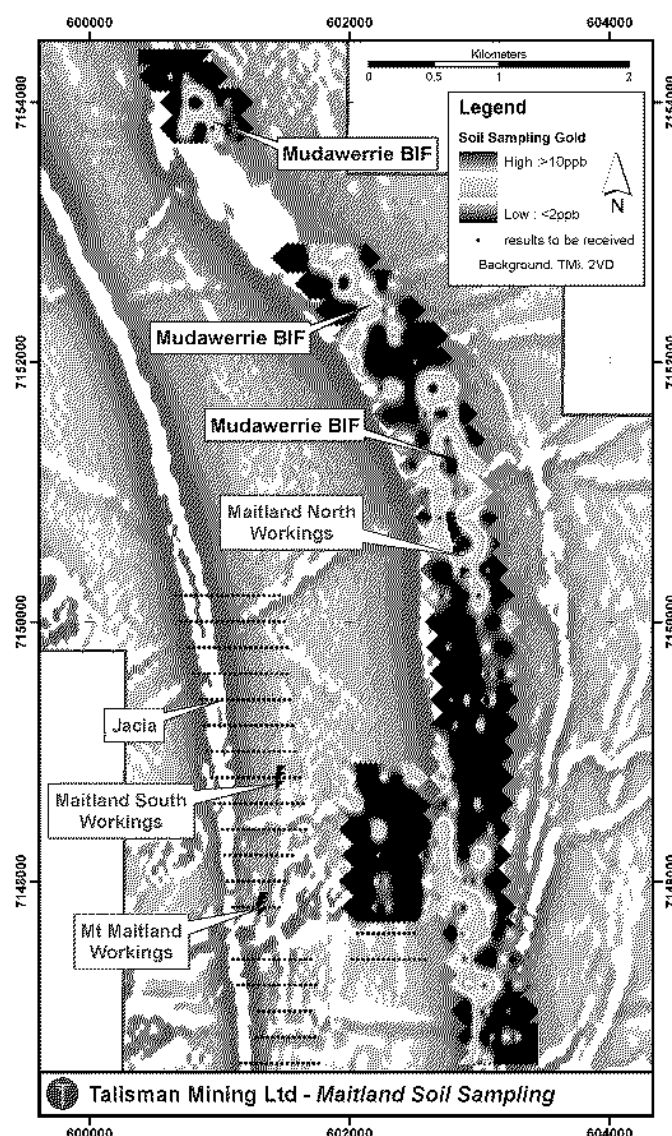


Figure 3: Maitland Project – Soil Geochemistry



MOUNT JAMES (GOLD) – (Talisman Mining Ltd earning 60%)

Gridded soil geochemistry will commence, in October, 2006, over the West Point – Fishtail – Clever Mary gold-mineralised trend in an endeavour to isolate targets for follow up RC drill evaluation. A detailed low level aeromagnetic survey has also been commissioned for completion in the last quarter of 2006, the results of which will be used for defining structural targets for follow up drill evaluation.

Follow up RC drill evaluation of any defined anomalies is planned for completion in the first half of 2007.

BUSTLER WELL (GOLD) – (Talisman Mining Ltd – 80%)

Gridded soil geochemistry, sampled at 200m x 40m centres, has been completed over the abandoned Bustler Well gold workings and potential strike extensions. Results are not yet available.

Follow up RC drill evaluation of any defined anomalies is planned for completion in the first half of 2007.

WONMUNNA (COPPER-ZINC-GOLD-SILVER) – (Talisman Mining Ltd -100%)

RAB / Aircore RC drill evaluation of the previously reported Bull and Sleepy Hollow copper – zinc – gold – silver soil anomalies is scheduled to commence in early October, 2006. This drilling is designed to define the probable extent of supergene copper – (zinc – gold – silver) mineralisation indicated by the large, strong soil geochemical anomalies. Some planned deeper drillholes at Sleepy Hollow will evaluate the potential for precursor, primary sulphide mineralisation associated with the soil anomalies and coincident Parmelia Gossan.

It is anticipated that the results from this program will be available by November, 2006.

Gridded soil geochemistry in follow up to other known oxide copper occurrences and stream sediment anomalies will also recommence in November.

Iron Ore

Poondano Exploration Pty Ltd has announced an intention to withdraw from the royalty agreement extant between the two Company's. Talisman is seeking a new joint venture partner to further the iron ore potential of the project area.

TOM PRICE (COPPER-ZINC-GOLD-SILVER) – (Talisman Mining Ltd -100%)

Strong copper anomalism has previously been defined, and reported by the Company, over a large part of the project area. Gridded soil geochemistry over these areas will commence in November with the intention of defining targets for follow up drill evaluation.

Iron Ore

Work completed to date by joint venture partner Fortescue Metals Group Ltd (Iron ore only) has been largely limited to mapping and research of previous iron ore exploration in the tenement area.

ANTICLINE (COPPER-ZINC-GOLD-SILVER) – (Talisman Mining Ltd -100%)

Stream sediment geochemistry is planned for completion over this large area before the end of the current year. Results of this work will be available by January, 2007.

Iron Ore

Joint venture partner (Iron ore only) Fortescue Metals Group Ltd has planned for completion before the end of the year a detailed aeromagnetic survey. This data, along with an already completed aerial



photography survey, will be available to Talisman for use in its exploration for base and precious metals mineralisation.

COPPER HILLS (NICKEL-COPPER- PGE / URANIUM) – (Talisman Mining Ltd – 100%, Western Platinum NL earning 70%)

No recent exploration activities have been reported by Western Areas NL, although they have informed Talisman that they intend to drill within the project area in 2006.

Yours sincerely

S. J. Elliott
Managing Director

Information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Steven Elliott who is a member of the Australasian Institute of Mining and Metallurgy. Mr Steven Elliott is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Steven Elliott 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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