



## **TALISMAN MINING LTD**

PO Box 1834, Osborne Park WA 6916  
Tel: 61 8 9445 8282 / Fax: 61 8 9445 9575  
[www.talismanmining.com.au](http://www.talismanmining.com.au)

27 July, 2007

The Manager  
Company Announcements Office  
Australian Stock Exchange

By Electronic Lodgement

### **REPORT FOR QUARTER ENDED 30 JUNE, 2007**

#### **CORPORATE**

##### **Protal Metals Group Ltd**

During the Quarter Talisman entered into a joint venture with Proto Resources and Investments Ltd whereby both companies agreed to combine their respective uranium assets into a new entity to be called Protal Metals Group. It is intended that this Company will seek to complete an IPO to raise working capital and to apply for listing on the Australian Stock Exchange in the latter half of 2007.

##### **Capital Raising**

During the Quarter Talisman commissioned RM Capital Pty Ltd to raise additional working capital via a placement of up to 15,000,000 ordinary fully paid shares at \$0.14 to raise up to \$2,100,000 (before costs). This raising, at the date of this Quarterly report, remains in progress.

#### **OPERATIONS**

##### **HIGHLIGHTS**

- ❖ **Extension of existing and delineation of new aircore gold anomalies at Trillbar.**
- ❖ **At Wonmunna, extension by soil geochemistry of polymetallic horizon over a total strike length of >40km, with definition of contained strong anomalies possibly indicating massive sulphide mineralisation.**
- ❖ **At Tom Price, definition by soil geochemistry of polymetallic horizon over 7.5km strike, with definition of contained strong anomalies possibly indicating massive sulphide mineralisation at Kermit, Box Canyon, North Limb and Aislinns.**
- ❖ **Acquisition of tenements comprising the East Kimberley Nickel Project adjacent to the Sally Malay nickel mining operations.**
- ❖ **Acquisition of tenements comprising the Yilgalong Project in the East Pilbara, prospective for gold and base metals.**

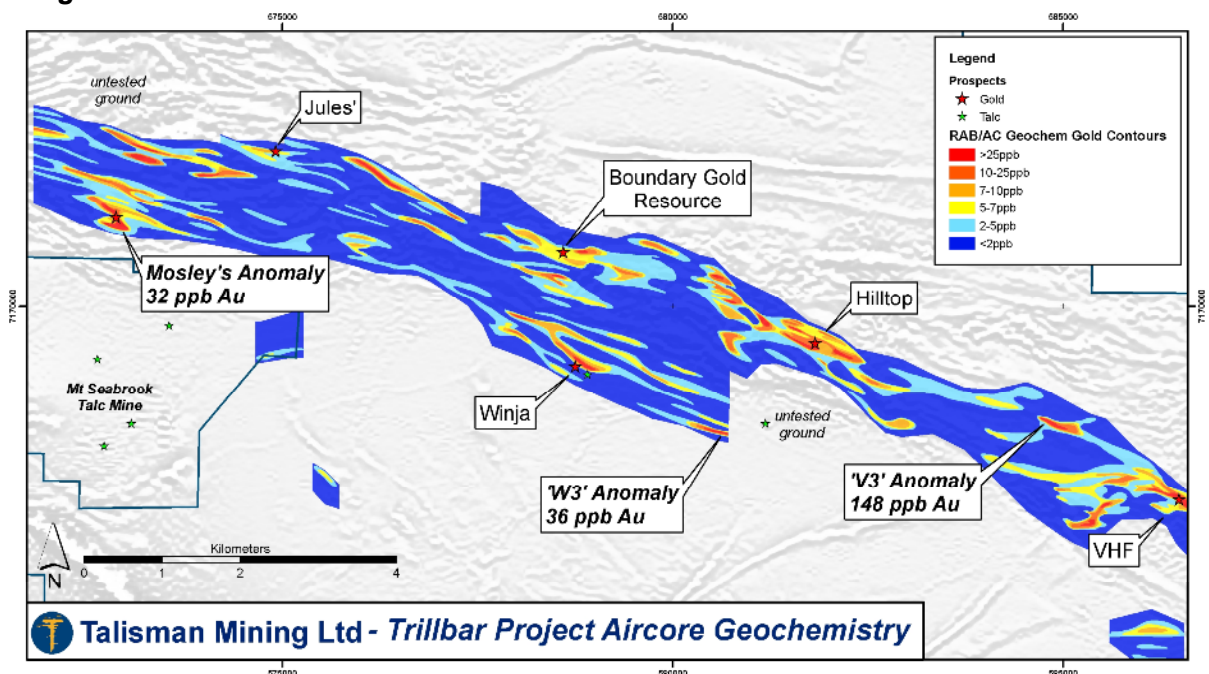


## TRILLBAR GOLD PROJECT (80% Talisman)

Aircore drilling at Trillbar, to test the geometry of the 'Mosley's' and 'V3' anomalies, as well as to test the continuation of the 'Winja' geochemical anomaly was recently completed. Drilling comprised 160 holes for 1202m in total. Results for this work are summarised in Figure 1, with the main conclusions as follows:

- The **Mosley's** prospect gold anomaly has been shown to follow a NW-SE trend, with a strike-parallel splay along the southern part of the anomaly. The latest drilling peaked at **32 ppb Au**, with previous Talisman aircore geochemical drilling peaking at 127 ppb Au at this anomaly.
- Drilling by Talisman along-strike between the Hilltop and VHF prospects, at the **V3** anomaly, in an attempt to define the nature of an isolated, previously defined by Sons of Gwalia Ltd (SGW), RAB anomaly of 110 ppb Au (assumed to be transported by SGW), has shown the gold mineralisation to be in-situ, with current drilling defining a peak value of **148 ppb Au**.
- Drilling by Talisman to the east of the Winja prospect has defined the eastward continuation of moderate tenor gold anomalism, and also defined a new anomaly, the **W3** anomaly, peaking at **36 ppb Au**, in approximately the same structural position as the Winja mineralisation. Of interest is the fact this anomaly appears to be hosted entirely within the Seabrook Granite.

**Figure 1**





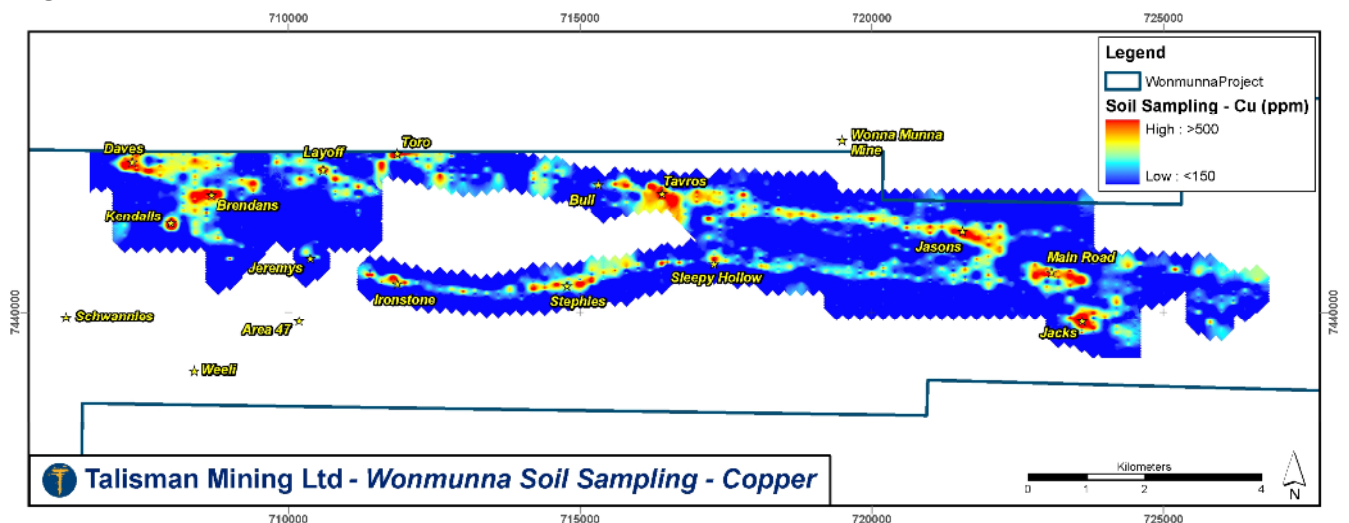
## WONMUNNA POLYMETALLIC PROJECT (100% Talisman)

Further soil geochemistry was completed with the results extending the copper-zinc-gold-silver – anomalous horizon over a total strike length in excess of 40km around the margins of the Parmelia Syncline (Figure 2).

Significant polymetallic anomalies have been defined at Bull–Tavros, Sleepy Hollow, Jasons, Main Road, Jacks, Dave Brendans, Kendalls, Ironstone, and Stephies. It is considered that these anomalies may indicate sulphide accumulations in the anomalous horizon.

All of the anomalies, with the exception of Bull-Tavros and Sleepy Hollow remain untested by drilling. First pass RC drill evaluation of the Daves, Brendans, Jasons, Main Road and Jacks anomalies is scheduled for completion in the subsequent quarter, dependant upon gaining Aboriginal Heritage clearance.

**Figure 2**



## TOM PRICE POLYMETALLIC PROJECT (100% Talisman)

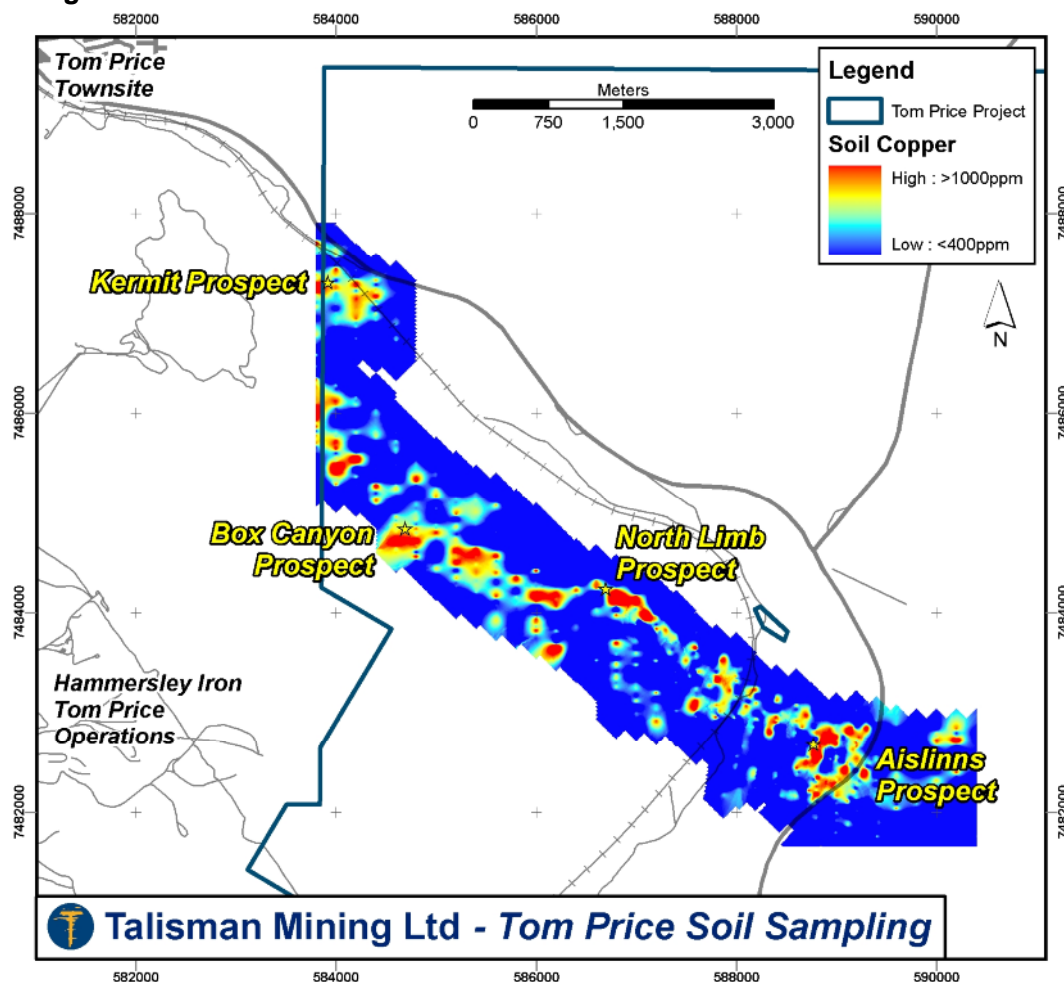
A program of soil geochemical sampling was completed during the Quarter. This program was designed to delineate the extent of the Tom Price northern fold limb copper-zinc-gold-silver trend across the central and NW parts of the tenement within the Jeerinah Formation black shales, following up on initial stream sediment sampling (2006) and limited soil sampling (2005). The current program covered a large part of the postulated strike-parallel North Limb shear/fault, where the stream sediment sampling showed geochemical anomalism extending northwest from anomalism that was partially delineated with previous soil sampling.

The program comprised 1182, -2mm soil samples as well as 7 rock-chip samples, with assay completed for copper, zinc, gold and silver. Results for this program are summarised in Figure 3, with the main highlights as follows:



- The **Kermit Prospect** soil anomaly recorded peak values of **0.13% Cu**, **0.23% Zn** & **1.49g/t Ag**. Rock-chip sampling from outcropping oxide-copper mineralisation along strike to the west (off-lease) returned values up to **27.9% Cu**, **0.23% Zn** & **1.19g/t Ag**.
- The **Box Canyon Prospect** returned highs from soil sampling of **0.09% Cu**, **0.18% Zn** & **2.70g/t Ag**.
- The **North Limb Prospect** returned peak values from soil sampling up to **0.39% Cu**, **1.25% Zn** & **1.77g/t Ag**. Rockchip sampling of outcropping oxide-copper mineralisation from this prospect returned peak values of **10.6% Cu**, **0.35% Zn** & **0.67g/t Ag**.
- Soil sampling over **Aislinn's Prospect** returned peak values up to **0.20% Cu**, **0.74% Zn** & **0.74g/t Ag**, with rock-chip sampling returning values up to **9.0% Cu**, **0.67% Zn** & **1.24g/t Ag**.

**Figure 3**



Gold-in-soil exhibited good correlation with copper with peak values to 45ppb gold.

This work has delivered drill-ready targets at the Kermit, Box Canyon, North Limb and Aislinns prospects.



## ANTICLINE POLYMETALLIC PROJECT (100% Talisman)

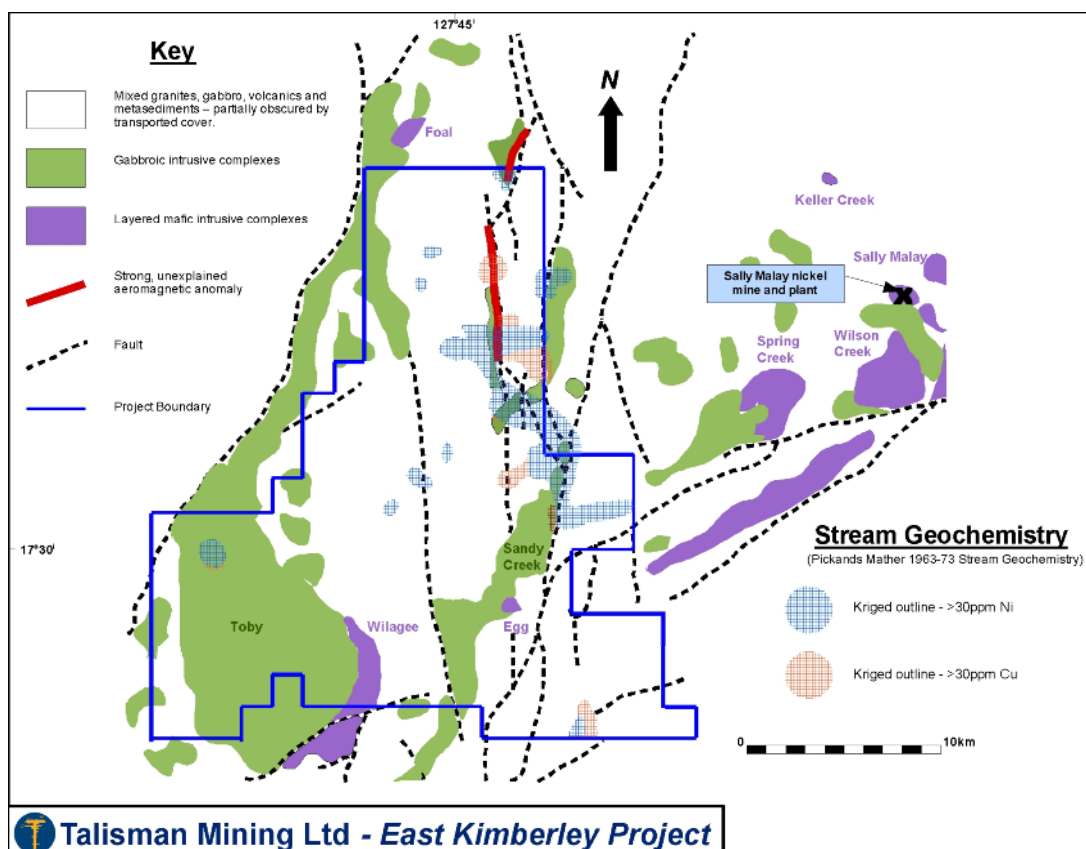
A program of stream sediment geochemistry has commenced. Initial results are expected in the subsequent Quarter.

## NEW PROJECTS

### EAST KIMBERLEY NICKEL (100% Talisman)

Talisman Mining Ltd has applied for three contiguous Exploration Licences in the East Kimberley region, Western Australia (Figure 4). Situated less than 20 kilometres west of the producing Sally Malay nickel mine and processing plant, Talisman believes that the project area has excellent potential for the discovery and definition of mineable nickel sulphide deposits.

**Figure 4**



The project area encompasses part of the Wilagee layered mafic intrusive which is known to host, to the south of the project area, thin chromitite seams containing up to 0.33g/t Pt+Pd. This intrusive complex, and the similar Egg intrusive, remain substantively underexplored (Figure 1). Furthermore, the Company believes that there is good potential for the discovery of additional previously unknown layered intrusives, with potential for nickel – copper or PGE mineralisation, beneath transported cover.



It is of significance to note that regional stream sediment geochemistry completed by Pickands Mather in the period 1963 -73 defined semi-coincident areas of nickel and copper anomalism in the centre-east of the project area, coincident with an area of intense faulting and associated linear magnetic anomalies. It is also of significance to note that this geochemistry returned peak values of 60ppm nickel and 45ppm copper, whilst the same sampling in the area of the outcropping (gossan) Sally Malay nickel-copper deposit returned peaks of 90ppm and 25ppm respectively.

Talisman also notes that although there has been significant previous exploration for nickel in the region, particularly in recent years, this exploration has for the most part focussed on known, outcropping mineralisation. Very little regional exploration has been completed to locate new mineralisations, particularly in areas of transported cover.

Talisman also believes that the area has good potential for the discovery of economic gold mineralisation, a commodity that has had no significant previous exploration activity in the project area.

The Company will commence operations in the area by completion of a detailed program of multi-element geochemistry to be followed up by soil geochemistry and/or shallow bedrock drilling as required.

This acquisition gives Talisman exposure to a new commodity in a new terrane and the Company looks forward to commencement of activities.

#### **YILGALONG (100% Talisman)**

The Yilgalong project comprises two contiguous Exploration Licence applications in the East Pilbara region, Western Australia. Situated approximately 80 kilometres northeast of the township of Nullagine, Talisman considers this largely unexplored terrane to have excellent potential for the discovery of significant gold and / or base metals mineralisation.

**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.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

TALISMAN MINING LIMITED

ABN

71 079 536 495

Quarter ended ("current quarter")

30 June 2007

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for		
	(a) exploration and evaluation	(132)	(1,745)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(165)	(501)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	45
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid		
1.7	Other (provide details if material)		
<b>Net Operating Cash Flows</b>		<b>(290)</b>	<b>(2,201)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a)prospects	(36)	(36)
	(b)equity investments	-	-
	(c) other fixed assets	-	(7)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
<b>Net investing cash flows</b>		<b>(36)</b>	<b>(43)</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(326)</b>	<b>(2,244)</b>

+ See chapter 19 for defined terms.



**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(326)	(2,244)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	421	1,675
1.15	Proceeds from sale of forfeited shares	-	
1.16	Proceeds from borrowings	-	
1.17	Repayment of borrowings	(7)	(9)
1.18	Dividends paid	-	
1.19	Other (costs of issue)	(17)	(126)
	<b>Net financing cash flows</b>	397	1,540
	<b>Net increase (decrease) in cash held</b>	71	(704)
1.20	Cash at beginning of quarter/year to date	587	1,362
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	658	658

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	81
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

For fees for accounting and secretarial services and directors salaries and fees.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	
3.2	Credit standby arrangements	

+ See chapter 19 for defined terms.



### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	400
4.2	Development	
<b>Total</b>		<b>400</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	658	587
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)		658	587

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	E80/3969, 3970,3971. E45/3108, 3109.	100%	100%

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	44,898,006	31,938,368		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			-	-
7.5 <b>*Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	17,632,668 3,900,000 2,750,000	17,632,668 - -	<i>Exercise price</i> 20 cents 25 cents 25 cents	<i>Expiry date</i> 31 Dec 2010 30 June 2008 31 Dec 2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: .. 27 July 2007.....  
(Company secretary)

Print name: Darren Crawte.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==