



TALISMAN MINING LTD

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The Manager
Company Announcements Office
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By Electronic Lodgement

COMPANY FOCUS SHIFT TO WONMUNNA 'MULTI-METAL' PROSPECTIVITY **Iron Ore: Independent review identifies high tonnage/high-grade potential** **Sulphide Copper-Zinc-Gold-Silver: 2000 m RC programme commenced**

Following receipt of an independent consultancy report on the iron ore prospectivity of the Company's 100% held Wonmunna project, Pilbara region, Western Australia, Talisman is to accelerate exploration and assessment studies on the potential for development of commercial iron ore deposits.

This exciting new development has significant potential to add substantial value to this already outstanding exploration asset, in addition to the previously recognised potential of the project for copper-zinc-gold-silver massive sulphides.

Iron Ore

A review of the iron ore potential by an independent iron ore consultant has confirmed that the project has excellent potential for the definition of large tonnage, high-grade iron ore deposits. This has been reinforced in-house by the newest addition to the Talisman Board of Directors, Dr. Mick Bunyard, who has extensive experience in iron ore projects around the World, and supports the view of the consultant.

The project is situated in the heartland of the Pilbara iron ore mining industry with excellent attendant infrastructure. The railhead at West Angelas is only 28km west of the centre of the project area and the Hope Downs rail spur (under construction) will pass approximately 10km north of the project (Figure 1).

Talisman currently has exposure to the vibrant iron ore sector via a royalty agreement with Fortescue Metals Group Ltd, encompassing the Tom Price and Anticline project areas.

The Wonmunna project was subsequently the subject of a joint venture (iron ore only) with private company Poondano exploration Pty Ltd. During the joint venture period, Poondano completed two small RC drilling campaigns, the results of which are summarised below. This drilling indicated that the Wonmunna project area contains potential for two styles of iron ore mineralisation, both of which are currently being profitably exploited by other companies in the Hamersley Basin:

1. Channel Iron Deposits (CID) containing pisolitic iron ore in fossil drainage channels.
2. Hematite-goethite mineralised Marra mamba Iron Formation.

It is significant to note that, prior to Talisman acquiring tenure to the area, there was no recorded previous exploration for iron ore having been completed in the project area. This would appear to be the result of mis-mapping of the CID as laterite, and lack of outcrop of iron formations.



Figure 1

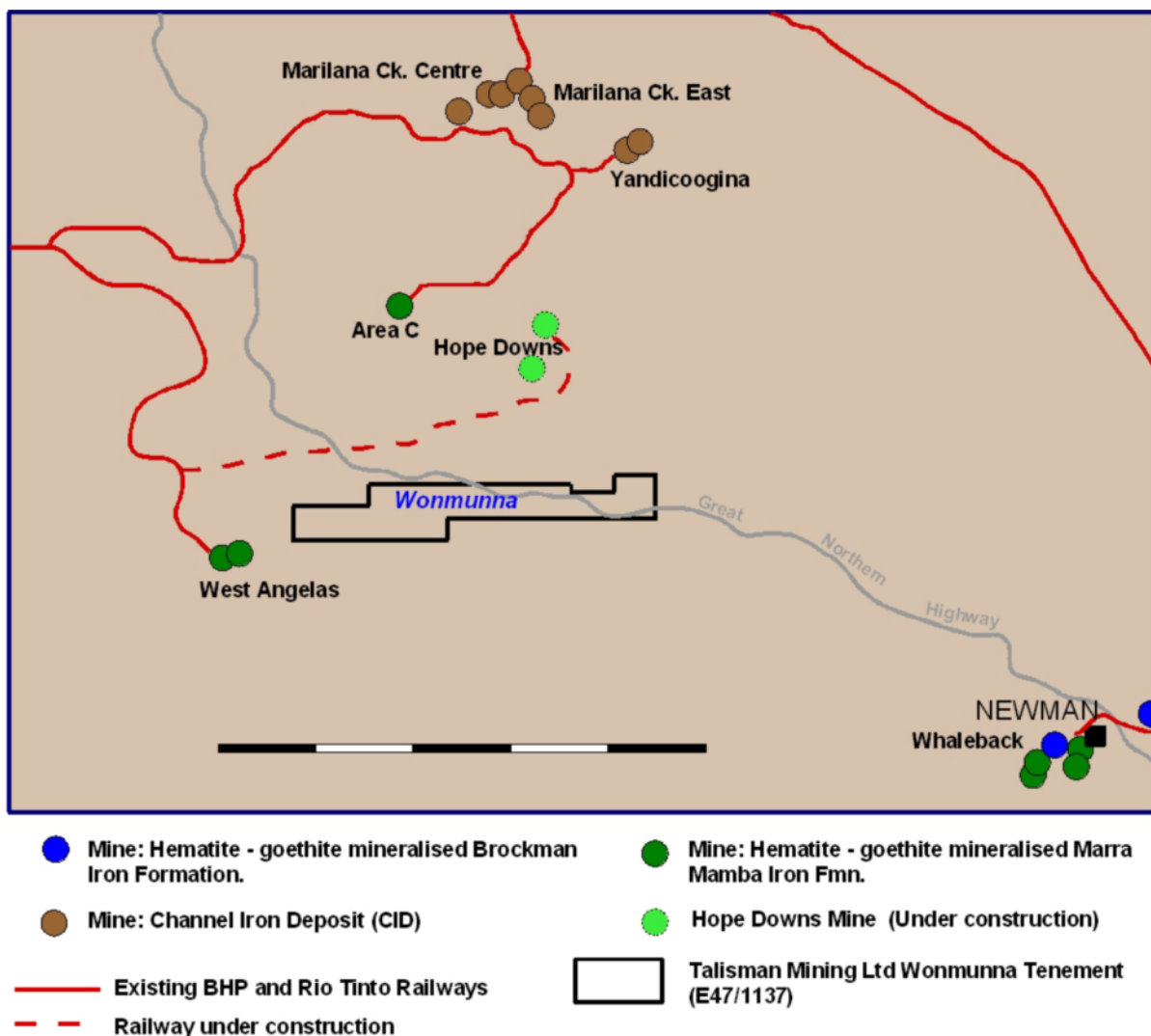


Figure2:

Wonmunna – CID (left) overlooking Great Northern Highway

Channel Iron Deposits (CID): The CID on Wonmunna might be considered an 'upstream' equivalent of the Yandi pisolitic ores being exploited by BHP Billiton Ltd approximately 40km to the north. The Yandi ores average 57 - 58% iron.

The CID at Wonmunna comprises an east-northeast trending series of plateau and isolated mesas and buttes over the centre of the tenement area. The known CID occupies an area of over 20km² and is known to be up to 30m thick (Figure 3).

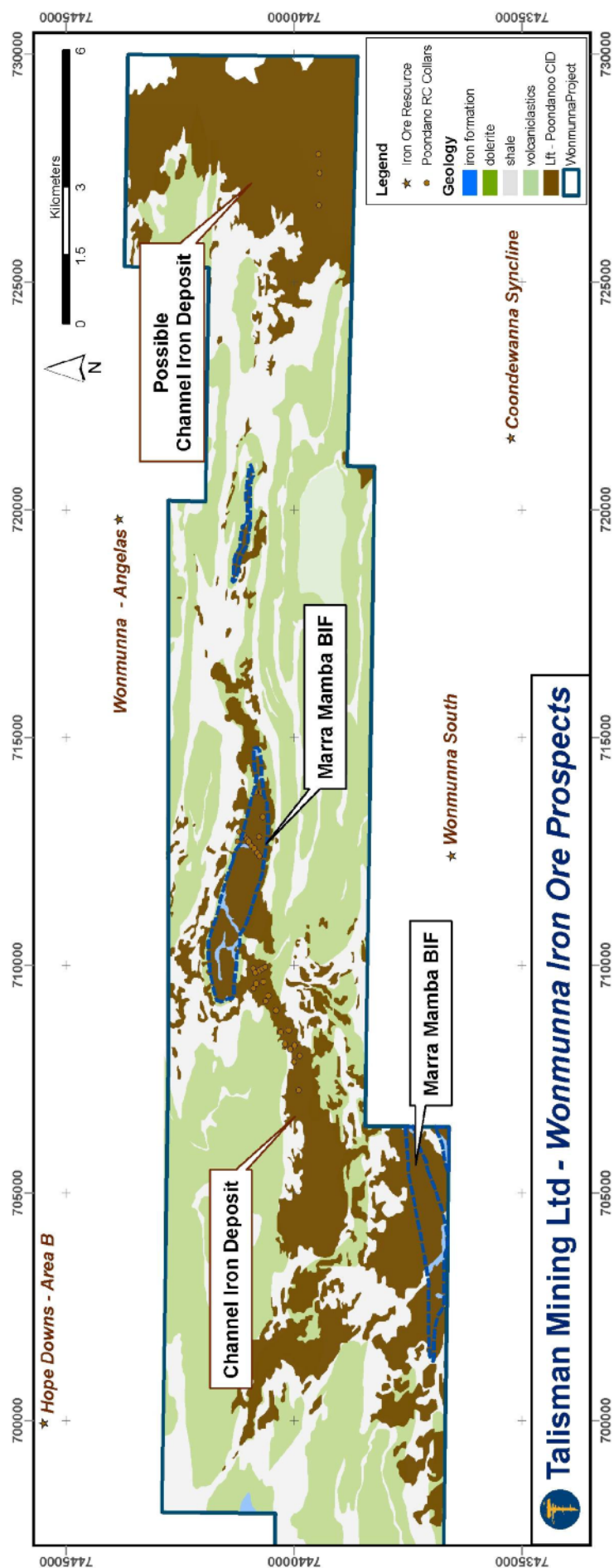


Figure 3



In addition, additional CID deposits, occupying an area of approximately 16km², are indicated beneath cover in the east of the tenement area. Pisolitic iron has been noted in scattered outcrops projecting through thin cover in this area.

Limited wide-spaced reconnaissance drilling completed by Poondano confirmed the presence of iron mineralisation within the CID. Whilst most intercepts were in the range 51 – 56% iron, peak values to **2m @ 57.3% iron** indicate excellent potential for locating higher grade zones. Phosphorus contents of the intercepts are generally low (<0.03%) and within marketable parameters. Alumina contents are moderate (to ~7% Al₂O₃) but decrease with increasing iron (The 57.3% Fe intercept contained only 3% Al₂O₃, within marketable parameters).

Overall, it is considered that definition of a substantial CID resource of direct shipping grade iron ore is highly achievable.

Marra Mamba: The second phase of drilling completed by Poondano targeted the Easterly extension of the CID but, whilst it was unsuccessful in intersecting significant CID mineralisation, it did intercept previously unknown mineralised Marra Mamba Iron Formation beneath the CID. This Marra Mamba Iron Formation is interpreted from aeromagnetic data on Figure 3, and appears to occur over a strike length of approximately 5.5km with apparent strike repetitions further east and a previously unevaluated 5km strike length in the southwest.

The best Poondano drill intercept was **22m @ 60.8% Fe**, which included a best **2m intercept of 62.95% Fe**. Phosphorus contents are generally <0.1% whilst alumina is generally <4% Al₂O₃. These parameters are of export grade.

It would appear that the mineralisation intercepted here is very similar to that at the West Angelas deposit (924Mt @ 62% Fe), 28km to the west and the Area C and Hope Downs deposits to the north. These latter two deposits occur in synclinal structures on a regional antiform, the same structural setting as is indicated for the Wonmunna area.

It is significant to note that Poondano, from their limited drilling, estimated an area of mineralised Marra Mamba, open in all directions, of **1.5km x 0.5km** with an average of **15.7m @ 58.8% Fe**. This is a very significant starting point for an aspiring junior iron ore company.

It is readily apparent that Talisman has in its possession a significant iron ore project, with excellent potential for the definition of a mineable resource.

The project has potential for both primary Marra Mamba ores and CID ores and, although the generally higher grade Marra Mamba ores demand a price premium, the Company will focus initially on the potential for near surface, easily mined CID ores. An initial drilling program of 2,000m of reverse circulation drilling is planned for commencement immediately following the copper-zinc-gold-silver drilling program detailed below.

The Company believes that this strategy offers excellent potential for substantial value –adding to an asset in a prime area.

In order that development of Talisman's gold and base metal assets, including the copper-zinc-gold-silver potential at Wonmunna, is not affected, Talisman will be establishing a separate unit to manage the Wonmunna iron ore potential.

Copper-Zinc-Gold-Silver Massive Sulphides

Whilst recognition of the iron ore potential of the project is an exciting development for the Company, the potential for commercial copper-zinc-gold-silver mineralisation at Wonmunna, and the associated Tom Price and Anticline projects, remains a strong exploration priority.

Previous releases to the Australian Stock exchange have detailed the Company's exploration successes in defining a series of strong multi-element soil anomalies, up to 2km in strike extent, which might indicate underlying, structurally controlled copper-zinc-gold-silver massive sulphides (Figure 4). Initial evaluation of five of these anomalies (Brendans, Daves, Main Road, Jasons, Jacks), comprising 2,000m of RC drilling, commences this date. Initial results are expected in September, 2007.

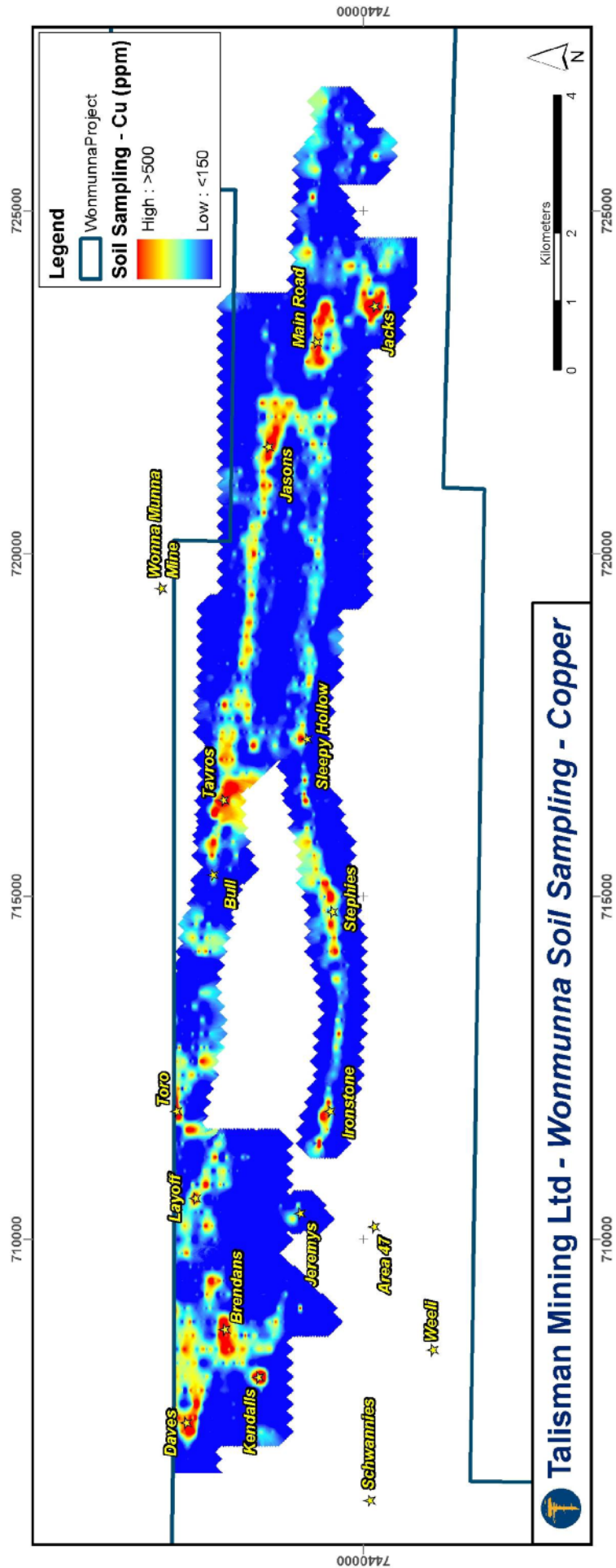


Figure 4



Yours sincerely

A handwritten signature in black ink, appearing to read 'S. J. Elliott', written over a light blue grid background.

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.