



## TALISMAN MINING LTD

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### DRILLING RECOMMENCES AT WONMUNNA IRON ORE PROJECT ACQUISITION OF YAMADA IRON ORE PROJECT

#### WONMUNNA

Reconnaissance exploration drilling of currently accessible areas of potentially mineralised Channel Iron Deposits (CID) and Marra Mamba Iron Formation has recommenced following an enforced break of several weeks owing to loss of the drilling rig to another contract. As noted, the majority of this drilling will be completed as exploratory reconnaissance on pre-existing tracks, although some follow up infill drilling will be completed adjacent to drillholes that reported significant iron intercepts in the first half of the program (ASX Announcement: 07/11/2007). The remaining planned drill traverses are shown on Figure 1.

It is envisaged that this drilling program will be completed in early January, 2008, with full results available by early February. A second phase drilling program will commence in January, immediately upon termination of this first drilling program. This second phase will involve further exploratory drilling and commencement of resource drilling.

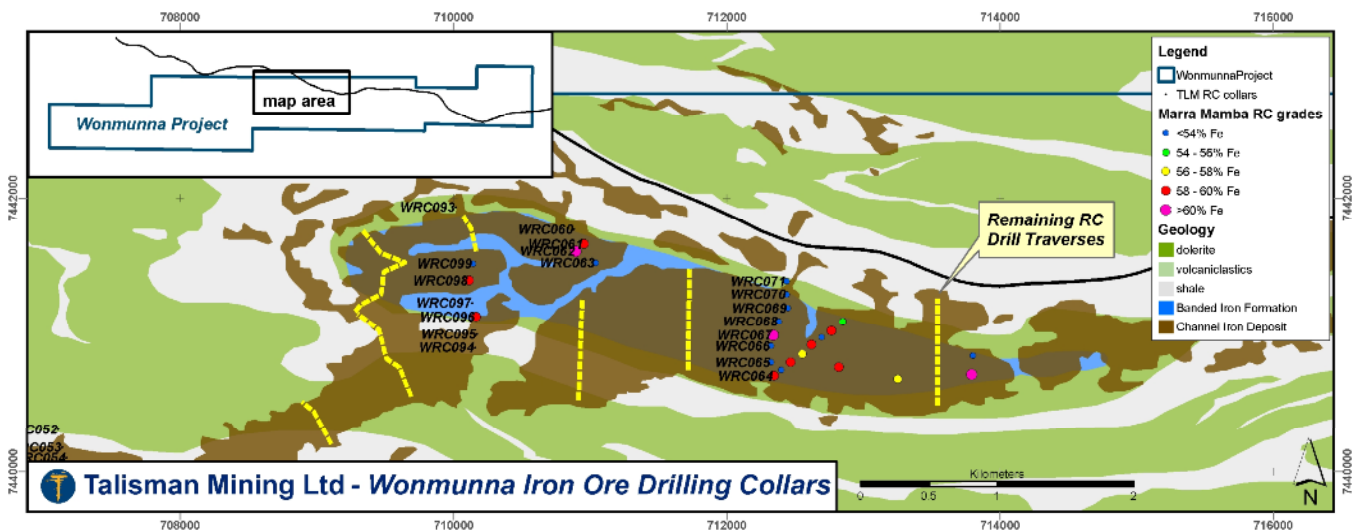
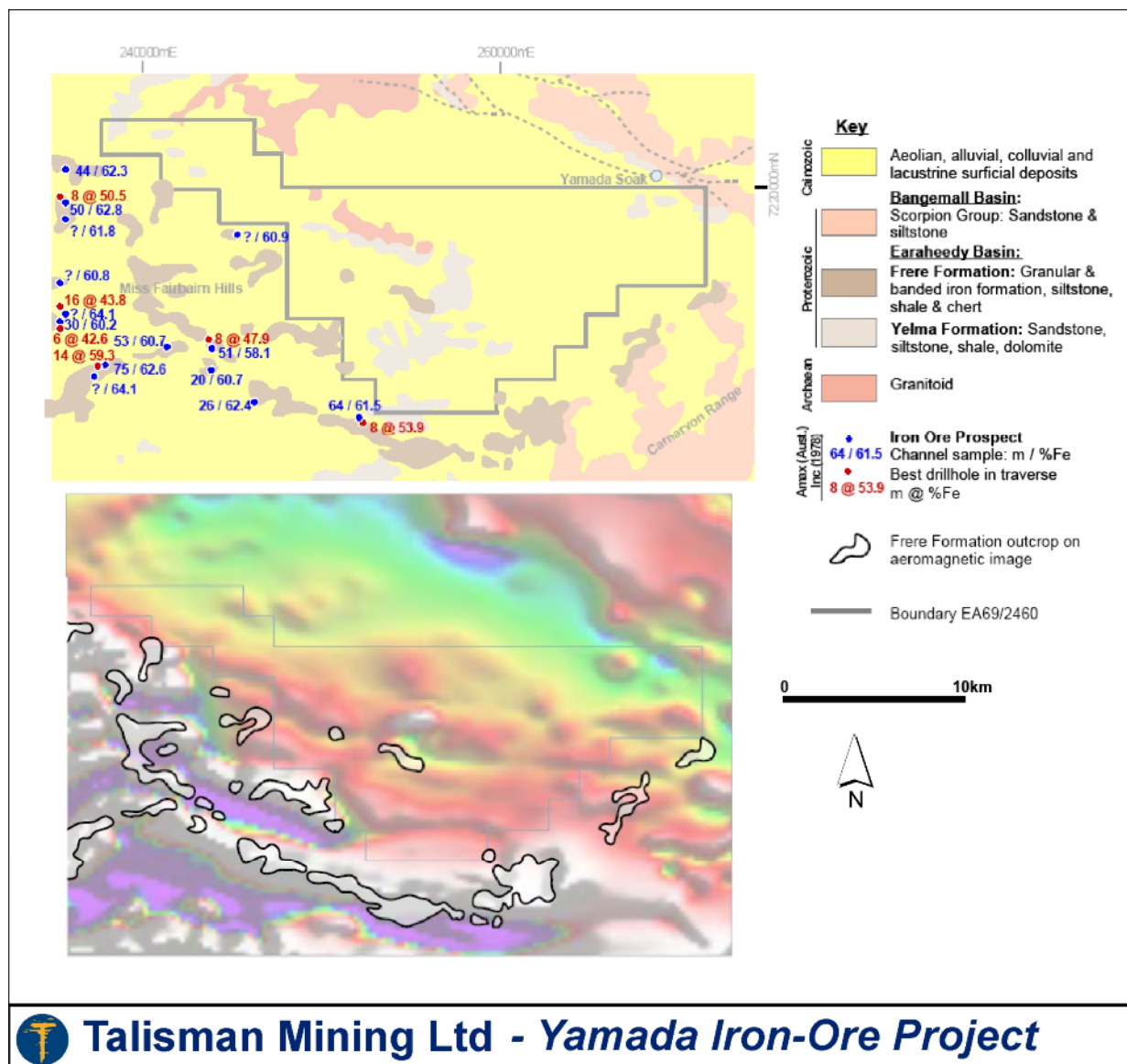


Figure 1

**YAMADA (100% Talisman)**

The Yamada project comprises a single Exploration Licence (E69/2460) under application by Talisman, situated in the northern Earaheedy Basin, Western Australia, approximately 160km north of the township of Wiluna. The tenement encompasses sections of the Proterozoic Frere Formation, a sedimentary unit which contains thick, strike continuous iron formations (Figure 2).

**Figure 2**

The Yamada project area contains several thick outcrops of iron formation up to 2.5km in strike extent. Aeromagnetic data (Figure 1) indicates that these iron formations may continue under shallow cover over strike distances of up to 18km within the tenement. There has been no previous iron ore exploration within the tenement area.

The Frere iron formations were the target of limited exploration for commercial iron ore deposits by several company's in the late 1970's. Exploration at this time by Amax Exploration (Australia) Inc. in the Miss Fairbairn Hills area immediately west of the Talisman tenement produced rock chip channel sample results to 75m @ 62.6% Fe. Limited follow up drilling produced a best result of 14m @ 59.3% Fe. The mineralisation at Miss Fairbairn Hills occurs as hematite – goethite enrichment produced as a result of weathering.



Amax had concluded that whilst excellent thicknesses and grade are indicated from surface sampling, the depth of weathering had not been sufficient to produce significant ore-grade mineralisation at depth.

Talisman is of the view that significant enrichment may have occurred, to depth, in favourable structural situations such as adjacent to major faults.

It is significant to note that in the Amax - explored Miss Fairbairn Hills area the iron formations exhibit a strong magnetic response (Figure 1), indicative of high magnetite contents, whilst in the Yamada project area the iron formations have a significantly subdued magnetic response, possibly indicative of alteration of magnetite to hematite with associated iron enrichment.

Talisman has commenced reconnaissance channel sampling of the available iron formation outcrops with results expected by early January, 2008. Reconnaissance drill evaluation will commence on grant of the tenement, probably in the latter half of 2008.

A number of other companies are currently evaluating areas of the Earraheedy Basin, including immediately adjacent to the Yamada area, for commercial iron ore deposits. If this work, and that to be completed by Talisman, is successful, this may herald the development of a new World class iron ore province in which the Company has a strategic position.

#### **Other Potential Iron Ore Targets**

Several of the Company's existing Western Australian gold projects, most notably Trillbar and Maitland, are known to host significant banded iron formations. Field evaluations have commenced to assess the potential of these areas to host commercial iron ore deposits.

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.