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The Manager
Company Announcements Office
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By Electronic Lodgement

IRON EXPLORATION UPDATE Drilling Continues; New Discoveries Expand Iron Portfolio

HIGHLIGHTS

- Drilling recommenced at Wonmunna Iron Project,
- Northern Iron Formation (NIF) averaging 68.12 Fe% in outcrop at Trillbar,
- Frere Iron Formation to 61.77% Fe in outcrop at Yamada,
- Massive hematite located at Wandanya.

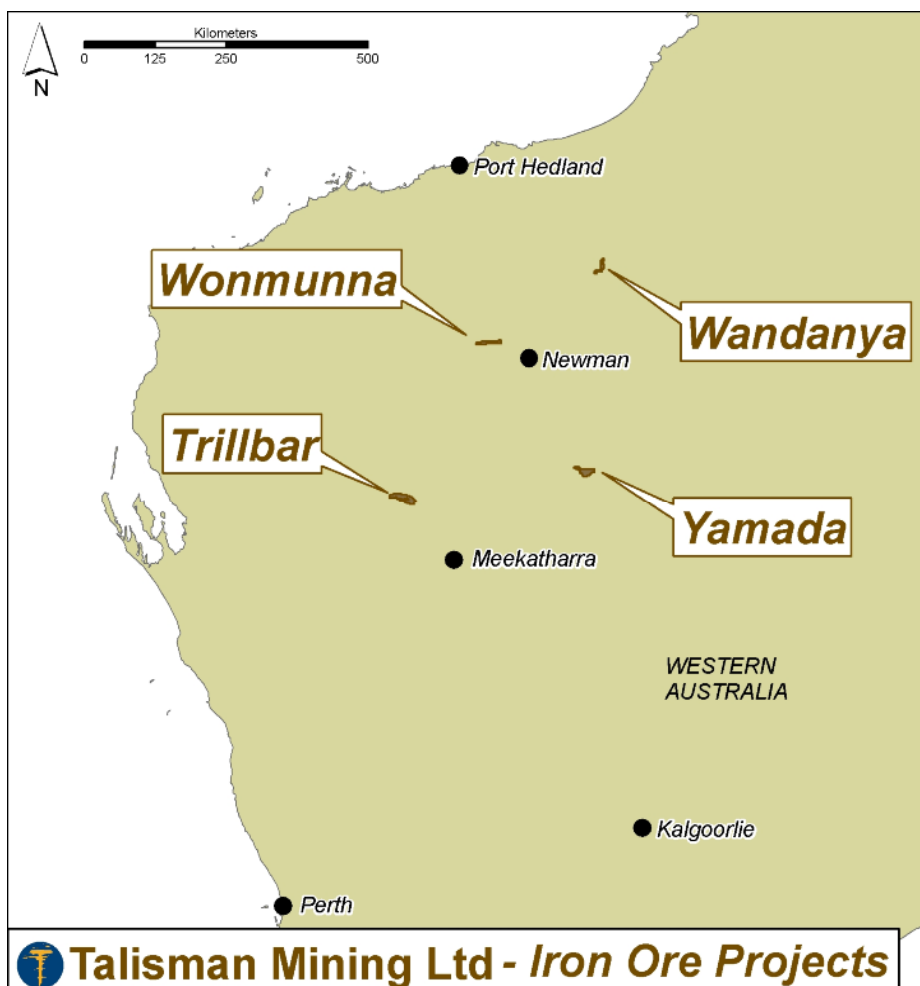


Figure 1



WONMUNNA IRON PROJECT (100% Talisman)

The Wonmunna Iron Project in the Pilbara region, Western Australia is the Company's premier iron project with initial (2007) drilling results indicating excellent potential for the definition of significant iron ore resources.

Reconnaissance drilling of the Northern Marra Mamba exploration target recommenced January 9 following a three week hiatus in activities over the Christmas – New Year period. This drilling is the remainder of the reconnaissance drilling program commenced in the latter half of 2007 and will comprise the completion of approximately 30 reverse circulation drillholes for a total of approximately 2000m (Figure 2). It is anticipated that this program will be completed in early February with complete results anticipated by late February – early March, 2008.

Results of the drilling completed in November – December 2007 are expected by the end of January, 2008. (Due to demand pressures, processing of samples by contract laboratories is currently taking from one to two months for completion).

Following completion of this initial reconnaissance drilling program the Company will be moving immediately into resource drilling of the Northern Marra Mamba, with an initial JORC-compliant resource for this area anticipated for the latter half of 2008. This work will be completed concurrently with initial reconnaissance drill evaluation of the Southern Marra Mamba, Eastern Marra Mamba and Eastern CID targets.

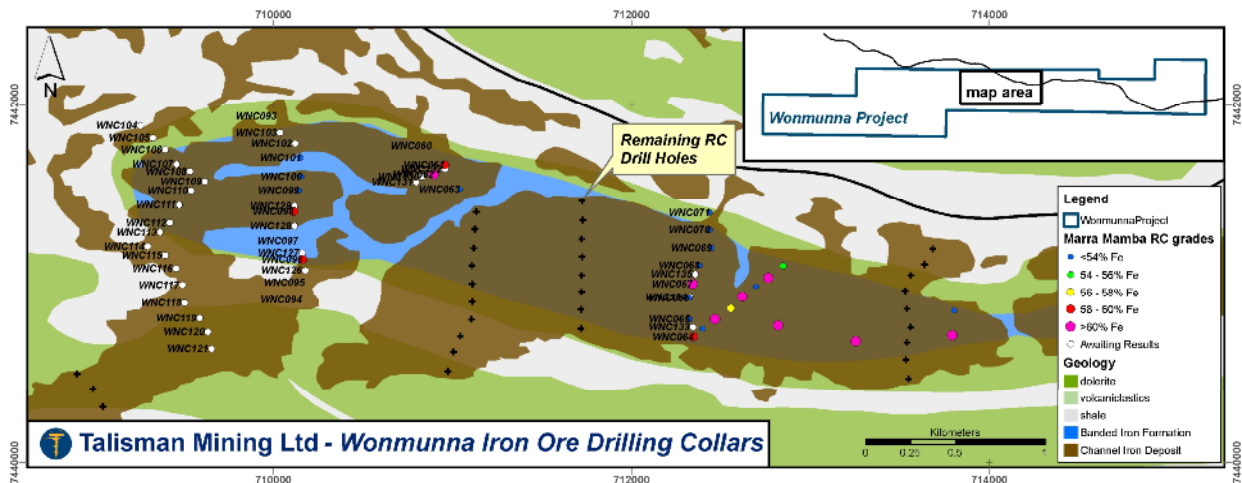


Figure 2: Wonmunna Project – Northern Marra Mamba Reconnaissance Drilling

TRILLBAR PROJECT (80% Talisman)

Reconnaissance exploration in the Trillbar project area, completed in November 2007, has located a hematite-enriched iron formation up to 40m wide over a strike length of 450m, averaging **68.12% Fe** from three composite samples of outcrop (Figure 3, Photograph 1, Table 1). (Composite samples comprise representative samples of the iron formation across strike). Designated the Northern Iron Formation (NIF), It is considered that this iron formation may extend to both the east and west beneath shallow cover. It is unclear at this stage if the single sample (61.44% Fe) approximately 1.5km to the southeast of the main NIF is a continuation or repetition of this mineralisation.

This enriched iron formation comprises almost pure hematite with trace magnetite and appears to be remarkable homogenous in composition. In addition, the enrichment appears to be of primary origin with negligible weathering, indicating that the depth of enrichment will probably not be affected by the depth of weathering.

Strategically located only 80km northeast of the Midwest iron operations at Jack Hills, this target is considered to have excellent potential for the definition of a significant high-grade iron resource. Drilling to assess this potential is planned for commencement in April, 2008.



Photograph 1: Trillbar Project – NIF Massive Hematite

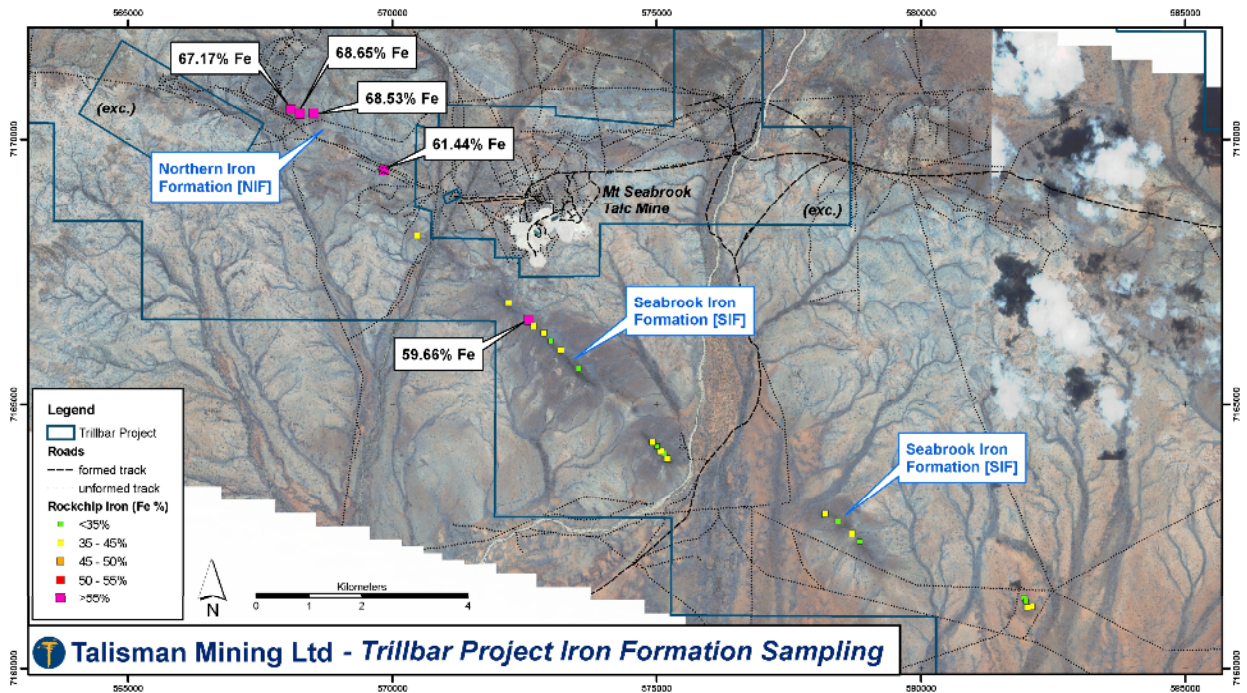


Figure 3: Trillbar Project – Iron Formation Outcrop Sampling

**Table 1: Trillbar Project - Iron Formation Assay Results**

Sample	East	North	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	CaO (%)	Mn (%)	P (%)	S (%)	LOI (%)
Northern I. F. (NIF)										
RR26905	568519	7170480	68.53	0.32	0.58	0.02	0.01	0.093	0.024	1.02
RR26906	568088	7170563	67.17	0.52	1.58	0.02	0.02	0.123	0.037	1.78
RR26919	568256	7170469	68.65	0.36	1.91	X	0.01	0.021	0.007	0.18
Average			68.117	0.4	1.36	0.02	0.01	0.079	0.023	0.99
NIF ?										
RR26953	569852	7169415	61.44	1.24	6.37	0.04	0.036	0.199	0.027	3.37
Seabrook I. F. (SIF)										
RR26903	578191	7162927	37.29	0.51	45.51	0.03	0.017	0.052	0.026	0.84
RR26904	578846	7162405	34.5	0.69	48.25	0.07	0.012	0.065	0.045	1.71
RR26917	578439	7162784	34.18	0.43	50.13	0.04	0.015	0.02	0.06	0.85
RR26918	578702	7162558	35.22	0.3	47.87	0.06	0.021	0.035	0.04	1.87
RR27494	572203	7166915	35.34	0.53	47.18	0.07	0.022	0.266	0.025	1.43
RR27495	572585	7166585	59.66	0.94	12.42	0.08	0.055	0.132	0.082	1.14
RR27496	572675	7166478	35.75	0.25	48.07	0.06	0.045	0.098	0.035	0.65
RR27497	572871	7166345	37.09	0.43	44.44	0.04	0.042	0.05	0.031	1.22
RR27498	573004	7166195	34.1	0.38	48.82	0.09	0.105	0.046	0.059	1.64
RR27499	573192	7166031	35.78	0.18	47.76	0.05	0.018	0.039	0.028	0.92
RR27500	573530	7165679	32.71	0.28	50.22	0.03	0.016	0.105	0.016	2.88
RR26875	581958	7161340	34.9	0.49	47.15	0.11	0.017	0.073	0.043	1.18
RR26876	581987	7161281	33.92	0.6	47.72	0.14	0.025	0.324	0.059	1.76
RR26877	582102	7161179	36.82	0.29	43.94	0.05	0.005	0.021	0.021	2.35
RR26878	582016	7161166	35.04	0.81	45.07	0.1	0.011	0.128	0.042	2.15
RR26880	575206	7163982	35.79	0.36	46	0.08	0.013	0.068	0.047	1.71
RR26881	575152	7164075	31.26	0.4	51.98	0.05	0.012	0.092	0.027	1.53
RR26882	575079	7164119	35.09	0.6	45.27	0.1	0.039	0.115	0.087	2.71
RR26883	575014	7164207	34.56	0.6	45.81	0.12	0.033	0.097	0.085	2.69
RR26884	574925	7164292	44.05	0.78	31.35	0.04	0.027	0.265	0.025	4.07
RR26957	570475	7168178	35.51	0.69	47.29	0.06	0.014	0.041	0.008	0.5
Average			36.598	0.6	43.31	0.07	0.026	0.106	0.043	1.8

In the south of the project area, the Seabrook Iron Formation (SIF) is a typical banded iron formation occurring over a strike length of 9km and widths up to 50m. The SIF contains predominantly low grades with isolated peak values to **59.66% Fe** over approximately 30m width. This higher grade sample indicates some potential for 'pods' of higher grade ores in this extensive, otherwise low-grade formation. Further outcrop sampling and detailed mapping is planned to define this potential. Assay results are detailed in Table 1.

YAMADA PROJECT (100% Talisman)

Very limited (5 samples) reconnaissance rock sampling of the Frere Iron Formation of the Earahedy Basin, approximately 260km northeast of Meekatharra, Western Australia, has returned assay results to **61.77% Fe** from composite samples collected from available outcrops (Figure 4, Table 2). Sampling was severely restricted owing to extensive sand cover in the project area.

These results are very encouraging and indicate excellent potential for the definition of significant iron ore resources. Other iron ore explorers are actively evaluating the potential of the Frere Iron Formation in adjacent tenements.

Drilling to evaluate the indicated potential of the iron formation will commence immediately upon grant of the tenement, probably in the latter half of 2008.

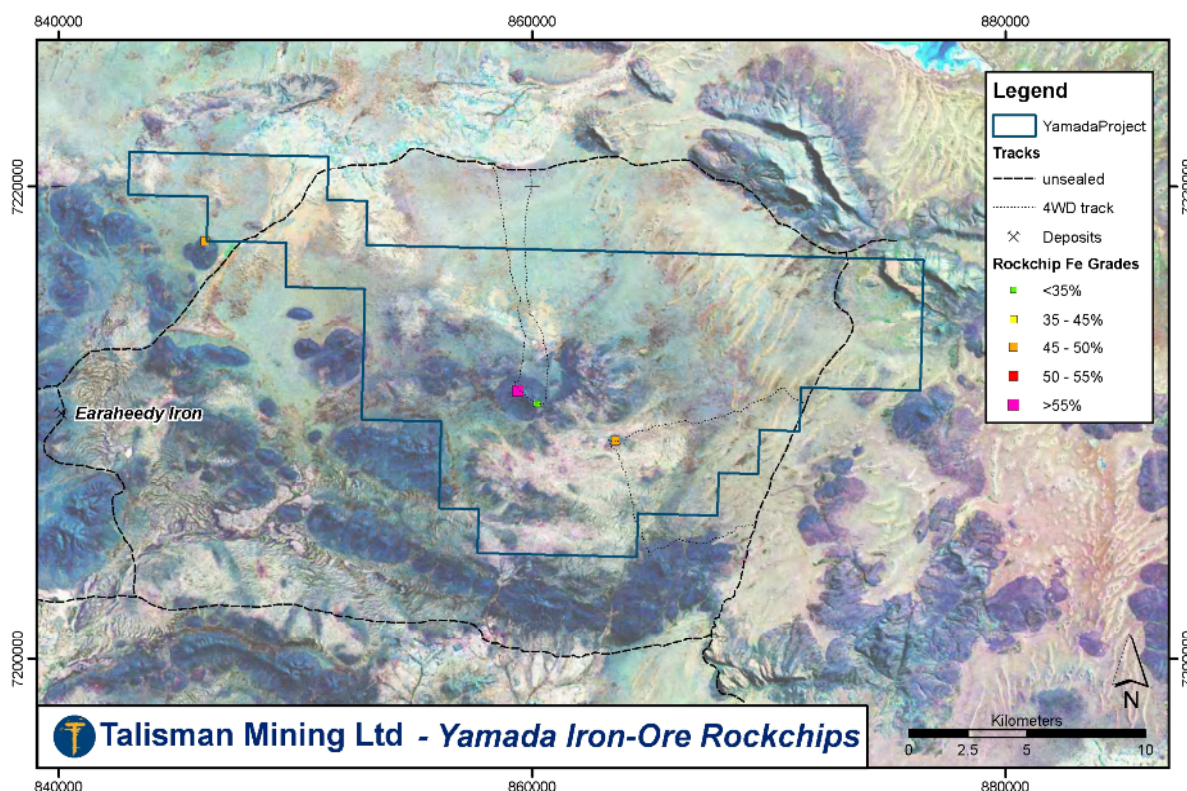


Figure 4: Yamada Project – Iron Formation Outcrop Sampling

Table 2: Yamada Project – Iron Formation Assay Results

Sample	East	North	Fe (%)	Al ₂ O ₃ (%)	SiO ₂ (%)	CaO (%)	Mn (%)	P (%)	S (%)	LOI (%)
RR27463	846205	7217711	49.33	1.26	23.05	X	0.009	0.029	0.076	4.6
RR27472	863543	7209258	49.38	3.83	12.21	X	0.019	0.641	0.025	9.89
RR27480	859426	7211363	61.77	1.91	4.03	0.05	0.016	0.046	0.086	5.3
RR27484	860200	7210827	26.37	2.33	57.14	X	0.015	0.039	0.012	1.38
RR27485	860266	7210812	26.73	0.93	58.21	0.02	X	0.024	0.039	1.73
Average			42.72	2.05	30.93	0.03	0.015	0.156	0.048	4.58

WANDANYA (100% Talisman)

The Wandanya project, situated in the East Pilbara approximately 50km southwest of the Woodie Woodie manganese operations, was recently pegged by the Company targeting a projected northern extension of the Marra Mamba Iron Formation (Figure 5).

The Marra Mamba Iron Formation was previously interpreted to cease approximately 5km south of the Wandanya tenement, in the vicinity of the Mount Rove iron deposit held by Fortescue Metals Group Ltd. However, interpretation by Talisman geologists of satellite imagery had indicated that the iron formation may continue into the Wandanya tenement beneath shallow cover. A strike length of approximately 2.5km of potential iron formation was interpreted within the lease.

Initial reconnaissance of the project area has located 5 small (<10m²), low outcrops of massive hematite mineralisation (Figure5; Photograph 2) projecting through a thin blanket of transported cover over a strike length of approximately 700m. This massive hematite is clearly of primary origin, indicative of enrichment of a parent banded iron formation. The remaining 1.8km projected strike length of iron formation is entirely obscured by thin transported cover and/or lateritic ironstone.

This discovery is very encouraging as it has confirmed the presence of mineralised iron formation in an area not previously considered to be prospective for iron mineralisation. Assay results of samples collected from the massive hematite outcrops are expected by mid to late February, 2008.

Drilling to evaluate the indicated potential of the area for iron will commence immediately upon grant of the tenement, hopefully in the latter half of 2008.



Photograph 2: Wandanya – Massive Hematite

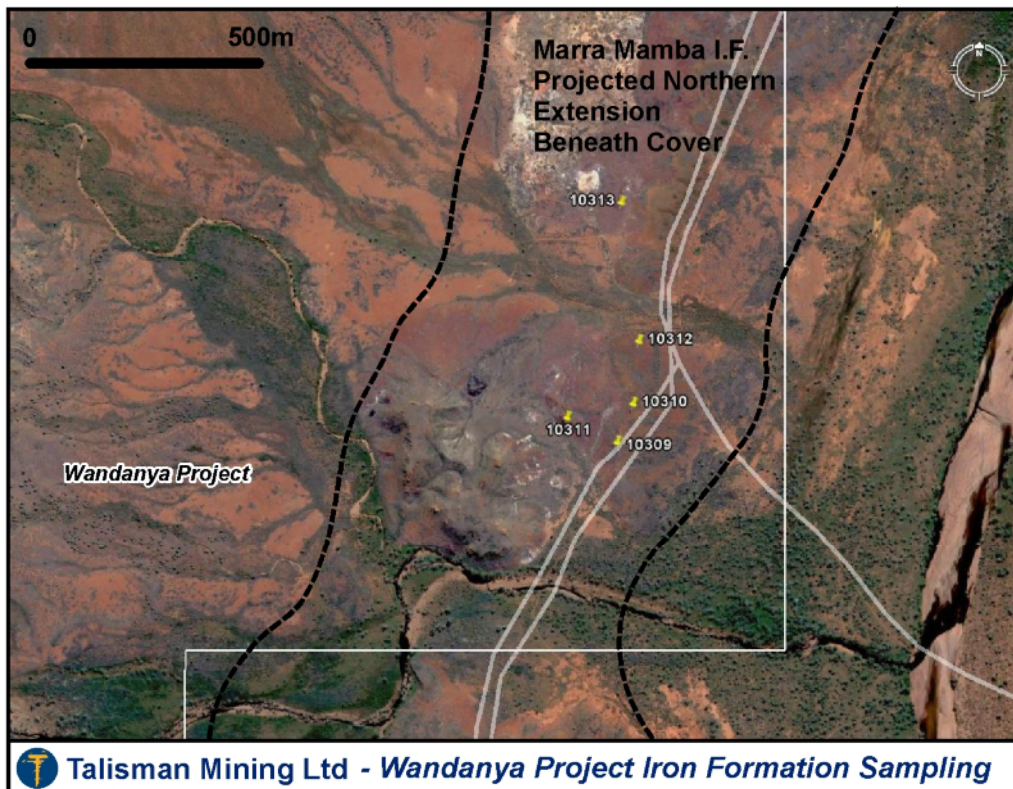


Figure 5: Wandanya Project – Iron Formation Outcrop Sampling



SUMMARY

Subsequent to the strategic decision to focus on iron ore, the Company has assembled a quality portfolio of iron ore projects in Western Australia comprising the Wonmunna, Trillbar, Yamada and Wandanya projects. These projects contain a total of 9 separate iron ore prospects, as detailed below:

- Wonmunna
 - Northern Marra Mamba
 - Southern Marra Mamba
 - Eastern Marra Mamba
 - Central CID
 - Eastern CID
- Trillbar
 - NIF
 - SIF
- Yamada
 - Yamada
- Wandanya
 - Wandanya

Of these, only the Northern Marra Mamba and Central CID prospects have been partially evaluated by drilling. The remaining prospects, whilst unevaluated by drilling, have presented targets with excellent potential for the definition of significant commercial iron ore deposits.

The Company looks forward to exciting developments during 2008.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. J. Elliott', written over a light grey rectangular 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.