TALISMAN MINING LTD

PO Box 1262, Subiaco WA 6904
Tel: 61 8 9380 4230 / Fax: 61 8 9382 8200
www.talismanmining.com.au

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By Electronic Lodgement

WONMUNNA IRON UPDATE

Highlights

- **Commencement of Scoping Study to determine economic viability and development options for project,**
- **Further drilling planned to define zones of high-grade DSO quality (>60% Fe) mineralisation at NMM, and upgrade resource from Inferred to Indicated status,**
- **Initial metallurgical results indicate NMM mineralisation to be 'soft', and potentially amenable to low-cost mining and processing techniques,**
- **Drill evaluation of CMM and SMM prospects complete – Initial JORC resources expected by November, 2008.**

SUMMARY

A maiden JORC resource for the NMM prospect, Wonmunna project, Pilbara region, Western Australia was announced previously on 29 August, 2008. This estimated Inferred resource was calculated at **44Mt @ 55.9% Fe (50% Fe lower cut), inclusive of 28Mt @ 57.4% Fe (55% Fe lower cut).**

A scoping study has commenced to determine the economic viability and development options for the project, initially focussed on the NMM resource. Significant additional work is being carried out on this project and the scoping study will take into account the results of additional planned drilling at NMM and of the ore characterisation and metallurgical test work currently being undertaken. Although focused on NMM, impacts of the results of resource drilling at CMM and SMM will also be considered in the final scoping study report.

Two additional prospects, CMM and SMM, have been drilled on 200m x 50m centres and JORC resources are expected by November, 2008. Drill testing of a further 4 prospects, WRR, EWA, WMM and WAH (Figure 1), is planned for completion in the final quarter of 2008.

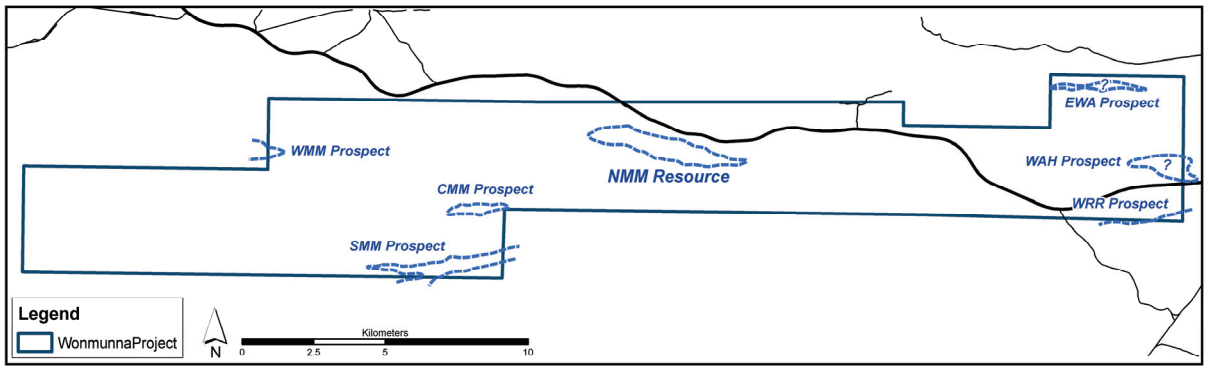

Figure 1: Wonmunna Project – Iron Prospects

North Marra Mamba (NMM)

Modelling of the NMM mineralisation has indicated that the lower grade halos encompass significant zones of >60% Fe mineralisation (Figure 2). Although these higher grade zones appear to comprise coherent bodies of mineralisation, it was deemed that high-grade mineral resources (>60% Fe) could not be calculated under the current spacing of drillholes.

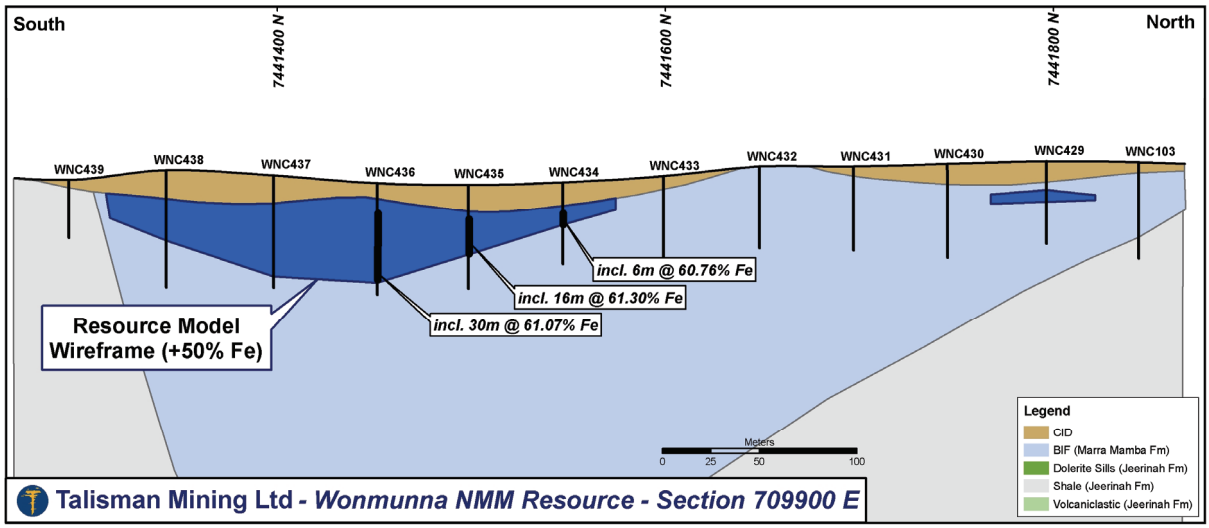

Figure 2: Wonmunna Project – NMM Prospect Drill Section 709900E

Accordingly, the Company will be completing a program of infill drilling to 100m x 50m spacings over zones of high-grade mineralisation. This work is expected to commence in October, 2008. This will enable calculation of JORC Indicated resources for the high-grade (>60% Fe) zones. The Company believes these high-grade core zones to have potential for 5 – 15Mt @ 60 -62% Fe, of Direct Shipping Ore (DSO) quality,

Further work is also in progress to confirm the bulk density of the mineralisation. It was considered that the low bulk density of 2.3g/cc used in the resource calculations was too uncertain to qualify the quoted resource as Indicated rather than Inferred.

The infill drilling, together with greater confidence in the bulk density figure, may be sufficient to upgrade the quoted resources from Inferred to Indicated status.

Initial metallurgical testwork completed on PQ core samples obtained from NMM have indicated that the mineralisation is 'soft' and, as a consequence, potentially amenable to low-cost mining and processing methods. The Crushing Work Index (CWI) of the mineralisation averages a very low 2.3 - 3.7 and the Abrasive Index (AI) consistently very low at < 0.1. Collectively, these indices indicate that the mineralisation is potentially amenable to free-digging, with minimal blasting required, and also potentially amenable to low-cost crushing.

Work is progressing on determining the potential lump : fines ratio of the ore.

Further metallurgical testwork is also in progress to determine the amenability of the lower-grade mineralisation to upgrading of the iron content and ore quality via beneficiation. Similar testwork is being completed on the overlying low-grade CID mineralisation.

Central Marra Mamba (CMM)

Assay results for all drillholes completed at this prospect are expected by end September, 2008. Resource modelling and calculation of JORC resources will commence immediately upon receipt of these results with JORC resources expected by end of November, 2008.

Examination of drill cuttings has indicated that this prospect encompasses mineralisation with a significantly higher hematite : goethite ratio than that at NMM. This offers good potential for overall higher grades and a higher lump : fines ratio than NMM.

In brief, CMM appears, from visual inspection, to contain the best mineralisation yet encountered at the Wonmunna prospect.

South Marra Mamba (SMM)

Assay results have been received for the majority of the drillholes completed at this prospect with results for the remaining 13 drillholes imminent. Resource modelling and calculation of JORC resources will commence immediately upon receipt of these results with JORC resources expected by end of November, 2008.

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.