



TALISMAN MINING LTD

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

28 October 2008

The Manager
Company Announcements Office
Australian Securities Exchange

By Electronic Lodgement

REPORT FOR QUARTER ENDED 30 SEPTEMBER 2008

HIGHLIGHTS

- **Maiden JORC Inferred Resource for North Marra Mamba (NMM) prospect, Wonmunna Project, of 44Mt @ 55.9% Iron (50% Fe lower cut), inclusive of 28Mt @ 57.4% Iron (55% Fe lower cut).**
- **Resource drilling at South Marra Mamba (SMM) and Central Marra Mamba prospects, Wonmunna, completed with JORC resources expected Novemebr, 2008.**
- **Initial metallurgical testing of NMM mineralisation indicates 'soft' ore, potentially amenable to continuous free-digging mining, with high lump : fines ratio of 60:40.**
- **Scoping study to evaluate development options commenced.**



WONMUNNA IRON ORE PROJECT (100% Talisman)

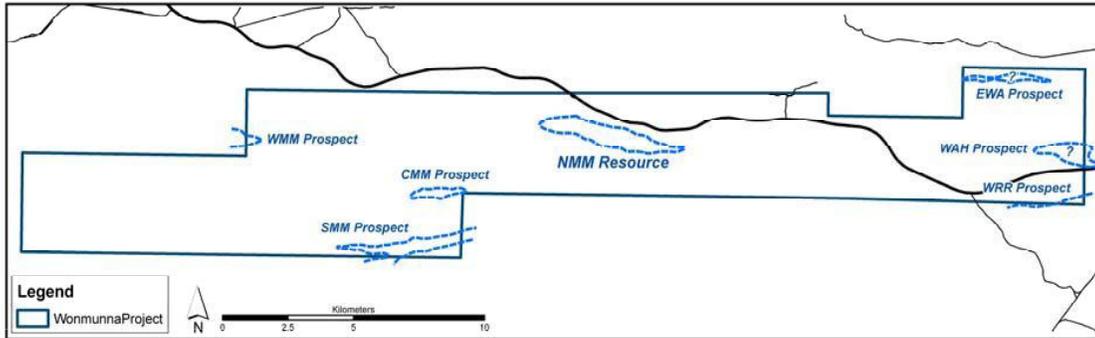


Figure 1

North Marra Mamba (NMM) Prospect

Using data derived from Reverse circulation (RC) drillholes completed on nominal 200m x 50m centres, Quantitative Group Pty Ltd were commissioned to determine Joint Ore Resource Committee (JORC) resources for the NMM prospect. Results of these determinations, approved by Mr Chris De-Vitry and Mr S. Elliott, are detailed in Table 1 below.

Table 1: Summary Table: North Marra Mamba (NMM) Inferred JORC Resources

Fe Cut off (%)	Tonnes	Fe %	P %	SiO2 %	Al2O3 %	LOI %
50	44,000,000	55.9	0.07	6.9	3.7	8.9
55	28,000,000	57.4	0.07	5.7	3.1	8.7

Mineralisation remains open to both the east and west, albeit that these relatively narrow (<200m) extensions are expected to contribute only marginally to the present resource. The NMM mineralisation also contains significant coherent areas of higher grade (>60% Fe) mineralisation (Figure 2). Separate resources for these higher grade core zones are yet to be determined.

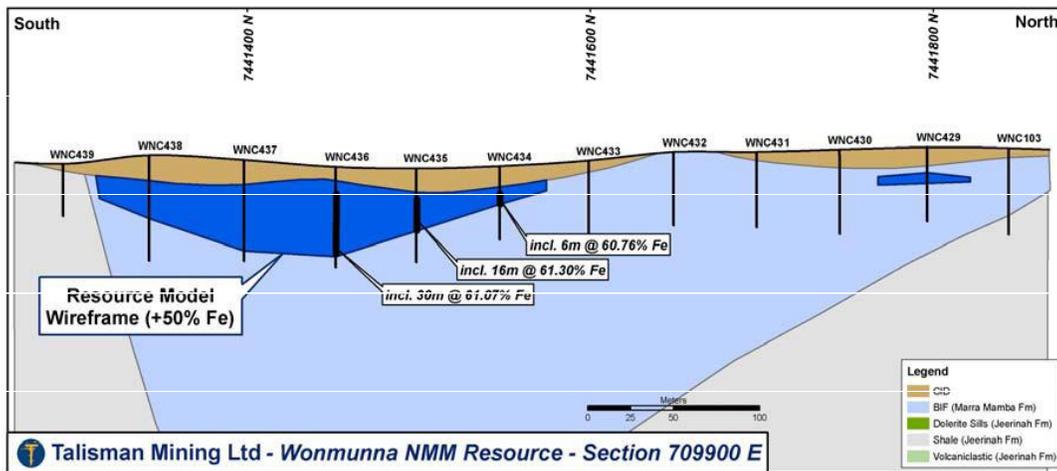


Figure 2

¹ Mr Chris De-Vitry is a member and registered practicing geologist of the Australian Institute of Geoscientists (AIG). Mr Chris De-Vitry has sufficient experience in iron ore to act as competent person for this estimate as defined in the 2004 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Chris De-Vitry consents to the inclusion in this report of NMN resource estimate.

² Mr Steven Elliott 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.



In addition to the resource drilling, 6 PQ diamond drillholes for a total of 415m were completed to obtain samples for geological information and ore characterisation test-work. Initial results have indicated that the hematite - goethite mineralisation has low Crushing Work Indices (CWI). This work has also indicated a high lump : fines ratio of the order of 60:40.

South Marra Mamba (SMM) Prospect

Resource drilling of the SMM prospect on nominal 200m x 50m centres was completed. Assay results from this drilling have indicated iron mineralisation similar to that at NMM with intercepts to **34m @ 58.34% Fe (including 22m @ 61.1% Fe)**.

Quantitative Group Pty Ltd have been commissioned to determine JORC resources for the prospect with resources figures expected in November, 2008.

Central Marra Mamba (CMM) Prospect

Resource drilling of the SMM prospect on nominal 200m x 50m centres was completed. Assay results from this drilling have indicated iron mineralisation similar to that at NMM with intercepts to **28m @ 59.4% Fe (including 24m @ 62.12% Fe)**.

Quantitative Group Pty Ltd have been commissioned to determine JORC resources for the prospect with resources figures expected in November, 2008.

Other Iron Prospects

Additional potentially iron-mineralised Marra Mamba targets have been identified from aeromagnetic and / or structural data at WMM, WRR, WAH and EWA. Drill evaluation of these targets has been scheduled for commencement in the succeeding Quarter.

In addition, it is believed that additional CMM-like (Non-magnetic) targets may exist beneath thin cover elsewhere in the project area. Reconnaissance drilling will be completed to evaluate this potential.

TRILLBAR POLYMETALLIC PROJECT (80% Talisman)

Iron Ore

Drill evaluation of the Northern Iron Formation (NIF) prospect was delayed pending Aboriginal Heritage clearance. This has now been obtained and drilling is scheduled to commence in late October, 2008.

Gold

Drill evaluation of soil and aircore gold anomalies was delayed pending Aboriginal Heritage clearance. This has now been obtained and drilling is scheduled to commence in November, 2008.

WANDANYA MANGANESE / IRON PROJECT (100% Talisman)

No exploration activities were completed during the Quarter. Initial drill evaluation of the outcropping manganese mineralisation is planned for completion in the second Quarter of the 2008 - 2009 operations year.



MAITLAND GOLD PROJECT (80% Talisman)

During the Quarter the Southern BIF prospect in the south of the Maitland Greenstone Belt, previously defined as gold-anomalous by wide spaced soil geochemistry, was re-sampled at 200m x 40m centres in order to better define the anomalism (Figure 3). This work defined a series of strong, northerly trending gold-in-soil anomalies up to 400m in strike extent. The highest gold-in-soil result was 225ppb gold.

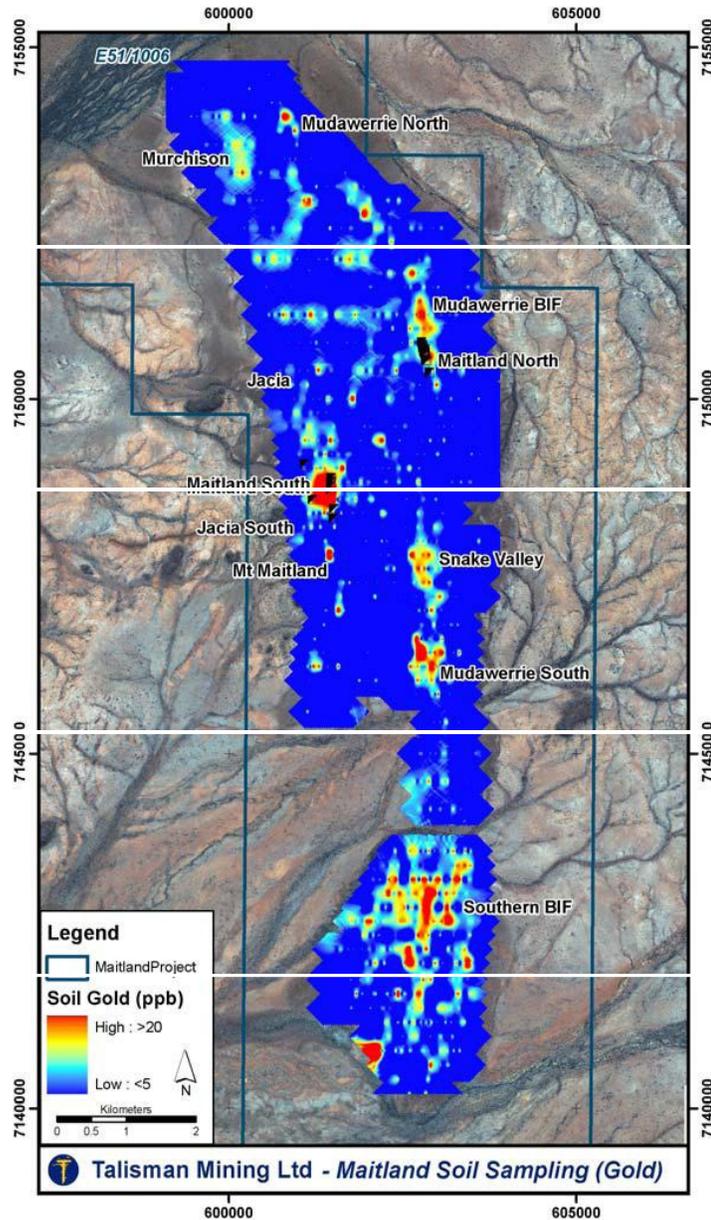


Figure 3

YAMADA IRON PROJECT (100% Talisman)

No exploration activities were completed during the Quarter.



ANTICLINE POLYMETALLIC PROJECT (100% Talisman, Iron Ore rights held by Fortescue Metals Group Ltd)

No exploration activities were completed during the Quarter.

TOM PRICE POLYMETALLIC PROJECT (100% Talisman, Iron Ore rights held by Fortescue Metals Group Ltd)

No exploration activities were completed during the Quarter.

YILGALONG POLYMETALLIC PROJECT (100% Talisman)

No exploration activities were completed during the Quarter.

EAST KIMBERLEY NICKEL PROJECT (100% Talisman)

No exploration activities were completed during the Quarter.

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.

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 SEPTEMBER 2008

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(1,603)	(1,603)
(b) development	-	-
(c) production	-	-
(d) administration	(257)	(257)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	69	69
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Research and Development Tax Rebate)	147	147
Net Operating Cash Flows	(1,644)	(1,644)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(30)	(30)
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)	-	-
Net investing cash flows	(30)	(30)
1.13 Total operating and investing cash flows (carried forward)	(1,674)	(1,674)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,674)	(1,674)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(8)	(8)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	(8)	(8)
	Net increase (decrease) in cash held	(1,682)	(1,682)
1.20	Cash at beginning of quarter/year to date	7,388	7,388
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	5,706	5,706

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	116
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's remuneration and payments to associates of the directors.

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

N/A

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

N/A

+ See chapter 19 for defined terms.

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	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,845
4.2 Development	-
Total	1,845

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	5,706	7,388
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,706	7,388

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	ELA45/2377	Application	100%	0%
	ELA45/2378	Application	100%	0%
	ELA52/1685	Application	100%	0%
	ELA52/1457	Application	80%	0%
	ELA52/2058	Application	80%	0%
6.2 Interests in mining tenements acquired or increased	ELA51/1283	Application	0%	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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	75,288,047	75,288,047		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	24,827,257 2,222,000 1,400,000 1,500,000 1,500,000 1,500,000 1,500,000 500,000 500,000 500,000 500,000	24,827,257 - - - - - - - - - -	<i>Exercise price</i> 20 cents 25 cents \$1.20 \$1.00 \$1.20 \$1.60 \$2.20 \$1.00 \$1.20 \$1.60 \$2.20	<i>Expiry date</i> 31 Dec 2010 31 Dec 2010 31 Dec 2010 30 Nov 2010 30 Nov 2010 30 Nov 2010 30 Nov 2010 31 May 2011 31 May 2011 31 May 2011 31 May 2011
7.8 Issued during quarter				
7.9 Exercised during quarter				

+ See chapter 19 for defined terms.

7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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: 28 October 2008
(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.

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+ See chapter 19 for defined terms.