

Media / ASX Release

26 June 2009

WONMUNNA PILBARA IRON ORE PROJECT

SCOPING STUDY RECEIVED FROM AMC CONSULTANTS PTY LTD

Talisman Mining Limited (ASX: **TLM** – “Talisman”), is pleased to advise that it has received from AMC Consultants Pty Ltd (“AMC”) the Scoping Study for its 100%-owned **Wonmunna Iron Ore Project** in the Pilbara region of Western Australia.

The Wonmunna Iron Ore Project is located 70km northwest of Newman, near existing rail and road infrastructure, and proximal to a number of major iron ore mines including Hope Downs, West Angelas and Mining Area C.

The Scoping Study considered a substantial number of potential development scenarios for Wonmunna and concluded that the Project is potentially economic based on production of between 2 Mtpa and 5Mtpa with ore sold to one of the existing nearby mining operations.

Whilst further material evaluations of the Project and a feasibility study are required Talisman is encouraged by the results of the Scoping Study, which has confirmed and highlighted the potential strategic value of the Wonmunna Project.

Background

Talisman commissioned AMC Consultants Pty Ltd to undertake the Wonmunna Scoping Study in late 2008. The Scoping Study considered 54 potential operating scenarios for the Wonmunna Project, estimating associated mining, processing, transportation and other capital and operating costs for each scenario to an accuracy of +30% commensurate with the usual degree of accuracy for such Studies.

The Scoping Study was based on the previously announced Inferred Mineral Resource estimate for the Wonmunna Project (at a 50% Fe cut-off grade) of **78.3 million tonnes grading 56.0% Fe, 6.6% Si₂O₃, 3.6% Al₂O₃, 0.08% P and 9.2% LOI** (see TLM:ASX Announcement – 21 January 2009 and Appendix 1).

This Inferred Mineral Resource estimate includes a high-grade Direct Shipping Ore (DSO) component (using a 60% Fe cut-off grade) of **10.0 million tonnes grading 61.3% Fe, 3.1% Si₂O₃, 1.7% Al₂O₃, 0.08% P and 7.3% LOI**.

Pit optimisations were conducted by AMC using both the high-grade (60% Fe cut-off grade) and lower-grade (50% Fe cut-off grade) resource models, enabling both high-grade mining scenarios with relatively short mine life and lower-grade mining scenarios with a longer mine life to be assessed.

Mining and processing scenarios considered a suite of operating options based on owner and/or contract operations. The Scoping Study concluded that the Wonmunna Project is potentially economic based on high-grade and low-grade options with ore sold to nearby mines at production rates of 2 Mtpa to 5 Mtpa.

Scoping studies generally are relatively high level technical and economic assessments of various potential development and operating pathways for mineral resources projects that provide an opportunity to identify preferable development and operating scenarios for more detailed and focused assessment in the future.

Conclusions and Forward Program

Talisman believes the results of the AMC Scoping Study on the Wonmunna Project are encouraging and in light of this, the Company will now continue work to evaluate the project including considering strategic alternatives related to marketing and sales options for Wonmunna. This may include the potential for mine gate sales, infrastructure sharing or other arrangements, strategic options for a joint venture, or other mechanism to realise value from the Wonmunna Project.

Commenting on the announcement, Talisman's Managing Director, Mr Gary Lethridge, said: "We are pleased that the AMC Scoping Study shows that Wonmunna is an asset of potential strategic value to Talisman. We still have a great deal of work to do on Wonmunna and, with the recent announcement of the proposed Pilbara iron ore operating joint venture between BHP Billiton and Rio Tinto, no doubt the landscape in the Pilbara for potential junior iron ore miners will continue to evolve."

Talisman recently strengthened its Board with the appointment, as executive Directors, of experienced mining executives Mr Peter Langworthy and Mr Brian Dawes, both former key members of the successful Jubilee Mines NL management team.

The new appointments mark a significant step towards achieving Talisman's goal of becoming a premier Australian resource company through a combination of organic growth opportunities combined with a disciplined approach to exploration, acquisition and investment opportunities. Talisman continues to identify and assess exploration opportunities with renewed emphasis on nickel sulphides.

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Competent Persons' Statement

Information in this report that relates to Mineral Resources is based on information compiled by Mr Chris De-Vitry, who is a member and registered practicing geologist of the Australian Institute of Geoscientists (AIG). Mr Chris De-Vitry is a full time employee of Quantitative Group (QG) and 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 the Wonmunna Mineral Resource estimate.

Information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Harry Cornelius, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Harry Cornelius 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 Harry Cornelius consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Appendix 1

WONMUNNA IRON ORE RESOURCE

The Mineral Resource estimate was prepared by Bosta Pratama, who is a full time employee of Quantitative Group (QG). QG is an independent group specialising in resource evaluation. This estimate was prepared under the supervision of, and with technical review by, Chris De-Vitry, who is a full time employee of QG.

Chris De-Vitry acts as the Competent Person for the resource estimate, with Talisman's Exploration Manager, Harry Cornelius, acting as the Competent Person for the geological interpretation and data quality that forms the foundation for this estimate.

The Mineral Resource estimate has been classified and reported in accordance with the 2004 JORC Code.

The Wonmunna Iron Ore Mineral Resource is presented in **Table 1** below:

Table 1: Wonmunna Iron Ore Project – Inferred Mineral Resources.

	Fe cut-off	Million Tonnes*	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
NMM Resource	50%	47.2	55.9	6.9	3.7	0.07	8.9
NMM DSO Resource	60%	6.2	61.4	3.0	1.8	0.07	7.2
CMM Resource	50%	15.2	56.8	5.7	3.3	0.10	9.5
CMM DSO Resource	60%	2.4	61.2	3.3	1.7	0.10	7.4
SMM Resource	50%	15.9	55.3	6.7	3.8	0.07	9.7
SMM DSO Resource	60%	1.4	61.2	2.9	1.6	0.06	7.6
Total Resources	50%	78.3	56.0	6.6	3.6	0.08	9.2
Total DSO Resources	60%	10.0	61.3	3.1	1.7	0.08	7.3

* In accordance with Clause 24 of the JORC Code, tonnages have been rounded to the nearest 0.1Mt.