



TALISMAN MINING LTD

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The Manager
Company Announcements Office
Australian Stock Exchange

By Electronic Lodgement

REPORT FOR QUARTER ENDED 31 DECEMBER, 2007

HIGHLIGHTS

- ❖ **Reconnaissance drilling intersects up to 36m @ 58.84% iron (including 20m @ 61.41% iron) at Wonmunna, Pilbara region,**
- ❖ **At Wonmunna, assay of 1m drill intervals from base metal exploration drillholes returns results to 1m @ 1.63% copper in disseminated sulphides,**
- ❖ **Massive hematite - mineralised iron formation at Trillbar averages, from outcrop samples, 68.12% iron over approximately 350m strike,**
- ❖ **Massive hematite located at Wandanya.**
- ❖ **Frere Iron Formation to 61.77% Fe in outcrop at Yamada,**
- ❖ **East Kimberley outcrop sample assays 5% copper and 694.5g/t silver.**

WONMUNNA POLYMETALLIC PROJECT (100% Talisman)

Iron Ore

Drill evaluation of Marra Mamba Iron Formation iron mineralisation at the Northern Marra Mamba (NMM) prospect commenced in the preceding quarter continued in the December, 2007 Quarter. Assay results of the September, 2007 Quarter were also received with results to 36m @ 58.84% iron (including 20m @ 61.41% iron), confirming the strong potential of the project area to host significant iron deposits.

Drilling of Channel Iron Deposits (CID), generally directly overlying mineralised Marra Mamba, indicated that the CID in this locality was generally thin and of low-grade with a best intercept of 4m @ 55.95% iron.

Clearly, the best short to medium term potential for definition of a commercial iron ore deposit(s) is in the Marra Mamba Iron Formation, and it is this potential upon which the Company will be focussing.

Results received to date are for the first 48 drillholes (1,745m) in 4 incomplete drill traverses along existing tracks (Figure 1). As a result of this 'opportunistic' siting of drillholes, this initial drilling is arbitrary and very wide spaced, and was intended only to confirm the presence and nature of iron ore mineralisation.

During the quarter an additional 36 drillholes (1681m) were completed as part of the reconnaissance drilling program. Assay results for these drillholes have not yet been received.

Reconnaissance drilling is ongoing with completion of this phase of exploration expected in early February, 2007. This will be followed up immediately by commencement of resource drilling at NMM, in company with commencement of reconnaissance drilling of other iron ore targets within the Wonmunna project area.

**Copper-Zinc-Gold-Silver**

Assay of 1m drill intervals from reconnaissance drillholes of several soil geochemical anomalies completed in the previous quarter has defined significant sulphide copper mineralisation, albeit that 4m assay results reported in the previous quarter had indicated that, whilst significant, assay results were generally of low-grade. The 1m assays returned results to 1m @ 1.63% copper in sulphidic black shale. These results are considered to be very significant and possibly indicative of the existence of copper-(zinc-gold-silver) massive sulphides in the project area.

TRILLBAR POLYMETALLIC PROJECT (80% Talisman)**Iron Ore**

Reconnaissance exploration of the Trillbar project area has discovered a massive hematite – mineralised iron formation, the Northern Iron Formation (NIF) over a strike length of approximately 350m and up to 40 thick, with outcrop samples averaging 68.12% iron. Both the east and west strike extensions are obscured by thin cover and it is believed that the mineralisation may be substantially more extensive than indicated in outcrop.

This discovery is very significant and offers excellent potential for the definition of a significant, high-grade iron resource.

The Seabrook Iron Formation (SIF) of approximately 9km strike extent returned predominantly low iron grades (<40% iron), although with spot highs to 59.66% iron. There is clearly good potential for the definition of significant iron deposits associated with this extensive iron formation.

Gold

No evaluation of the gold potential of this project was completed during the Quarter.

YAMADA IRON PROJECT

Reconnaissance prospecting of limited outcrops of Frere Iron formation has returned outcrop samples to 61.77% iron.

WANDANYA IRON PROJECT

Reconnaissance prospecting of this new project area has located 5 small outcrops of massive hematite mineralisation, presumed to be coincident with a projected northerly extension of the Marra Mamba Iron Formation. Assay results for collected outcrop samples are expected by end of February, 2008.

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ANTICLINE POLYMETALLIC PROJECT (100% Talisman)

No exploration activities completed during the Quarter.

TOM PRICE POLYMETALLIC PROJECT (100% Talisman)

No exploration activities completed during the Quarter.

MOUNT JAMES GOLD PROJECT

No exploration activities completed during the Quarter.

BUSTLER WELL GOLD PROJECT

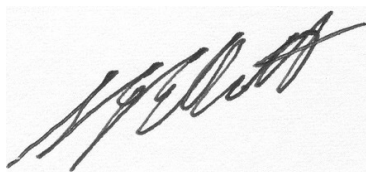
No exploration activities completed during the Quarter.

EAST KIMBERLEY NICKEL PROJECT (100% Talisman)

Stream sediment geochemistry was completed over part of the project area during the quarter. Results from this sampling returned anomalous nickel, copper, zinc, gold, and silver in several locations. A single sample of quartz veining assayed 5% copper and 694.5g/t silver.

YILGALONG GOLD / BASE METALS PROJECT (100% Talisman)

Assay results were received for a reconnaissance stream sediment sampling survey completed over part of the area during the previous Quarter. These results have indicated strong gold and copper anomalism at several areas in the tenement. Follow up soil geochemistry has been completed over several of these areas with results expected in late January, 2008.



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")

31 December 2007

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(472)	(901)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(202)	(412)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	26	36
1.5	Interest and other costs of finance paid	(2)	(3)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(650)	(1,280)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(20)	(25)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	(69)	(140)
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(89)	(165)
1.13	Total operating and investing cash flows (carried forward)	(739)	(1,445)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(739)	(1,445)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,335	3,014
1.15	Proceeds from unissued shares	8,552	8,552
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	(9)	(16)
1.19	Dividends paid	-	-
1.20	Other (costs of issue)	(131)	(131)
	Net financing cash flows	9,747	11,419
	Net increase (decrease) in cash held	9,008	9,974
1.21	Cash at beginning of quarter/year to date	1,633	667
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	10,641	10,641

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	76
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

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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

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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	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,650
4.2	Development	
Total		1,650

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	10,641	1,633
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		10,641	1,633

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	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	

+ 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	65,934,499	65,934,499		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	451,834 4,978,000	451,834 4,978,000	20 cents 25 cents	20 cents 25 cents
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>	25,180,805 2,222,000	25,180,805 -	<i>Exercise price</i> 20 cents 25 cents	<i>Expiry date</i> 31 Dec 2010 31 Dec 2010
7.8 Issued during quarter	3,000,000	3,000,000	20 cents	31 Dec 2010
7.9 Exercised during quarter	451,834 3,900,000 1,078,000	451,834 - -	20 cents 25 cents 25 cents	31 Dec 2010 30 Jun 2008 31 Dec 2008
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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: 29 January 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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