



TALISMAN MINING LTD

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25 July, 2008

The Manager
Company Announcements Office
Australian Securities Exchange

By Electronic Lodgement

REPORT FOR QUARTER ENDED 30 JUNE, 2008

HIGHLIGHTS

- ❖ **Resource drilling and assay complete at North Marra Mamba (NMM) prospect, Wonmunna Iron project. Ore resource calculations commenced.**
- ❖ **First pass drilling at South Marra Mamba (SMM) prospect, Wonmunna, indicates significant iron mineralisation 34m @ 58.34% Fe (including 22m @ 61.1% Fe).**
- ❖ **First pass drilling at Central Marra Mamba (CMM) prospect, Wonmunna, indicates significant iron mineralisation to 28m @ 59.4% Fe (including 24m @ 62.12% Fe).**
- ❖ **Significant manganese mineralisation confirmed in outcrop at Wandanya Manganese and Iron project.**
- ❖ **Gravity survey, together with follow up surface sampling indicates high-grade hematite iron lode over 4km strike at Trillbar project.**
- ❖ **Mount James and Bustler Well gold projects relinquished.**



WONMUNNA IRON ORE PROJECT (100% Talisman)

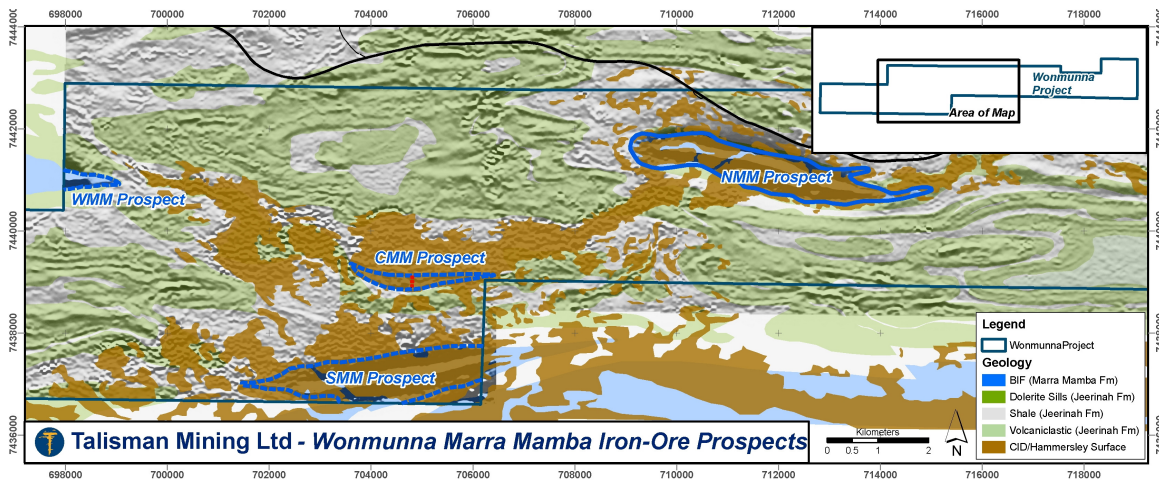


Figure 1

North Marra Mamba (NMM) Prospect

Resource drilling on nominal 200m x 50m centres has been completed over the larger part of the NMM prospect and all assay results received. This work has defined a series of iron-mineralised (>50% Fe) 'lodes' over a combined strike length of 4.5km. Mineralisation remains open over short distances to both the east and west.

Mineralisation is hosted within the Marra Mamba Iron Formation and occurs as a hematite – goethite ore of supergene origin, produced by weathering enrichment of the iron formation. Drill intercepts to **44m @ 59.3% Fe (including 30m @ 61.07% Fe)** have been recorded.

The Marra Mamba mineralisation is overlain by a thin (1 – 15m) blanket of low-grade (40 – 50% Fe) Channel Iron Deposits (CID).

Drilling assay data for the prospect is currently being collated and reconciled prior to hand-off to independent consulting group Quantitative Geoscience (QG) who will perform the role of 'competent persons' in the calculation of ore resources.

It is expected that resources will be available for announcement by late August, 2008.

South Marra Mamba (SMM) Prospect

First pass drill evaluation of the SMM prospect on nominal 400m x 100m centres is ongoing. Initial 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)**.

Resource drilling will commence immediately that the reconnaissance drilling has defined the extent of mineralisation with a JORC resource for the prospect expected by November, 2008.

Central Marra Mamba (CMM) Prospect

First pass drill evaluation of the CMM prospect on nominal 400m x 100m centres is ongoing. Initial 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)**.

Resource drilling will commence immediately that the reconnaissance drilling has defined the extent of mineralisation with a JORC resource for the prospect expected by November, 2008.



West Marra Mamba (WMM) Prospect

As this prospect covers only a small area, and consequently is likely to host only a small resource, no drill evaluation has yet been completed and none is planned in the immediate future. Drill evaluation at this locality will commence only upon completion of resource drilling at the other larger prospects.

East Marra Mamba (EMM) Prospect

The East Marra Mamba prospect was previously considered to have potential for mineralised Marra Mamba beneath thin cover. However, completion of a line of reconnaissance drillholes failed to intersect the iron formation. The prospect has therefore been discontinued.

TRILLBAR POLYMETALLIC PROJECT (80% Talisman)

Iron Ore

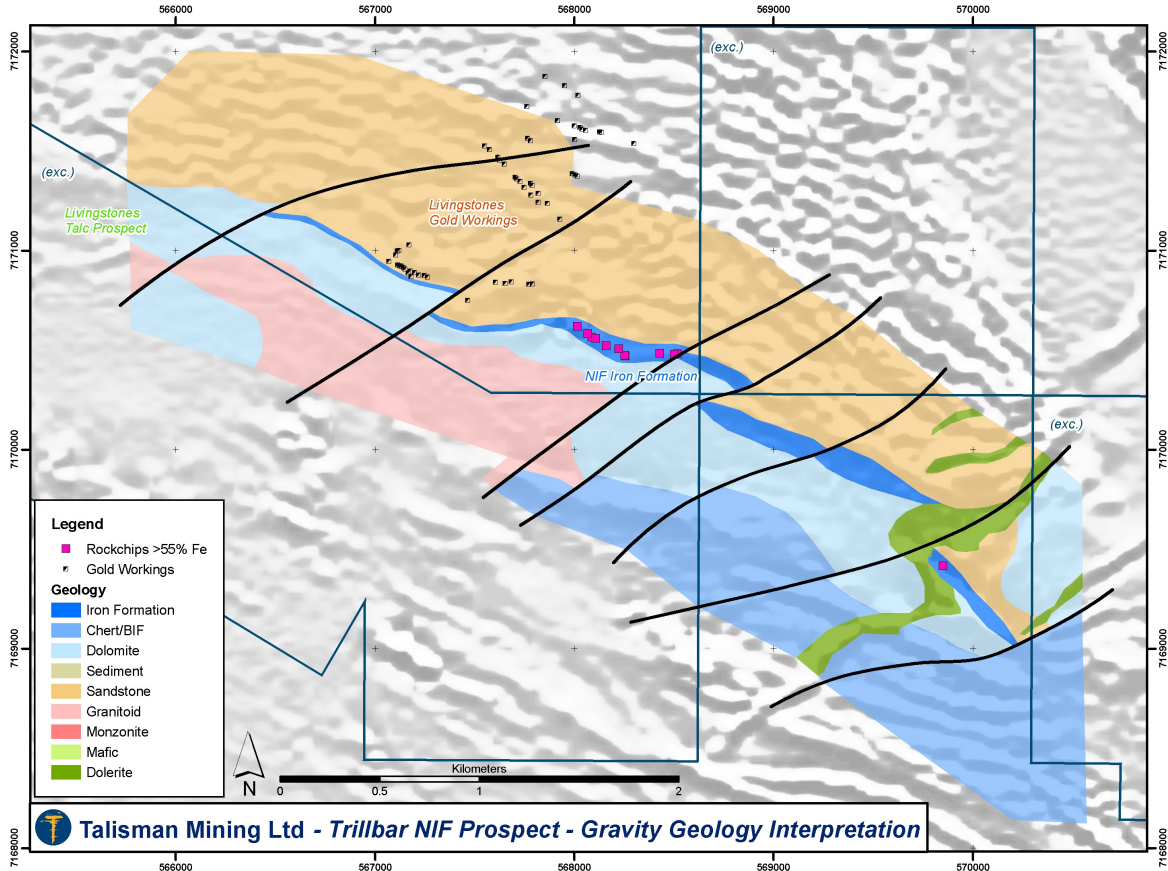


Figure 2

A ground gravity survey completed over the Northern Iron Formation (NIF) prospect has indicated that this high-grade (up to 68.5% Fe) hematite lode has a potential strike length of approximately 4km (Figure 2), albeit that the average width would appear to be less than 10m.

It is planned that drill evaluation of this prospect will be completed in the second Quarter of the 2008 – 2009 operations year.

**Gold**

No exploration activities for gold were completed during the Quarter. It is however planned for drill evaluation of several previously defined gold anomalies to be drill evaluated in the second Quarter of the 2008 – 2009 operations year, in conjunction with the planned drilling of the NIF iron prospect.

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 the second Quarter of the 2008 – 2009 operations year.

WANDANYA 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.

MAITLAND GOLD PROJECT (80% Talisman)

No exploration activities were completed during the Quarter. Follow up drill evaluation of previously defined gold anomalies is planned for completion in the succeeding Quarter.

MOUNT JAMES GOLD PROJECT (Talisman earning 60%)

No exploration activities were completed during the Quarter. Talisman has withdrawn from the joint venture.

BUSTLER WELL GOLD PROJECT (80% Talisman)

No exploration activities were completed during the Quarter. Talisman has relinquished title to the tenements.



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 June 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,904)	(3,711)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(298)	(1,023)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	85	219
1.5	Interest and other costs of finance paid	(1)	(5)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(2,118)	(4,520)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	(3)	(84)
1.9	Proceeds from sale of:		
	(a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	(159)
1.11	Loans repaid by other entities	28	28
1.12	Other (provide details if material)	-	-
Net investing cash flows		25	(215)
1.13	Total operating and investing cash flows (carried forward)	(2,093)	(4,735)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,093)	(4,735)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	20	12,084
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(8)	(32)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	(596)
	Net financing cash flows	12	11,456
	Net increase (decrease) in cash held	(2,081)	6,721
1.20	Cash at beginning of quarter/year to date	9,469	667
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,388	7,388

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	100
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

On 21 May 2008, the company issued 8,000,000 unlisted options over ordinary shares exercisable in 4 tranches at \$1.00, \$1.20, \$1.60 and \$2.20 with 6,000,000 options expiring on 30 November 2010 and 2,000,000 options expiring on 31 May 2011. The options were issued to Directors after shareholder approval was obtained at the general meeting held on 19 May 2008.

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

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	2,220
4.2 Development	-
Total	2,220

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	7,388	9,469
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,388	9,469

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	ELA59/1515	Application withdrawn	100%	0%
	ELA59/1516	Application withdrawn	100%	0%
	ELA59/1517	Application withdrawn	100%	0%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	ELA45/3269	Application	0%	100%
		P52/1037	Converted to MLA52/1042	0%	100%
		ELA47/1947	Application	0%	100%
		ELA47/1951	Application	0%	100%
		ELA47/1952	Application	0%	100%
		ELA47/1953	Application	0%	100%
		ELA59/1515	Application	0%	100%
		ELA59/1516	Application	0%	100%
		ELA59/1517	Application	0%	100%
		ELA51/1283	Application	0%	100%

+ See chapter 19 for defined terms.

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 (description)				
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	100,000	100,000	20 cents	20 cents
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	24,827,257	24,827,257	<i>Exercise price</i> 20 cents	<i>Expiry date</i> 31 Dec 2010
	2,222,000	-	25 cents	31 Dec 2010
	1,400,000	-	\$1.20	31 Dec 2010
	1,500,000	-	\$1.00	30 Nov 2010
	1,500,000	-	\$1.20	30 Nov 2010
	1,500,000	-	\$1.60	30 Nov 2010
	1,500,000	-	\$2.20	30 Nov 2010
	500,000	-	\$1.00	31 May 2011
	500,000	-	\$1.20	31 May 2011
	500,000	-	\$1.60	31 May 2011
	500,000	-	\$2.20	31 May 2011
7.8 Issued during quarter	1,500,000	-	\$1.00	30 Nov 2010
	1,500,000	-	\$1.20	30 Nov 2010
	1,500,000	-	\$1.60	30 Nov 2010
	1,500,000	-	\$2.20	30 Nov 2010
	500,000	-	\$1.00	31 May 2011
	500,000	-	\$1.20	31 May 2011
	500,000	-	\$1.60	31 May 2011
	500,000	-	\$2.20	31 May 2011
7.9 Exercised during quarter	100,000	100,000	20 cents	31 Dec 2010
7.10 Expired during quarter				
7.11 Debentures (totals only)				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (<i>totals only</i>)		
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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: 31 July 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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