



TALISMAN
MINING LIMITED

COMPANY SNAPSHOT

Directors

Alan Senior - Non Executive Chairman

Gary Lethridge - Managing Director

Peter Langworthy - Technical Director

Brian Dawes - Executive Director

Karen Gadsby - Non Executive Director

Contact Details

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Capital Structure

Shares on Issue: 105,773,858 (TLM)

Options on Issue: 22,998,996 (TLMO)
21,656,000 (Unlisted)

ASX: TLM & TLMO

MARCH 2010 QUARTERLY REPORT

HIGHLIGHTS

- *Reconnaissance drilling commenced at the Springfield Project towards the end of March at the Homer Prospect.*
- *To date 38 reverse circulation (RC) drill holes for 3800m have been completed at the Homer Prospect.*
- *Reconnaissance drilling on two traverses spaced 1.1km apart at the Homer Prospect have identified extensive multiple horizons within the prospective Narracoota Volcanics with the potential to host volcanogenic massive sulphide (VMS) deposits.*
- *On the basis of the drilling results to date additional drilling metres have been added to the current exploration program.*
- *Final Springfield tenement granted during April.*
- *Successful share placement of 10,572,227 ordinary shares at 90 cents each during the Quarter raising \$9.515M (before issue costs).*



BRYAH BASIN EXPLORATION

The Company has developed a strong pipeline of high-quality drilling targets for 2010 which are prospective for the discovery of volcanogenic massive sulphide (VMS) copper-gold mineralisation similar to Sandfire Resources NL's nearby DeGrussa, Conductor 1 and Conductor 4 deposits.

Through a combination of project acquisition and evaluation of its existing tenements, Talisman has now consolidated an extensive portfolio of exploration projects across the Bryah Basin covering a total of 736 km² (see *Figure 1*). This has enabled the Company to adopt a strategic regional approach to exploration across the Bryah Basin and develop a deep pipeline of exploration targets.

Springfield Copper-Gold Project (TLM 100%)

*The Springfield Project comprises a 303km² ground package located approximately 150km north east of Meekatharra in the northern Murchison Goldfields (see *Figure 2*). The Springfield Project contains approximately a 25km strike length of the prospective Narracoota Volcanic Formation that hosts the DeGrussa VMS Copper-Gold Project (Sandfire Resources), where a maiden JORC compliant indicated and inferred resource of 7.13mt @ 5.2% copper and 1.9% gold has been announced.*

Homer Prospect – Reconnaissance Drilling

As reported in the ASX announcement dated 23 April 2010, Talisman has advanced its initial reconnaissance drilling program at the priority **Homer Prospect** which lies 5 km east, directly along strike from the DeGrussa VMS Copper-Gold Project (see *Figure 3*). The geology of the **Homer Prospect** is interpreted to contain the same volcanic formation that hosts the three existing lenses of copper-gold mineralisation at DeGrussa.

The aim of this drilling is to test for VMS-related base metal mineralisation, provide important bedrock information, test a number of electromagnetic targets, and provide a platform in selected holes to conduct down-hole electromagnetic surveys (DHEM).

The reconnaissance drill program at the **Homer Prospect** has advanced with the completion of two wide spaced Reverse Circulation (RC) drill traverses. To date 38 holes for 3,800 metres have been completed on two sections spaced 1.1 km apart (see *Figure 4*).

Samples from these first two drill traverses have been dispatched for analysis and assay results are awaited. Although no obvious copper-gold mineralisation has been intersected in the drilling to date, the information derived from this drilling is considered highly encouraging and has provided critical geological information that will assist with the ongoing targeting of Talisman's active exploration program across the whole Springfield Project.

In summary, drilling to date has:

- successfully identified **extensive, multiple stratigraphic horizons** within the prospective Narracoota Volcanics with the potential to host VMS deposits. The multiple contacts increase the amount of prospective stratigraphy to be explored within this area of the **Homer Prospect** (see *Figures 4 & 5*);
- established that the volcanic rock succession is relatively flat lying indicating that substantial areas of the prospective contacts are relatively close to surface in this position (see *Figure 5*);
- encouragingly, identified some evidence of fragmental volcanic rocks, interflow cherts and some alteration (including minor disseminated sulphides) that may provide vectors towards identifying a VMS mineralised position;



- *provided a series of platforms for down-hole electromagnetic ("DHEM") surveys to be undertaken. These surveys are planned to be carried out over the next month to potentially assist in follow up drill targeting; and*
- *generated bedrock samples for geochemical analysis (with results awaited).*

These initial results provide a greatly enhanced understanding of the prospective geology within the **Homer Prospect** and the distribution of the prospective volcanic contact over a strike length of more than 1km.

On the basis of these results, a third traverse of drilling has been planned to immediately test the Narracoota volcanic sequence a further 800 metres to the east of the recently completed drilling (see *Figure 4*). It is important to note that following the completion of this additional drill traverse, only **the first 2km** of the broader **Homer Prospect** geochemical anomaly will have been tested by reconnaissance drilling.

The results to date support the geological concepts developed by Talisman for the Springfield Project and provide a strong base to continue drill testing at the **Homer Prospect** and the other high priority geochemical targets already identified.

Springfield Project - Forward Program

In addition to the current program of reconnaissance drilling at the **Homer Prospect** the following exploration activities have commenced or are planned:

- first-pass drilling of the **Abraham, Skinner and Monty** geochemical anomalies is scheduled to commence immediately following completion of the third traverse of reconnaissance drilling at the **Homer Prospect**;
- the program of geochemical soil sampling across the Springfield project, aimed at upgrading and/or identifying new geochemical anomalies is nearing completion. Processing of this information and assessment of results is likely to result in the identification of new drill targets;
- additional ground based EM surveys are planned to extend the coverage further to the north at the **Homer Prospect** and to undertake first pass assessments at a number of other targets across the Springfield Project; and
- initiation of an ultra-detailed airborne magnetic survey across the entire Springfield Project.

Combined with the reconnaissance RC drilling program currently underway at the Homer Prospect, these exploration activities are establishing the foundations for a quality, comprehensive and ongoing exploration assessment of the entire Springfield Project for high grade copper-gold VMS deposits.

Subsequent to the end of the March quarter the third and final Exploration Licence that forms part of the 100% owned Springfield Project was granted by the Department of Mines and Petroleum. The grant of this eastern most tenement (E52/2466) now gives Talisman access to the full 303km² area encompassed by the Springfield Project (see *Figure 6*).

Regional Bryah Basin Projects

In addition to the advancing Springfield Project, Talisman has also successfully consolidated a series of exploration projects across the Bryah Basin. These projects provide exposure to extensive areas of the prospective **Narracoota Volcanic Formation**.

This positions Talisman to take advantage of the emergence of what is believed to be a new geological province that is considered highly prospective for camps of VMS deposits.



These projects also provide depth and continuity to the Company's exploration portfolio, providing the opportunity to apply geological knowledge gained from exploration across the wider Basin and develop a series of follow-up exploration targets to complement those already identified at Springfield.

Halloween Copper-Gold Project (TLM 100%)

The Halloween Project, which was acquired in December 2009, is located approximately 11.5km west of the Springfield Project and 16.5km south-west of, and along strike from Sandfire Resources high-grade DeGrussa Deposit. (see Figure 7). The Halloween Project covers part of the Narracoota Volcanic Formation and is located along strike of a series of airborne EM conductors identified by both Sandfire and Chrysalis Resources.

No exploration activities were undertaken during the March quarter. Planned work programs over the coming months include collection of geochemical samples, moving loop electromagnetic surveys, collection of airborne magnetic data, mapping and potentially drilling.

Shelby Project (TLM 100%)

The Shelby Project is located on the northern margin of the Bryah Basin approximately 30km north of the Horseshoe Lights Copper-Gold Mine (see Figure 1). The 309km² project area has been targeted on the basis that extensions of the prospective Narracoota Volcanic Formation may extend further to the north under the younger sedimentary units of the Bangemall Basin.

Talisman has recently secured the grant of three Exploration Licences at Shelby. These cover both the margins of the Bryah Basin and a number of large magnetic features identified in regional magnetic datasets beneath the edge of the Bangemall Basin.

Initial profile modeling of the available airborne magnetic data was completed during the quarter to determine the likely depth of the magnetic "basement rocks" (i.e. Narracoota Volcanic Formation) beneath the sediments of the younger Bangemall Basin. The results are encouraging and indicate that the depth to the anomalous magnetic features is likely to be as shallow as 80 metres below the surface.

These results now justify the decision to undertake an ultra-detailed airborne magnetic survey over the project. This data will allow more comprehensive modeling of the depth to the basement rocks with an aim to generate a series of targets that can be drill tested at the appropriate time.

While the Shelby Project is considered to be higher risk than Talisman's other projects in the Bryah Basin, it presents an innovative concept with the potential to add a large prospective area for VMS exploration. Recognising this risk, an application has been made through the WA Government's ***Exploration Incentive Scheme*** to co-fund an initial drilling program following the completion of an ultra-detailed airborne magnetic survey over the project.

Milgun Project (TLM 100%)

The Milgun Project is located approximately 20km north west of the Shelby Project and covers what Talisman has identified as a northern outlier of the Bryah Basin (see Figure 1). The 123km² Project was originally targeted for gold, however recent assessments have identified the presence of a sequence of volcanic rock that are likely to be the equivalent of the Narracoota Volcanic Formation, and are therefore prospective for VMS-style deposits.



No exploration activities were undertaken during the March quarter. Initial exploration planned for the Milgun Project will consist of reconnaissance mapping and programs of geochemical sampling. This work, which is planned for the June Quarter, is aimed at confirming the prospectivity of the area prior to more detailed exploration.

Trillbar Project (TLM 80%)

The Trillbar Project is located on the western edge of the Bryah Basin and is interpreted to cover an approximate 20km strike length of the Narracoota Volcanic Formation (see Figure 1).

As previously reported (ASX announcement 6 April 2010) an assessment of the geology and available geochemical information was completed during the March Quarter. The conclusion of this assessment is that whilst the targeted stratigraphy at Trillbar does form part of the Narracoota Volcanics, it is interpreted to be a remnant of a deeper oceanic crust succession and therefore has a low prospectivity for the discovery of VMS copper-gold deposits.

The assessment of this Project is consistent with Talisman's stated strategy of quickly and effectively assessing projects within its exploration portfolio in the Bryah Basin without distracting attention from its focused exploration activities at the Springfield Project.

OTHER EXPLORATION PROJECTS

Wonmunna Iron Ore Project (TLM 100%)

The Wonmunna Iron Project is strategically located in the heartland of the East Pilbara iron ore mining industry, with three major operating iron ore mines (West Angelas, Area C and Hope Downs) located within 20km of the lease boundary (see Figure 8). The Wonmunna Project comprises three primary iron deposits, (North Marra Mamba, Central Marra Mamba and South Marra Mamba) which are prospective for Marra Mamba iron mineralisation and numerous exploration targets prospective for both Marra Mamba mineralisation. To date, JORC inferred resources totalling 78.3Mt @ 56.0% (50% Fe lower cut-off) have been estimated for the Project.

The focus during the Quarter continued to be predominantly directed towards identifying, reviewing, investigating and considering options for the Project that have the ability to unlock its potential value.

In addition, programs of reconnaissance mapping were undertaken on a series of new exploration target areas within the Project and preparation for a program of environmental rehabilitation has progressed.

Skull Springs JV (TLM 100% / SSR earning 70%)

In October 2009 Talisman and Shaw River Resources entered into a letter agreement setting out the terms and conditions of a farm-in on Talisman's East Pilbara manganese tenements. The Skull Springs Project is named after a nearby manganese deposit which is located within 10km of the main prospect. The project comprises four tenements known as Wandanya, Yilgalong and Gangarrigan. The tenements are located on exposed and covered Carawine Dolomite and Pinjian Chert, which are the target horizons for high grade (DSO +40%) manganese ore in the Woodie Woodie region. At Wandanya, located 40km south west of the Woodie Woodie Operations, high grade rock chips up to 65% Mn have been assayed in outcrops of mineralisation trending NE-SW.

During the Quarter a helicopter reconnaissance was undertaken over the Wandanya tenement by Shaw River's geological team. The flight confirmed the geological sequence present at Wandanya to be similar to that at Woodie Woodie, with the Pinjian Chert and Carawine Dolomite present. The dolomite unit is considered by Shaw River to be much thinner and more bedded than at their Baramine Project, but contains a high degree of manganese dissolution, which is a well known indicator for high grade mineralisation nearby. High grade manganese



occurrences were noticed at the base of the chert and at the base of the dolomite horizon and Shaw River consider that two significant target horizons are present in the Wandanya area.

Shaw River's evaluation of the target area at the Skull Springs Project will take place as an extension to its Baramine exploration programs. Talisman has been advised that Shaw River's exploration activities over the coming months will include:

- Re-processing (Target TEM) and ground based review of EM targets at Wandanya in April 2010;
- Mapping and systematic rock chip sampling to identify areas of mineralisation and intense dissolution of manganese, both excellent indicators of buried mineralisation; and
- RC drill target generation across all three tenements, with a view to completing drilling after the planned program at the Baramine Project and before the end of the September 2010 quarter.

Maitland (TLM 80%)

The Maitland project is located approximately 115km north of Meekatharra in the northern Murchison Goldfields, Western Australia. The project covers a sequence of Archean mafic, ultramafic and sedimentary rocks that have been shown by reconnaissance exploration by Talisman to be prospective for gold, base metals and high grade iron ore.

Recent work has focussed on better defining the potential for hematite-enriched BIF-hosted deposits (Midwest-style). Results up to 55% Fe have been returned in previous programs of channel sampling.

Assessment of the project is continuing.

Uaroo (TLM 100%)

The Uaroo Project lies within the Ashburton Mineral Field approximately 370km north east of Carnarvon. Recent project assessments have highlighted the potential of the Uaroo area to host extensive BIF-associated magnetite deposits similar to those targeted by Zinc Co Australia at their Mt Alexander Magnetite Project.

Access agreements are currently being negotiated with the Native Title holders prior to any physical exploration being undertaken.

Anticline Polymetallic Project (TLM 100% - iron rights held by FMG)

No exploration activity.

Tom Price Polymetallic Project (TLM 100% - iron rights held by FMG)

No exploration activity.

Yamarna Gold Project (TLM 100%)

No exploration activity.

CORPORATE

During the Quarter the Company announced (see ASX Announcement of 19 February 2010) that it had raised a total of approximately \$9.515 million (before issue costs) through a private placement to sophisticated investors.



The placement was completed in one tranche comprising 10,572,227 million ordinary shares at 90 cents each. The funds raised will be used to strengthen Talisman's working capital position, to enable it to continue to pursue exploration activities within its extensive portfolio of copper-gold projects in the Bryah Basin in Western Australia and to underpin Talisman's broader growth strategy.

The share placement was strongly supported by several Australian institutional investors and the Company's existing major shareholder, Mr Kerry Harmanis.

Competent Persons' Statement

Information in this ASX release 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 types of deposit under consideration and to the activities 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.

- ENDS -

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For media inquiries, please contact:

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or

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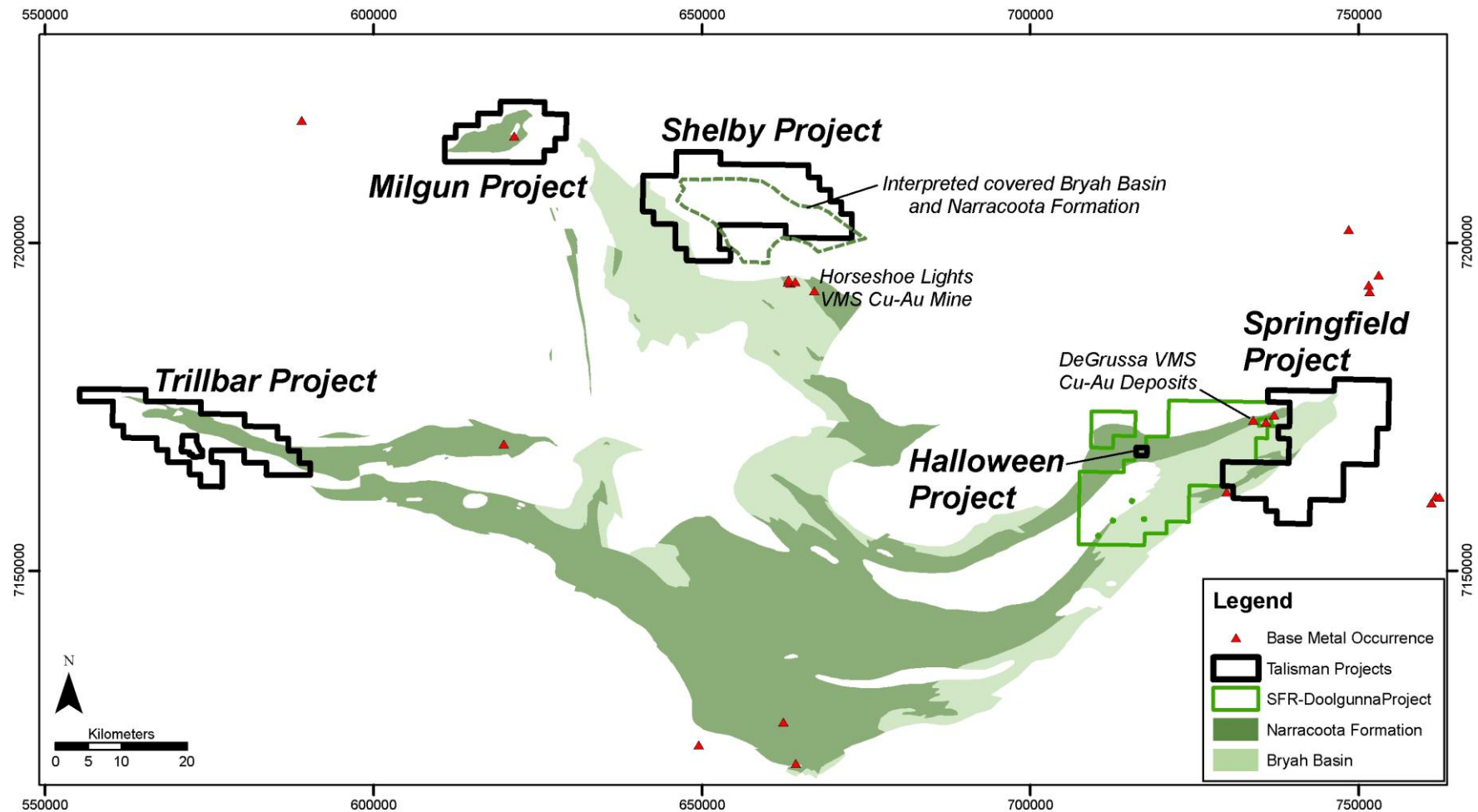


Figure 1 – Talisman Mining Ltd Bryah Basin Projects

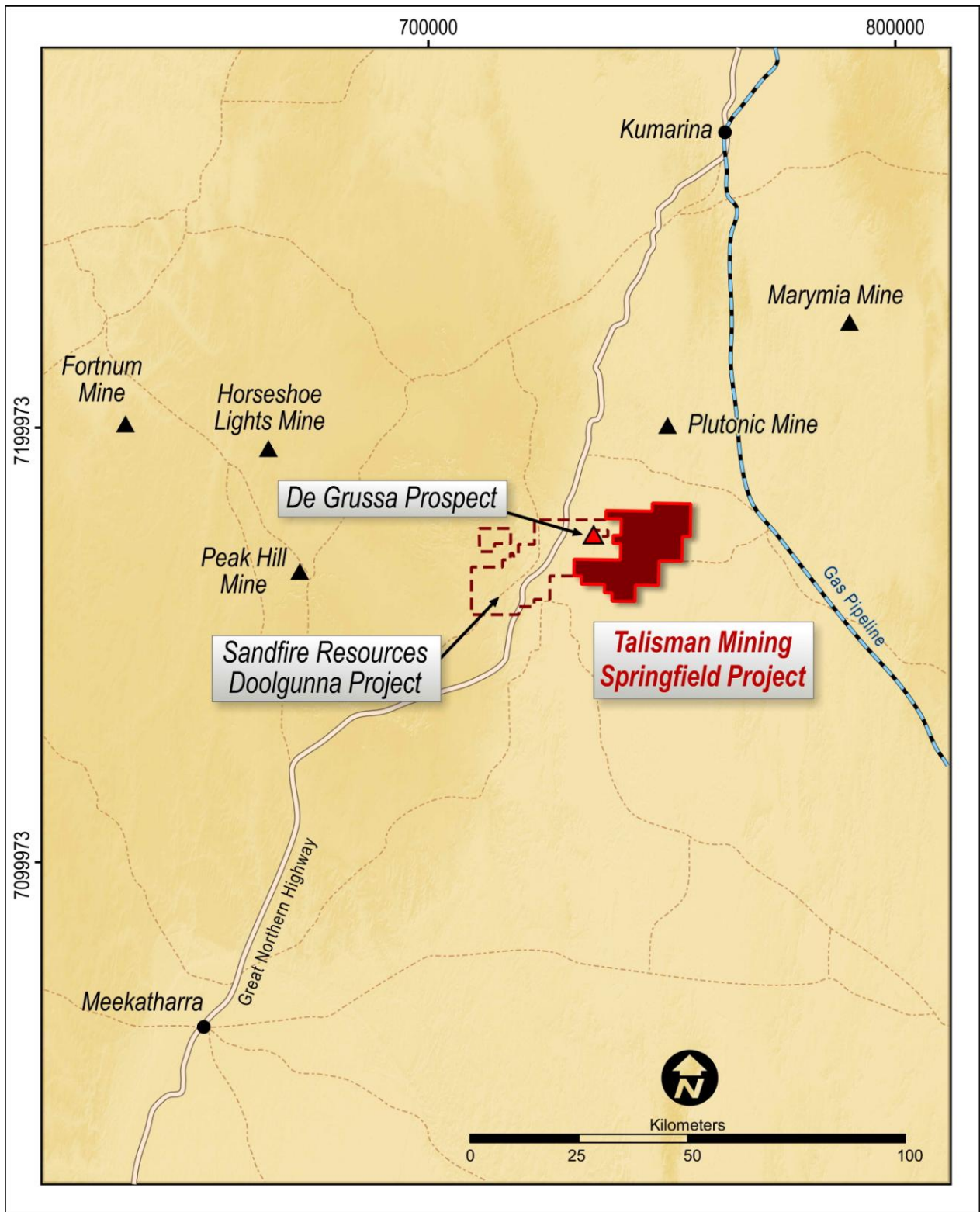


Figure 2 – Springfield Location Plan

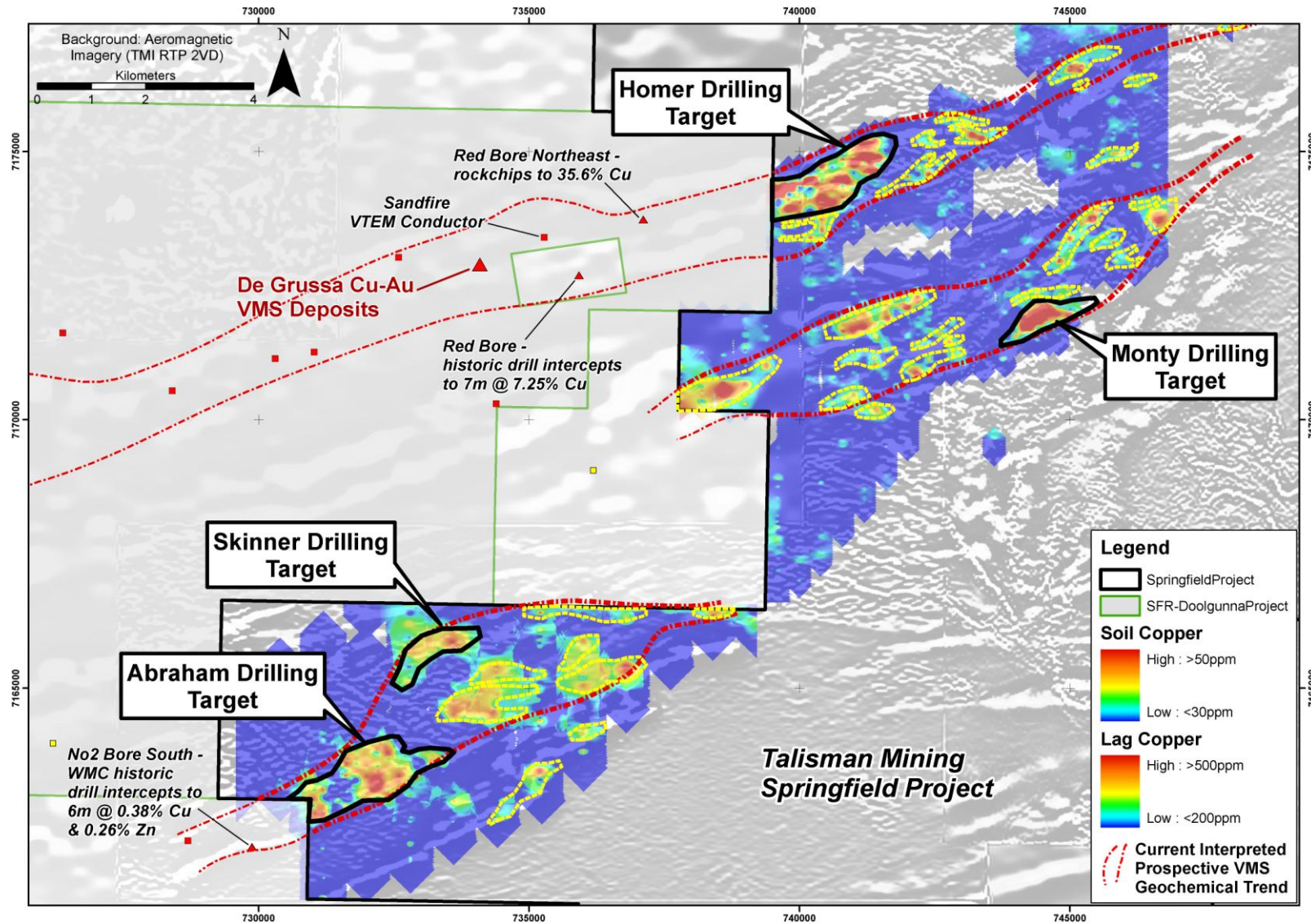


Figure 3 – Plan of Initial Springfield Project Priority Drill Targets

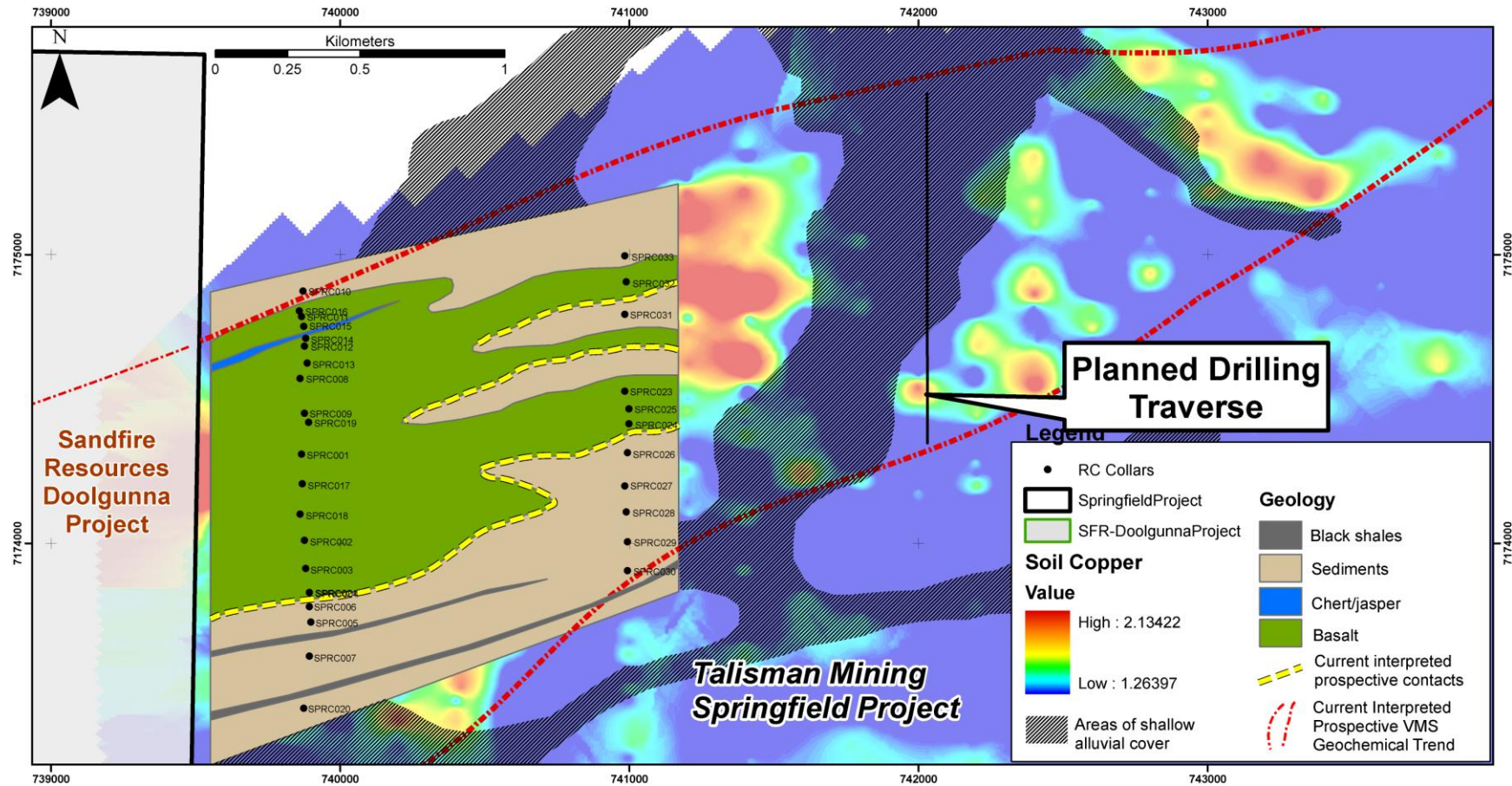


Figure 4 –Springfield Drilling Collar Map – Homer Prospect – First Two Drill Traverses

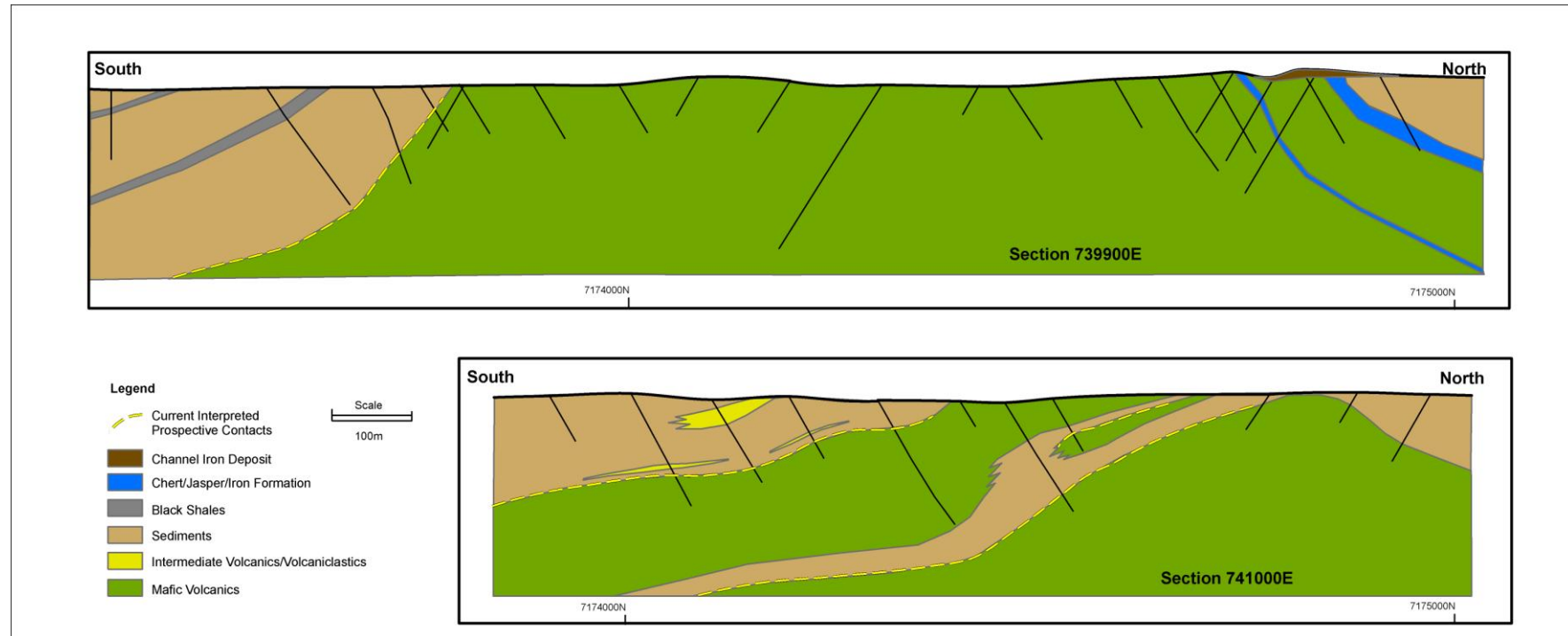


Figure 5 – Homer Prospect – Cross Sections of the Two Reconnaissance Drill Traverses

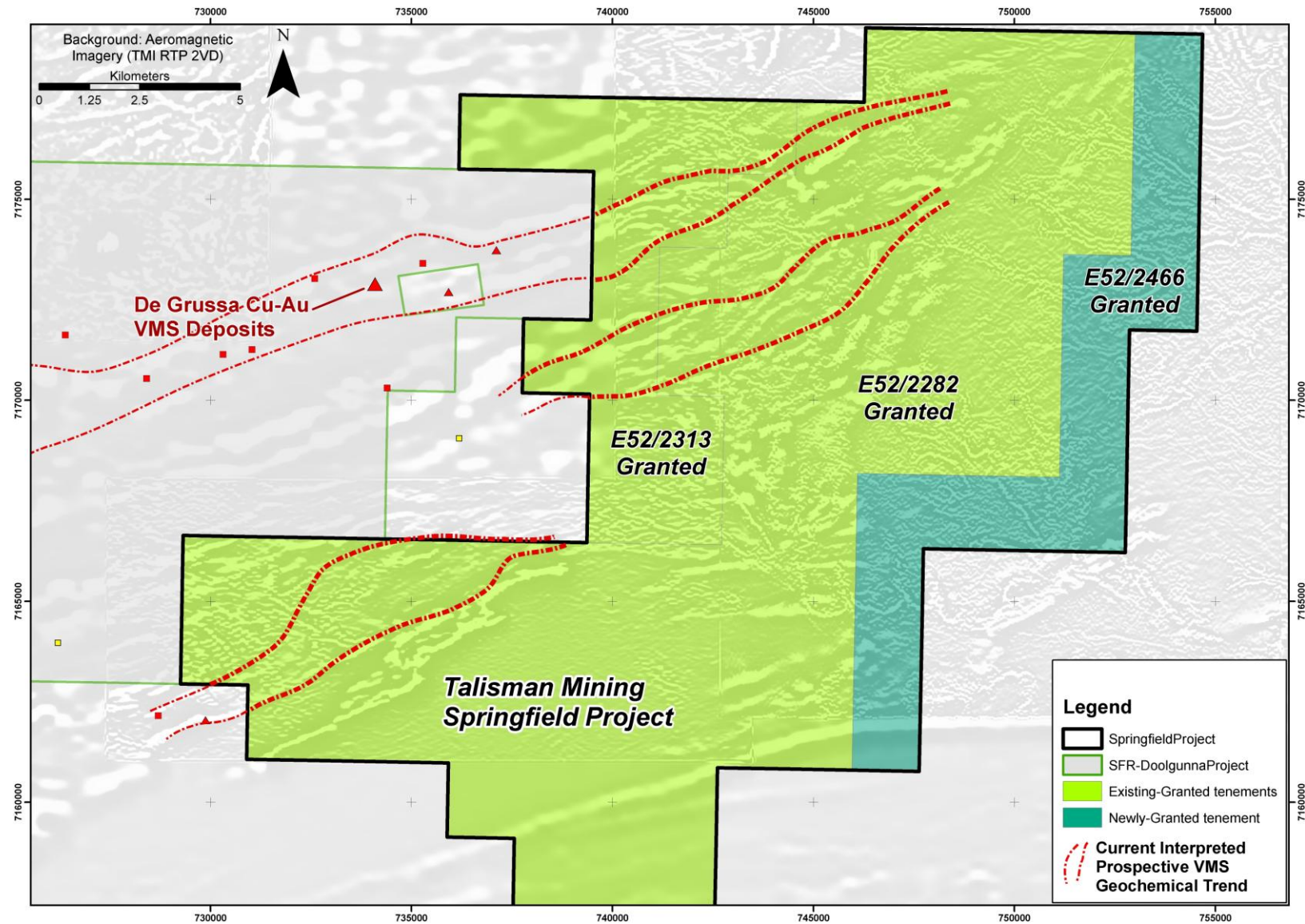


Figure 6 – Springfield Tenement Plan

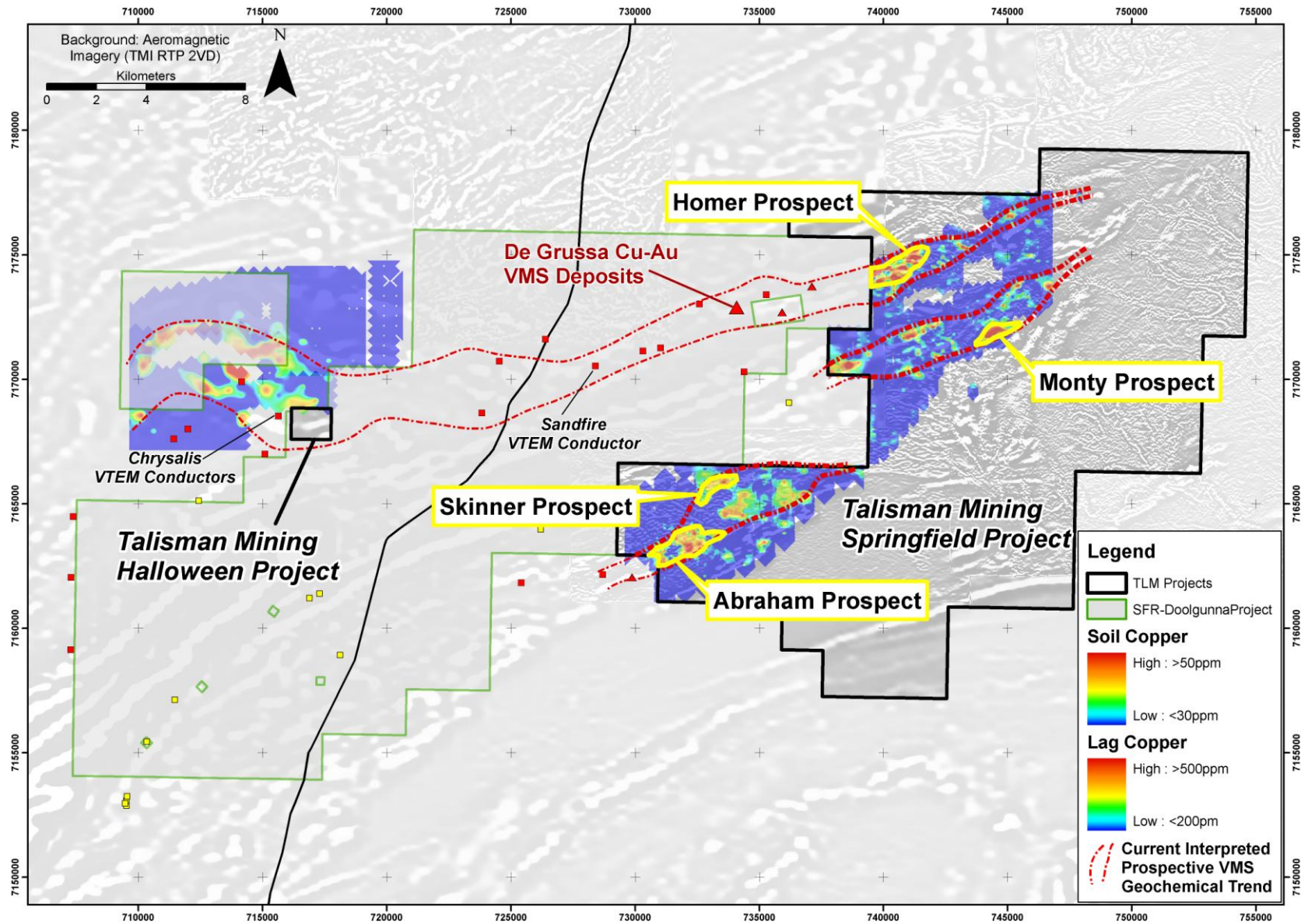


Figure 7 – Springfield & Halloween Projects Copper Geochemistry

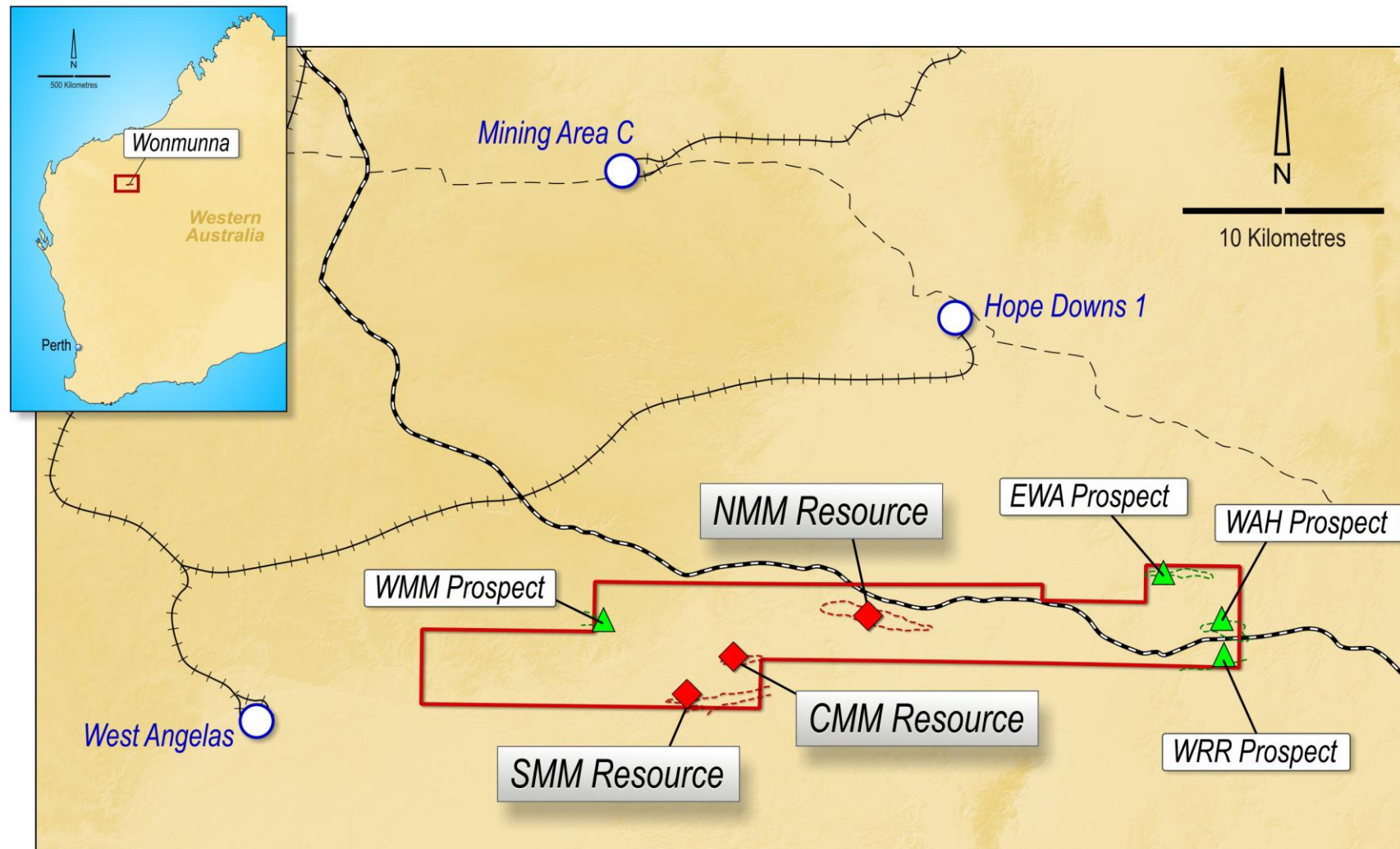


Figure 8 – Wonmunna Iron Ore Project Location Plan



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 March 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(669)	(1,407)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(458)	(1,157)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	84	233
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Other (Research and Development Tax Rebate)	-	-
Net Operating Cash Flows		(1,043)	(2,332)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(300)
	(b) equity investments	-	-
	(c) other fixed assets	(97)	(172)
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)	-	50
Net investing cash flows		(97)	(422)
1.13	Total operating and investing cash flows (carried forward)	(1,140)	(2,754)



1.13	Total operating and investing cash flows (brought forward)	(1,140)	(2,754)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	9,746	11,768
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1)	(4)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(282)	(331)
	Net financing cash flows	9,463	11,433
	Net increase (decrease) in cash held	8,323	8,679
1.20	Cash at beginning of quarter/year to date	6,944	6,588
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	15,267	15,267

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	215
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration to director's and their associates.

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

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	1,000
4.2	Development	-
	Total	1,000

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	1,113	579
5.2	Deposits at call	14,154	6,365
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	15,267	6,944

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	N/A	N/A	-	-



6.2	Interests in mining tenements acquired or increased	E52/2519	Granted (from application at end of last quarter)	100%	100%
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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	105,536,858	105,536,858		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	637,234 416,000 10,572,227	637,234 416,000 10,572,227	\$0.20 \$0.25 \$0.90	\$0.20 \$0.25 \$0.90
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 (description and conversion factor)	23,235,996 1,806,000 1,400,000 1,500,000 1,500,000 1,000,000 1,000,000 500,000 500,000 500,000 500,000 4,000,000 2,250,000 1,500,000 2,250,000 400,000 200,000 200,000 200,000 200,000 200,000	23,235,996 -	<u>Exercise price</u> \$0.20 \$0.25 \$1.20 \$1.00 \$1.20 \$1.60 \$2.20 \$1.00 \$1.20 \$1.60 \$2.20 \$0.22 \$0.50 \$0.60 \$0.70 \$1.00 \$1.10 \$1.20 \$1.30 \$0.95 \$1.36	<u>Expiry date</u> 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 31 Aug 2011 30 June 2013 30 June 2013 30 June 2013 30 Nov 2013 30 Nov 2013 30 Nov 2013 30 Nov 2013 30 June 2013 07 July 2011
7.8	Issued during quarter	400,000 200,000 200,000 200,000 200,000 212,500	- - - - - -	\$1.00 \$1.10 \$1.20 \$1.30 \$0.95 \$1.36	30 Nov 2013 30 Nov 2013 30 Nov 2013 30 Nov 2013 30 June 2013 07 July 2011
7.9	Exercised during quarter	637,234 416,000	637,234 -	\$0.20 \$0.25	31 Dec 2010 31 Dec 2010
7.10	Expired during quarter	12,500	-	\$1.36	07 July 2011
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				



Compliance statement

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).

This statement does give a true and fair view of the matters disclosed.

Date: 30 April 2010

Company Secretary

Print name: Daniel Madden

Notes

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.

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.

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.

The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

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.