



**TALISMAN
MINING LIMITED**

DECEMBER 2010 QUARTERLY REPORT

COMPANY SNAPSHOT

Board of 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

6 Centro Avenue
Subiaco, Western Australia, 6008
Australia

Telephone: +61 8 9380 4230

Facsimile: +61 8 9382 8200

Email: info@talismanmining.com.au

Website:

www.talismanmining.com.au

Capital Structure (as at 21 Jan 2011)

Shares on Issue:

130,438,627 (TLM)

Options on Issue:

14,250,000 (Unlisted)

ASX: TLM

HIGHLIGHTS

- **Completion of a highly successful 2010 exploration campaign at the Springfield Project which has resulted in the identification of the significant presence of copper-rich sulphides and anomalous gold at the high priority Homer and Monty Prospects.**
- **Option to purchase the Wonmunna and Uaroo iron ore Projects for \$41.35 million granted during the quarter to E-Com Multi Ltd. \$2 million non-refundable option fee received.**
- **Expiry of 31 December listed options resulted in 99% of options being exercised and a cash injection of over \$3.6 million.**



Drill core inspection at Springfield



THE YEAR AHEAD – 2011 OVERVIEW

Talisman's exploration strategy moving into 2011 will continue to focus on the highly prospective Springfield Copper – Gold Project and our extended portfolio of exploration projects within the surrounding Bryah Basin in Western Australia. In addition to aggressively exploring this suite of projects Talisman will, in the right situation, continue to consolidate high quality projects within the Bryah Basin that are prospective for the discovery of volcanogenic massive sulphide (VMS) copper-gold mineralisation.

This core strategy consolidates the exploration activities undertaken during 2010 and exposes Talisman to the potential of an emerging VMS "Camp". More directly, the Springfield Project, in the short to medium term, provides huge "optionality" for the discovery of a deposit with similar characteristics to Sandfire Resources' De Grussa Deposits located immediately along strike to the west in the same geological sequence.

In parallel to this core strategy Talisman continues to identify and assess opportunities for advanced exploration projects with a strong focus on copper, gold and nickel through the development and implementation of innovative exploration concepts and the sound assessment of third party opportunities.

This aggressive exploration strategy is currently underpinned by a strong cash position, which will substantially increase should the option to sell our non-core iron ore assets be exercised in February, and a motivated exploration team comprising a skilled group of geoscientists and field management professionals.

2011 will see Talisman implement its largest exploration initiative in its history. This substantial exploration effort together with the potential for a substantial cash injection from the sale of non-core iron ore assets, should assist Talisman in achieving its focused growth plans over the coming year.



RC Drilling at Springfield



EXPLORATION

BRYAH BASIN, WESTERN AUSTRALIA

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 1).

The project is located immediately along strike to the east of Sandfire Resources' DeGrussa Project where mineral resources now stand at 10.67mt @ 5.6% Cu, 1.9g/t Au and 15g/t Ag contained in four deposits.

The strength, size and grade of the DeGrussa VMS system support Talisman's view that the exploration potential in this region and immediately within Talisman's Springfield Project, located as little as 4km to the east of the DeGrussa Deposits, is very high.

It has been established by a combination of geological mapping and evaluation, geochemical sampling, interpretation of airborne magnetic data and more recently drilling, that the prospective Narracoota Volcanic Formation (which hosts the DeGrussa Deposits) extends for over 40 kilometres in three parallel trends or corridors (the Northern, Central and Southern Corridors) across Talisman's Springfield Project (see Figure 2).

2010 Exploration Achievements

Talisman completed a highly successful exploration campaign at Springfield during 2010, comprising:

- over 4,600m of diamond drilling, 11,400m of reconnaissance reverse circulation (RC) drilling and 5,300m of rotary air blast (RAB) drilling;
- the collection and interpretation of detailed airborne magnetic and radiometric data covering the entire project and surrounding areas;
- the collection and interpretation of over 10,000 surface geochemical samples as well as detailed geological mapping and the associated collection of rock chip samples; and
- the utilisation of a number of supporting geophysical methods including down-hole electromagnetic surveys (DHEM), moving loop electromagnetic surveys (MLEM) and detailed gravity surveys.

Key results from the exploration program to date include:

- confirmation that the Springfield Project contains at least 45 strike kilometres of the prospective Narracoota Volcanic sequence, the same sequence of volcanic rocks which hosts the DeGrussa VMS system;
- identification of this prospective stratigraphic sequence in three parallel corridors (the Northern, Central and Southern Corridors) across the Project;
- verification the Northern Corridor represents the immediate strike extension of the geological trend that hosts the high-grade DeGrussa deposits 4 to 5km to the west;



- identification of the **Homer and Monty Prospects** as the highest priority targets within the Springfield Project based on the significant presence of copper-rich sulphides (i.e. chalcopyrite), anomalous zones of associated gold and associated alteration that is supportive of the presence of a broader copper-gold VMS system (see Table 1 and 2); and
- the generation of multiple new targets by utilising data provided by the detailed airborne magnetic survey, and in particular having the litho-structural setting of the DeGrussa Deposits put into context with the Springfield Project.

Talisman's approach to exploration at the Springfield Project over the past year has been to systematically build a comprehensive understanding of the structure and controls of the mineralisation within the Company's tenements, while identifying the key priority targets with the potential to deliver a significant discovery.

Priority Springfield Prospects

The following is a summary of the high priority targets that Talisman will be testing when field exploration recommences in February 2011 (see Figure 2);

Homer Prospect

- Immediate strike continuity and identical geological sequence to that hosting the DeGrussa Deposits, consisting of intercalated mafic volcanic rocks and mafic volcanoclastic sediments.
- Presence of chalcopyrite and widespread copper (and gold) anomalism identified in reverse circulation and diamond drilling (see Table 1 & 2).
- Supportive multi-element geochemistry that is interpreted as a potential vector to a VMS mineralised system.

Commencing in February 2011, exploration at the Homer Prospect will consist of follow-up targeted diamond and RC drilling with associated down-hole electromagnetic surveys.

Monty Prospect

- Located within the ~17km long Central VMS Corridor which is interpreted to be a faulted or folded repeat of the stratigraphy that hosts the DeGrussa Deposits.
- The prospect is characterised by intercalated mafic volcanic rocks and mafic volcanoclastic sediments.
- Presence of felsic to intermediate volcanic rocks that may indicate proximity to a mineralising vent position.
- Presence of chalcopyrite and widespread copper (and gold) anomalism identified in reverse circulation and diamond drilling (see Table 1 & 2).
- Supportive multi-element geochemistry that is interpreted as a potential vector to a VMS mineralised system.



The Monty Prospect has to date only been drill tested on a single traverse of 9 wide spaced RC holes. As such exploration in 2011 at this prospect will initially consist of step out reconnaissance RC drilling to delineate the prospective position along strike followed by targeted diamond drilling and associated down-hole electromagnetic surveys.

CCO2 Prospect

- The CCO2 Prospect is located towards the western end of the ~17km Central Corridor.
- Drilling in the December 2010 quarter, designed to test a coincident EM and gravity anomaly, is interpreted to have missed the target.
- Drilling in 2010 intersected anomalous zones of copper sulphides (see Table 1) in the interpreted up-dip position from the remodelled EM target.

This target will be diamond drill tested as a priority on resumption of exploration activities in February 2011. Follow-up activities will be dependent on initial results.

Reconnaissance RAB Drilling

79% of a 25,000 metre rotary air blast (RAB) drilling program covering much of the Northern and Central VMS Corridors remains to be completed in the first half of 2011. The aim of this drill program is to provide a quality dataset of consistent geological and geochemical data largely beneath areas of extensive transported cover. Targets generated from this drill program will be tested by reconnaissance RC drilling. (see Figure 3)

This drill program is currently scheduled to commence in the second quarter of 2011.

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 Talisman with exposure to extensive areas of the prospective **Narracoota Volcanic Formation**.

This positions Talisman to take advantage of the emergence of what is believed to potentially 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 'local' geological knowledge gained from exploration across the Bryah Basin and develop a series of follow-up exploration targets at these other projects in order to complement those already identified at Springfield.



Halloween Project (TLM 100%)

The Halloween Project is located approximately 11.5km west of the Springfield Project and 16.5km south-west of, and along strike from, the high-grade DeGrussa Deposit (see Figure 1). 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.

Activities at the Halloween Project during the quarter focussed on the processing and interpretation of the recently collected airborne magnetic and radiometric data. Resultant targeting work, utilising this information, has identified two high priority areas of coincident magnetic highs and broad copper-gold geochemical anomalism.

Detailed checking and review of these target areas, including geological mapping, will commence early in 2011 whilst drilling approvals are being finalised.

Shelby Project (TLM 100%)

The 309km² 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 project area was originally 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. Evaluation of recently collected airborne magnetic data also indicates excellent potential for large intrusive bodies either of mafic-ultramafic or granitic affinity that have the potential to host a range of deposit types including mafic-ultramafic intrusive related nickel-copper deposits (e.g. Voisey's Bay (Vale), West Musgrave (BHPB)) and/or Iron Oxide Copper Gold (IOCG) deposits (e.g. Olympic Dam (BHPB)).

Talisman has been granted funding up to \$200,000 under the WA State Government Exploration Incentive Scheme (EIS) for an initial deep diamond drilling program to test this concept.

During the quarter exploration at the Shelby Project consisted of open file data compilation, field checking and accessing and inspection of historical drill core. In addition, initial deep diamond drilling programs have been designed and submitted for all statutory approvals.

Milgun Project (TLM 80%)

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.

During the quarter initial surface geochemical sampling commenced at the project with the remainder of this planned program to be undertaken in February 2011.



OTHER EXPLORATION PROJECTS

Wonmunna (TLM 100%)

The Wonmunna Iron Project is strategically located in the heartland of the East Pilbara iron ore mining industry (see Figure 1, with three major operating iron ore mines (West Angelas, Area C and Hope Downs) located within 20km of the lease boundary). 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.

Potential Sale of the Wonmunna Project

On 1 October 2010 Talisman entered into an Option Agreement with E-Com Multi Ltd (“**ECE**”) to grant that company an option to purchase the Wonmunna and Uaroo iron ore projects for a consideration of \$41.35 million, comprising cash of \$34.25 million, shares in E-Com Multi Limited to the value of \$7.1 million and 1% gross revenue royalties on the Projects.

The grant of the option to ECE was conditional upon the payment to Talisman of a \$2 million non-refundable option fee. ECE required shareholder approval to make this payment. Following ECE shareholder approval on 11 November 2010, ECE paid the \$2 million non-refundable option fee to Talisman on 15 November 2010 at which date the option to purchase the Wonmunna and Uaroo iron ore projects was granted by Talisman to ECE. This option will expire on 12 February 2011 or as otherwise agreed by the parties.

The \$2 million option fee will be included in the overall cash purchase consideration if the option is exercised by E-Com Multi Limited.

The exercise of the option by E-Com Multi Limited is conditional on:

- Shareholder approval for the exercise of the option by ECE (scheduled for 31 January 2011);
- Any other statutory approvals which may be required by either party; and
- E-Com Multi Limited completing a capital consolidation and capital raising of up to a total of \$45 million.

Should the option be exercised, it will result in a major boost to Talisman’s cash resources which will underpin its ongoing copper-gold exploration activities in the highly prospective Bryah Basin and significantly enhance its ability to target additional new growth opportunities in the Australian resource sector.

Talisman will also retain a holding in E-Com Multi Limited of between 7.9% and 8.9% on an undiluted basis post that company’s recapitalisation and capital consolidation, giving Talisman exposure to the future upside from the successful execution of E-Com Multi Limited’s Australian iron ore strategy.

Under the terms of the Option Agreement the total sale consideration (cash and shares) for the Wonmunna Project is \$41.0 million and a 1% gross royalty on all metals produced and sold from the Wonmunna Project.

Further details are available in the announcements to the ASX dated 1 October 2010 and 15 November 2010 entitled *Option Agreement to Sell Iron Ore Assets* and *Talisman grants option to sell WA Iron Ore Assets*.



Exploration Activities

Exploration activities at Wonmunna during the quarter related predominantly to minor rehabilitation activities.

Uaroo (TLM 100%)

The Uaroo Project lies within the Ashburton Mineral Field approximately 370km north east of Carnarvon (see Figure 1). 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.

During the quarter limited exploration activity took place.

As previously announced to the ASX (and detailed in the Wonmunna section of this Quarterly Report) Talisman entered into an Option Agreement on 1 October 2010 with E-Com Multi Ltd to sell the Uaroo and Wonmunna iron ore projects.

Under the terms of the Agreement the total sale consideration (cash and shares) for the Uaroo Project is \$0.35 million and a 1% gross royalty on all metals produced and sold from the project. There is also a potential milestone payment of \$3 million upon the definition of a JORC compliant iron ore resource at Uaroo of greater than or equal to 300 million tonnes at greater than or equal to 30% Fe.

Following ECE shareholder approval and the payment of the non-refundable option fee to Talisman, the option to purchase the Wonmunna and Uaroo iron ore projects was granted by Talisman to ECE on 15 November 2010. This option will expire on 12 February 2011 or as otherwise agreed by the parties.

Further details are available in the announcements dated 1 October 2010 and 15 November 2010 entitled *Option Agreement to Sell Iron Ore Assets* and *Talisman grants option to sell WA Iron Ore Assets*.

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 that 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 (see Figure 1). At Wandanya, located 40km south west of the Woodie Woodie Operations, high grade rock chips up to 65% Mn have previously been assayed in outcrops of mineralisation trending NE-SW.

Talisman has been notified by joint venture partner Shaw River Resources that it continues to prepare to drill a 1,200m – 1,500m first pass RC drilling program at the Wandanya Project in early 2011. This drilling is planned to target three prospective outcrop areas that extend over a 2.5km strike length where evidence of a strong hydrothermal signature, hosting structures and manganese alteration are identified as being most intense.



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.

CORPORATE

During the quarter 18,399,952 31 December 2010 listed options were exercised.

The Company's cash increased during the quarter by \$3.7 million to \$16.5 million as at 31 December 2010.

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.

For further information, please contact:

Gary Lethridge – Managing Director

or

Peter Langworthy – Technical Director

on +61 8 9380 4230

For media inquiries, please contact:

Nicholas Read – Read Corporate

on +61 419 929 046

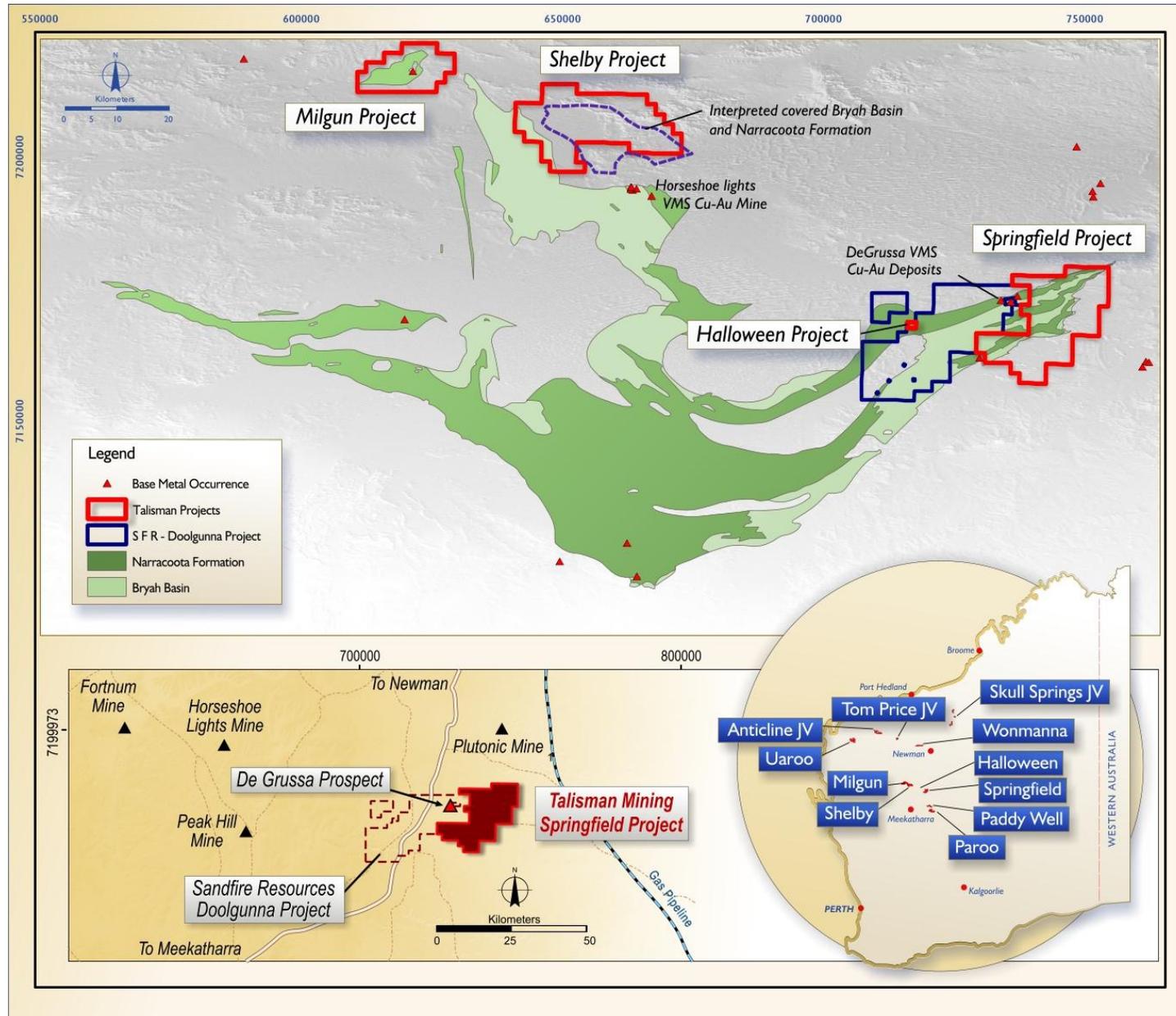


Figure 1 – Talisman Mining Ltd Project locations

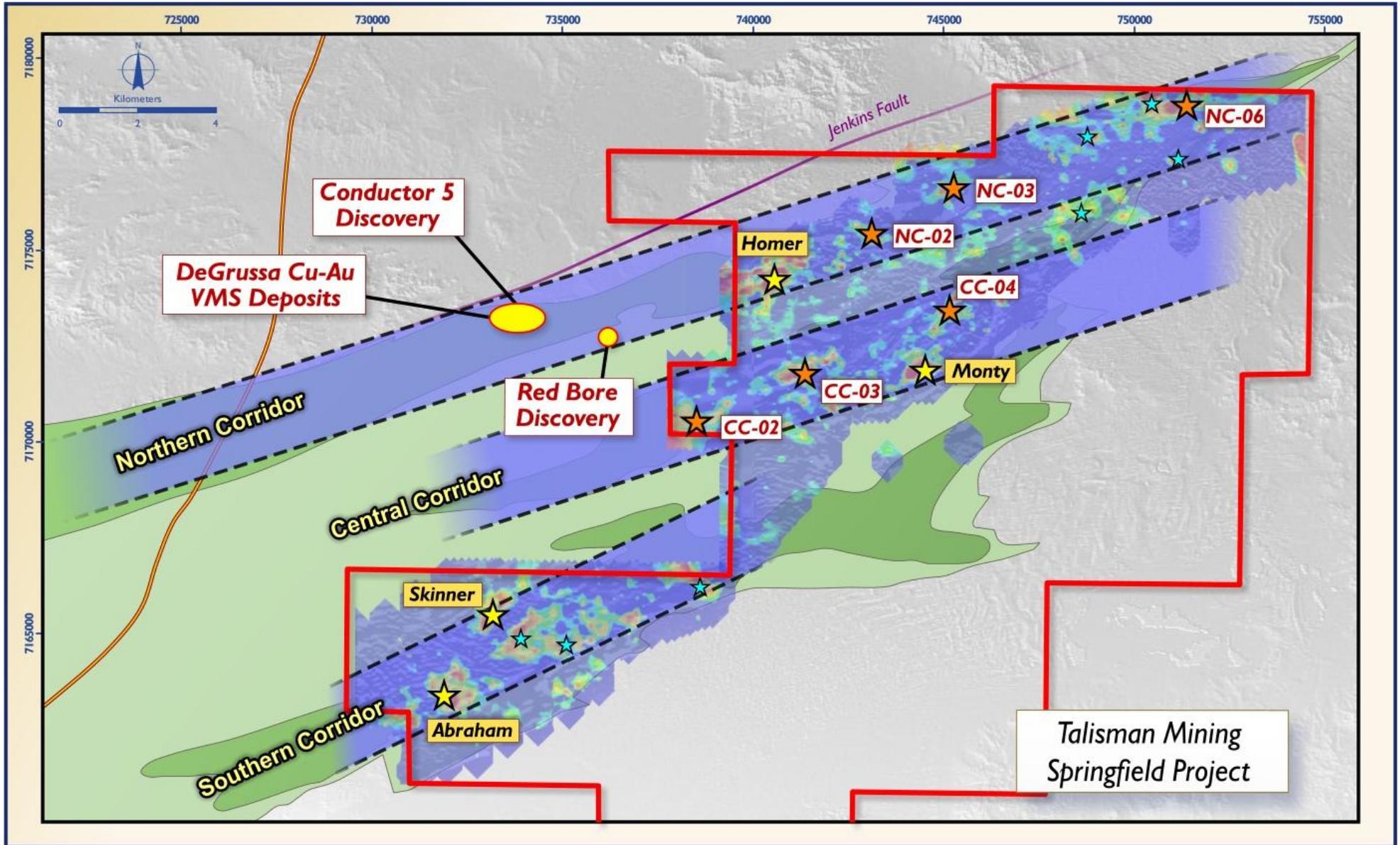


Figure 2 – Springfield Prospects and Priority Targets

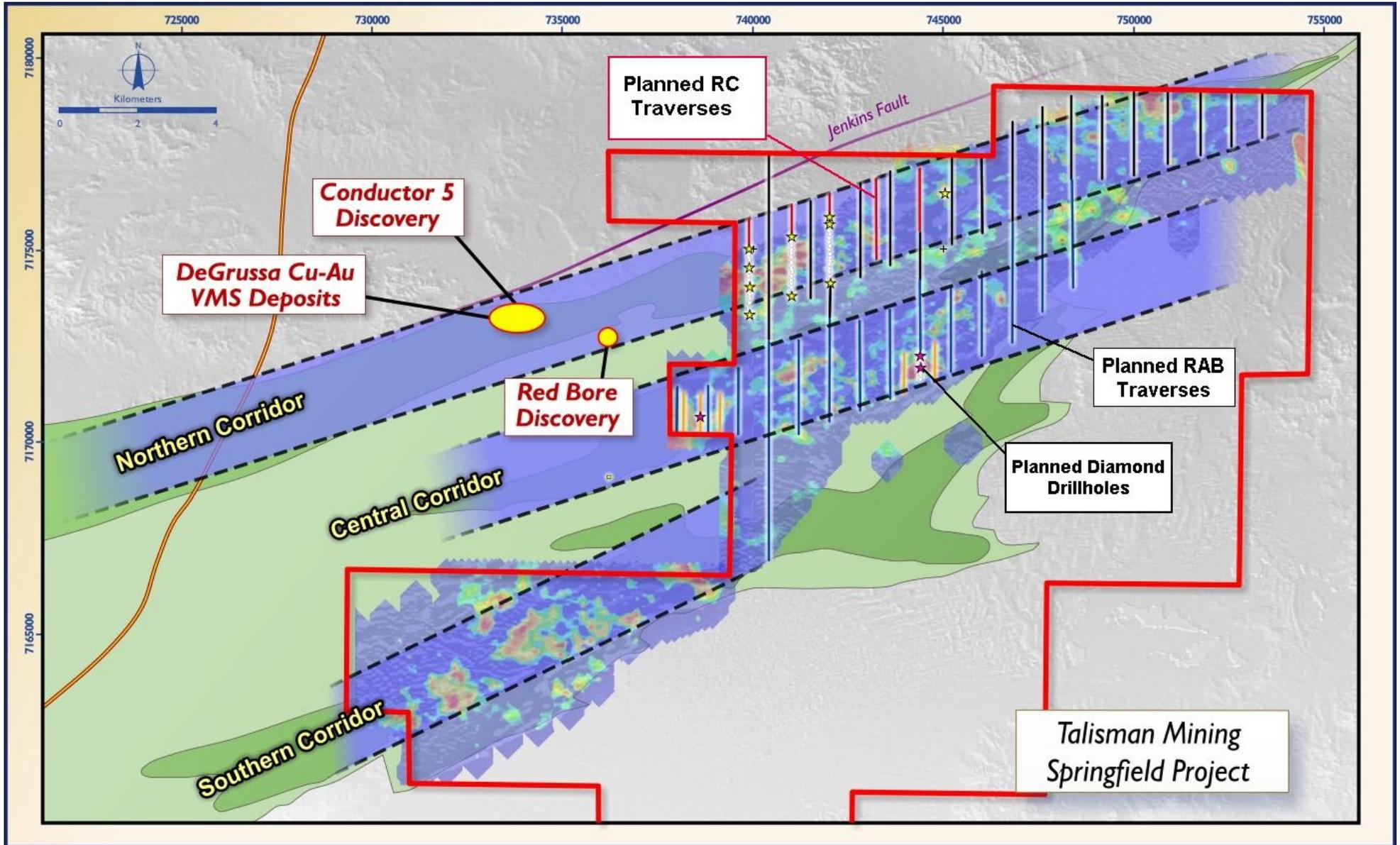


Figure 3 – Springfield Planned Work



Table 1: Significant Copper Intercepts, Springfield Project.

Hole	Easting	Northing	Dip/Az	From	To	Metres	Cu Grade
HOMER PROSPECT							
SPD001	742000	7175700	-60/180	245.00 441.00	245.50 441.50	0.50 0.50	0.13% 0.13%
SPD003	739900	7174970	-60/180	180.00 315.13	181.00 316.13	1.00 1.00	0.13% 0.16%
SPD004	739880	7173980	-60/000	231.50	232.65	1.15	0.10%
SPD005	739900	7173420	-80/000	333.00	333.60	0.60	0.36% e
SPD006	742000	7175640	-60/180	131.75 259.00 466.00 <i>(incl. 466.75)</i>	132.50 260.00 468.00 467.00	0.75 1.00 2.00 0.25	0.10% x 0.26% 0.23% x 1.54% x
SPD011	739905	7173825	-60/000	140.00 157.00 390.50 564.50	140.50 157.50 391.00 565.00	0.50 0.50 0.50 0.50	0.16% x 0.13% x 0.31% x 0.18% x
SPD012	741000	7174250	-60/000	114.50 260.00 272.50 <i>(incl. 273.50)</i>	115.50 260.50 274.00 274.00	1.00 0.50 1.50 0.50	0.10% 0.14% x 0.21% x 0.57% x
SPD013	739895	7175060	-60/180	329.00 431.50	329.50 432.00	0.50 0.50	0.17% x 0.27% x
SPRB003	741419	7175237	-90	21	26	5	480ppm
SPRB014	741510	7174141	-90	14	43	29	385ppm
SPRB027	740402	7174980	-90	11	21	11	403ppm
SPRB031	740386	7175465	-90	24 <i>(incl. 33)</i>	42 42	18 9	932ppm 0.12%
MONTY PROSPECT							
SPD009	744385	7171745	-60/360 <i>(incl. 120.25)</i>	118.75 120.25	120.75 12.75	2.00 0.50	0.13% x 0.45% x
NC02 TARGET							
SPRC102	743230	7175290	-60/000	43	56	13	395ppm x
SPRC105	743205	7174675	-90	24	46	24	293ppm xe
SPRB073	742810	7175438	-90	3	22	19	396ppm
NC03 TARGET							
SPRC093	744485	7175630	-90	56	57	1	0.12%
CC02 TARGET							
SPD007	738605	7170605	-60/000	168.25 177.75	168.50 178.00	0.25 0.25	0.11% x 0.10% x
CC04 TARGET							
SPRB117	744424	7173717	-90	31	43	12	329ppm

Note: All assays are 4-acid digest ICP multi-element unless otherwise noted
 x = hand-held XRF composited point-sample assays, yet to be verified by assaying
 e = End of hole

Table 2: Significant Gold Intercepts, Springfield Project.

Hole	Easting	Northing	Dip/Az	From	To	Metres	Au Grade
HOMER PROSPECT							
SPD005	739900	7173420	-80/000	254.00	235.00	2.00	0.50g/t
SPD012	741000	7174250	-60/000	59.00	60.00	1.00	0.67g/t
SPRC007	739896	7173601	-60/000	139 133 147	130 136 150	1 3 3	0.25g/t 0.96g/t 0.30g/t
SPRC089	739900	7173595	-90	163	167	4	0.23g/t
MONTY PROSPECT							
SPRC082	744390	7171999	-60/180	10	14	4	0.81g/t
NC03 TARGET							
SPRC096	744500	7176466	-90	48	52	4	0.31g/t

Note: All assays are 4-acid digest ICP unless otherwise noted
 e = End of hole

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 1/6/10.

Name of entity

TALISMAN MINING LIMITED

ABN

71 079 536 495

Quarter ended ("current quarter")

31 December 2010

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	37	37
1.2 Payments for:		
(a) exploration and evaluation	(2,453)	(3,451)
(b) development	-	-
(c) production	-	-
(d) administration	(415)	(902)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	175	346
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(2,656)	(3,970)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(73)	(151)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	2,000	2,000
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	1,927	1,849
1.13 Total operating and investing cash flows (carried forward)	(729)	(2,121)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(729)	(2,121)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,480	4,966
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(1)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	-	-
	Net financing cash flows	4,480	4,965
	Net increase (decrease) in cash held	3,751	2,844
1.20	Cash at beginning of quarter/year to date	12,755	13,662
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	16,506	16,506

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	249
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.

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	2,100
4.2 Development	-
4.3 Production	-
4.4 Administration	350
Total	2,450

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	3,493	1,771
5.2 Deposits at call	13,013	10,984
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	16,506	12,755

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	N/A	N/A
6.2 Interests in mining tenements acquired or increased	E52/2628	Granted from Application	100%	100%
	E52/2629	Granted from Application	100%	100%
	E52/2634	Granted from Application	100%	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 <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	127,332,333	127,332,333		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	18,399,952 1,428,000	18,399,952 1,428,000	\$0.20 \$0.25	\$0.20 \$0.25
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

7.7	Options <i>(description and conversion factor)</i>	3,106,294 500,000 500,000 500,000 500,000 4,000,000 2,250,000 1,500,000 2,250,000 400,000 200,000 200,000 200,000 200,000 200,000 25,000 25,000 250,000 250,000 250,000 250,000	3,106,294 -	<u>Exercise price</u> \$0.20 \$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 \$1.14 \$1.32 \$1.27 \$1.35 \$1.44 \$1.52	<u>Expiry date</u> 31 Dec 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 Nov 2013 30 June 2013 07 July 2011 27 Oct 2011 27 April 2013 30 Nov 2013 30 Nov 2013 30 Nov 2013 30 Nov 2013
7.8	Issued during quarter	250,000 250,000 250,000 250,000		\$1.27 \$1.35 \$1.44 \$1.52	30 Nov 2013 30 Nov 2013 30 Nov 2013 30 Nov 2013
7.9	Exercised during quarter	18,399,952 1,428,000	18,399,952 1,428,000	\$0.20 \$0.25	31 Dec 2010 31 Dec 2010
7.10	Expired during quarter	112,227 28,000 1,400,000 1,500,000 1,500,000 1,000,000 1,000,000	112,227 - - - - - -	\$0.20 \$0.25 \$1.20 \$1.00 \$1.20 \$1.60 \$2.20	31 Dec 2010 31 Dec 2010 31 Dec 2010 30 Nov 2010 30 Nov 2010 30 Nov 2010 30 Nov 2010
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: Daniel Madden Date: 21 January 2011
Company Secretary



Print name: Daniel Madden

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.

====

+ See chapter 19 for defined terms.