



**TALISMAN  
MINING LIMITED**

## JUNE 2011 QUARTERLY REPORT

### COMPANY SNAPSHOT

#### Board of Directors

**Alan Senior**  
Non Executive Chairman

**Gary Lethridge**  
Managing Director

**Peter Langworthy**  
Technical Director

**Brian Dawes**  
Non Executive Director

**Karen Gadsby**  
Non Executive Director

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#### Capital Structure

**Shares on Issue:**  
130,538,627 (TLM)

**Options on Issue:**  
12,850,000 (Unlisted)

**ASX: TLM**

### HIGHLIGHTS

- **High grade Copper sulphides intersected at depth at the Monty Prospect – target horizon defined and currently being drilled.**
- **Coincident and significant geochemical anomalism directly above drill hole SPD020 demonstrates the potential for the Monty prospect to host a VMS style mineralized system.**
- **Significant headway made on systematic and sweeping multi-discipline exploration analysis of the Springfield project – providing significant advancement of geological model.**
- **Asset portfolio broadened in the Murchison, Western Australia with acquisition of two new gold exploration projects – drilling planned to commence during the September Quarter.**
- **Strong cash position of \$43M – supports comprehensive exploration strategy and provides strong platform to assess ongoing quality opportunities.**



Chalcopyrite Intercept – SPD020



## **EXPLORATION**

### **SPRINGFIELD COPPER-GOLD PROJECT (TLM 100%)**

*The Springfield Project comprises a 303km<sup>2</sup> 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 reported mineral resources now stand at 14.33mt @ 4.6% Cu and 1.6g/t Au contained in four deposits.*

*Talisman has been aggressively exploring the Springfield Project since the grant of the first two project tenements in November 2009 with systematic exploration activities focused on the generation of quality and comprehensive data sets. Work completed to date confirms that the Springfield Project has multiple prospective exploration opportunities and in light of recent drilling results, confirms Talisman's view that the Springfield Project has the potential to host world class copper-gold VMS deposits.*

### ***MONTY PROSPECT***

During the quarter Talisman announced that significant copper mineralisation had been identified in diamond drilling at **the Monty Prospect**. The results from diamond drill hole SPD020 intersected a zone of **breccia-massive copper sulphides** interpreted to be part of a mineralised "feeder zone" within an extensive alteration system (see **Figure 2**). The mineralised zone returned final assay results of (see **Table 1** for details):

- **SPD020**                      **0.3 metres @ 7.6% Cu**                      **(502.0m – 502.3m)**

Subsequent drilling at Monty up dip of SPD020 and along strike to the east has now confirmed the presence of a defined mineralised target horizon associated with this alteration system over at least 1.6 kilometres and potentially up to 3 kilometres based on the interpretation of geophysical and geochemical data (see **Figure 3**).

RC drilling up-dip of SPD 020 intersected thick zones of highly anomalous copper over a broad area. Central to this zone SPRC141 intersected **7 metres @ 0.21% Cu\*** on a defined sediment horizon within the package of altered mafic volcanic rocks. To test this horizon two existing RC holes were utilised as pre-collars for deeper diamond drilling. SPD021 intersected the target horizon approximately 250 metres below the previous drilling and intersected a zone of quartz-sulphide (chalcopyrite-pyrite) mineralisation. From within a broader 6 metre zone of anomalous copper and gold values best results were (see **Table 1** for details):

- **SPD021**                      **0.5 metres @ 1.3% Cu and 1.0g/t Au (347.5m – 348m)**

To test this target horizon between SPD020 and SPD021, diamond drillhole SPD022 was drilled to a depth of 646 metres. The hole failed to intersect the prospective horizon at the targeted depth where it appears a mafic intrusive body (dolerite) has locally obscured the target zone (see **Figure 2**).



Talisman believes that these drilling results are highly encouraging. A prospective mineralised horizon has now been defined and can be interpreted on this drilling section to have a down-dip extent of up to 500 metres. Nearest drilling is located 800 metres to the east where the targeted sediment horizon has been located within the extensive alteration zone including broad zones of disseminated and stringer copper sulphides (i.e. chalcopyrite).

Most recent drilling targeted the prospective sediment horizon a further 800 metre step out to the east (see **Figure 3**). Diamond drill hole SPD023 successfully intersected a narrow zone (~0.30m) of quartz-sulphide (chalcopyrite-pyrite) mineralisation in the targeted horizon. Final assays are awaited.

A target horizon which remains open in all directions has now been identified and will be the focus of a diamond drilling programme in conjunction with DHEM.

### ***MLEM Survey***

The collection of regional datasets across the entire Springfield Project has continued in parallel with the diamond and RC drilling programs. A comprehensive MLEM survey has now covered most of the Northern Corridor and is currently moving onto the Central Corridor. It is expected that the remainder of the survey will take another month to complete.

Whilst results from this survey are currently incomplete, it is likely that a number of already identified conductive anomalies will justify drill testing once data is fully assessed and regulatory approvals achieved.

### ***Gravity Survey***

The recognition of the association of strong alteration with coincident discrete gravity highs and magnetic lows is providing a key targeting parameter that can now be applied across the wider Springfield Project.

The immediate and positive impact of the gravity results on the targeting process has resulted in the gravity survey being expanded to cover the majority of the Springfield Project. This work was completed during July with the results currently being assessed and integrated with other data sets.

### ***RAB Drilling***

An extensive second phase of RAB drilling covering the Central Corridor was completed during the quarter (approximately 300 holes for 12,500 metres). An additional phase of RAB drilling covering extensions of the Northern Corridor is awaiting statutory approval and is currently scheduled for commencement during the September quarter (150 holes for 10,000 metres).

The data collected from the RAB drilling is proving critical in constructing the detailed project geology and also in providing important geochemical data that can then be targeted with follow-up RC drilling.



## **REGIONAL BASE METALS PROJECTS**

In addition to the advancing Springfield Project, Talisman has also successfully consolidated a series of exploration projects both within the Bryah Basin and the adjacent Bangemall Basin. These projects provide Talisman with exposure to extensive areas of prospective geology in areas that have had little, if any, meaningful base metals exploration. These projects position Talisman to take advantage of the emergence of what could be a new geological province for world class base metal 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 region and to develop exploration strategies that complement the core activities at Springfield.

### **Halloween Project (TLM 100%)**

*The Halloween Project is located approximately 16.5km west of the Springfield Project and 11.5km 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.*

A 2,000 metre (~15 hole) reverse circulation (RC) drilling program is planned at the Halloween Project to test several geochemical anomalies and represents the first phase of drilling at this prospect. This maiden drilling programme is scheduled for completion during the September quarter with all permits and approvals now granted.

### **Shelby Project (TLM 100%)**

*The 1,050km<sup>2</sup> 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**). Talisman is targeting large scale mineral deposits along a 140 kilometre extent of an interpreted crustal suture zone on the edge of the Yilgarn Craton.*

### **EIS Deep Diamond Drilling Program**

Talisman has been granted funding up to \$200,000 under the WA State Government Exploration Incentive Scheme (EIS) for an initial deep diamond drilling at Shelby. During the quarter Talisman successfully completed a 1,452 metre drill hole to test a large magnetic body that had been identified and modelled from recently collected airborne magnetic data (see **Figure 4**).

The hole intersected a thick package of schistose and altered mafic and ultramafic rocks that are interpreted as a series of volcanic flows and locally derived volcanogenic breccia deposits. Deeper in the hole a yet to be fully defined complex of intermediate to felsic intrusive rocks has possibly been identified. This sequence of rocks is located approximately 500 metres beneath a sequence of younger Bangemall Basin sediments.



Importantly the sequence of rocks is over printed by a strong, zoned hematite-magnetite alteration system that may be related to a mineralising event. Minor trace chalcopyrite was also noted. Samples from this hole have been sent to ACME Labs in Vancouver, Canada which is recognised as one of the leading geochemical and assaying laboratories in the world. ACME Labs will complete a detailed geochemical suite of analysis with results due in August.

Importantly, the results of this analysis along with detailed geochronology analysis currently being completed in Australia, will assist in identifying the age and sequence of the geology, further refining follow-up drill targets designed to identify potential mineralised VMS systems.

## **Geophysical Surveys**

To understand and evaluate the entire Shelby Project, and to provide the basis for ongoing targeting, a regional airborne magnetic survey and a regional ground based gravity survey were completed during the quarter covering the entire project (see **Figure 5**). The results of this work have already identified a number of priority areas for more detailed evaluation during the September quarter.

On completion of the ongoing interpretation of the regional gravity and airborne magnetic surveys and interpretation of the results from this initial deep drill hole, the next phase of drilling will be assessed during the September quarter. Activities at Shelby further demonstrate Talisman's capacity to develop large scale, grassroots exploration targets at a relatively low cost using sophisticated modern day exploration techniques.

## **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 766km<sup>2</sup> Project was originally targeted for gold; however recent assessments have identified the presence of a sequence of volcanic rocks that are likely to be the equivalent of the Narracoota Volcanic Formation, and are therefore prospective for VMS-style deposits.*

During the quarter exploration at the Milgun Project consisted of a detailed airborne magnetic survey, a detailed ground gravity survey, detailed geological mapping around an area of outcropping copper gossans and completion of a geochemical sampling program (see **Figure 6**). This data will be evaluated over the next quarter to identify priority areas for the next phase of detailed exploration.

To consolidate what Talisman believes already to be a highly prospective regional corridor, an additional 630km<sup>2</sup> covering 30 strike kilometres has been added to the Milgun project during the quarter through an open ground pegging opportunity. Immediate work will include assessment of any available historical exploration data and a reconnaissance field visit.



## **EXPLORATION PROJECTS - GOLD**

As previously reported (ASX release 27 June 2011) Talisman has acquired two significant gold projects in the Murchison area of Western Australia. The acquisitions are consistent with Talisman's stated strategy of seeking to expand and diversify its exploration portfolio through the pursuit and acquisition of suitable new growth opportunities in copper-gold, gold and nickel.

The key terms of the acquisitions are summarised as follows:

- Talisman acquired an 80% interest in the Muddawerrie and Livingstone Projects for a combined consideration of 100,000 ordinary fully-paid Talisman shares;
- the projects are held in separate Joint Ventures between Talisman (80%) and Murchison Resources Pty Ltd (Murchison) (20%);
- the Joint Ventures are managed and operated by Talisman;
- the interest held by Murchison will be free-carried until a decision to mine is made, at which point Murchison may elect to contribute on a pro-rata basis to the joint venture. Should Murchison not elect to contribute on a pro-rata basis at this time then it must transfer its 20% interest to Talisman in exchange for a 1% gross production royalty; and

Murchison retains the right to dilute in accordance with an industry standard formula should it elect to contribute on a pro-rata basis to the joint venture from the decision to mine. Should Murchison's interest fall below 5%, it must transfer all remaining equity to Talisman in exchange for a 1% gross production royalty.

### **Muddawerrie Project (TLM 80%)**

*The Muddawerrie Project is located approximately 100km north west of Meekatharra in the Murchison Region of Western Australia (see **Figure 1**). The granted Exploration Licence covers an area of approximately 52km<sup>2</sup> and encompasses the entire 16km strike length of an Archaean greenstone belt that is highly prospective for banded iron formation (BIF) and mafic hosted shear zone gold deposits, similar to those at Mt Magnet and Meekatharra.*

The exploration opportunity presented at the Muddawerrie Project is based on the fact that two demonstrably mineralised shear zones covering at least 16km of strike have only received cursory amounts of historic exploration (see **Figure 7**). Limited shallow drilling on this trend has consistently returned highly anomalous results including (see **Table 2** for details):

- **MTC007**      **2m @ 1.54g/t Au**
- **MTC011**      **1m @ 1.18g/t Au**

The Mount Maitland Trend extends for 5km along the eastern side of the project. The trend is characterized by sheared mafic volcanic rocks with a number of zones of old gold workings present.



Drilling has been limited to one area of old workings along the Mount Maitland trend and the results returned clearly demonstrate that the shear zone has the potential to be strongly mineralised. Results from the only drilling along this trend include (see **Table 3** for details):

- **MTC003**      **10m @ 2.10g/t Au**
- **MTC005**      **2m @ 1.01g/t Au**

Subject to attaining the required statutory permits, the Muddawerrie Project represents an opportunity to quickly develop a series of high priority drilling targets for gold with the first phase of RC drilling expected to begin towards the end of the September quarter.

### **Livingstone Project (TLM 80%)**

*The Livingstone Project is located approximately 25km to the immediate north west of the Muddawerrie Project (see **Figure 1**). The project consists of three Exploration Licences and covers an area of 208 km<sup>2</sup> of the western extension of the Proterozoic aged Bryah Basin.*

The Project has demonstrated gold endowment with a series of significant high-grade gold intercepts returned from both reverse circulation (RC) and rotary air blast (RAB) drilling over a 31km strike length of the Central Shear Zone (CSZ) (see **Figure 8**). In general, this extensive gold mineralised trend has not been subject to systematic exploration. Significant historic results include (see **Table 4** for details):

- **TRC015**      **6m @ 5.30g/t Au**
- **TRC037**      **7m @ 4.75g/t Au**
- **MSEC165**    **2m @ 4.65g/t Au**

In addition to the main CSZ, a number of other targets have been identified that require follow-up exploration. The Winja Prospect has returned sporadic thick, high grade gold intersections from within a dolomitic host sequence. Exploration is required to determine the style and extent of this gold mineralisation with best results including (see **Table 5** for details):

- **TRC070**      **29m @ 5.20g/t Au**
- **TRC094**      **13m @ 3.71g/t Au**

At the Livingstone Prospect, a large zone of mineralised quartz stockwork has been defined through an extensive series of old workings and a limited amount of shallow drilling. Further work is required to understand the extent and quality of the gold stockwork zone and to determine the best drilling orientation. Best results include (see **Table 6** for details):

- **LR051**        **14m @ 2.71g/t Au**
- **LRC001**      **4m @ 3.39g/t Au**

Subject to securing the required statutory permits, the Livingstone Project represents an opportunity to quickly develop a series of high priority drilling targets for gold.



### **Skull Springs JV (TLM 100%)**

*The Skull Springs Project is comprised of 3 granted exploration licenses located to the immediate west of the Woodie Woodie operations. High grade rock chips up to 65% Mn have previously been assayed from samples taken from outcropping rock exposures.*

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. Shaw River has subsequently failed to undertake the required level of exploration during the farm-in period and has notified Talisman that it has withdrawn from the Skull Springs JV. Subject to Shaw River Resources satisfying their reporting obligations, the project will be returned 100% to Talisman.

Talisman believes that the Skull Springs Project remains an attractive opportunity for the discovery of quality manganese deposits with a series of drill ready targets over a 2.5km strike length where evidence of a strong hydrothermal signature, hosting structures and manganese alteration have been identified as being most intense. The project will be reviewed and its future direction determined.

### **CORPORATE**

At the end of the June quarter, Talisman maintained a very strong cash position of **\$43M** which provides a strong platform to continue the existing systematic and aggressive exploration of its current stable of quality assets. With this funding capacity and proven ability to execute deals, Talisman also places itself in a position to take advantage of new growth opportunities and acquisitions in the region that will compliment an evolving pipeline of quality projects.

#### **For further information, please contact:**

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#### **For media inquiries, please contact:**

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### ***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.*



Figure 1 – Talisman Mining Ltd Project locations

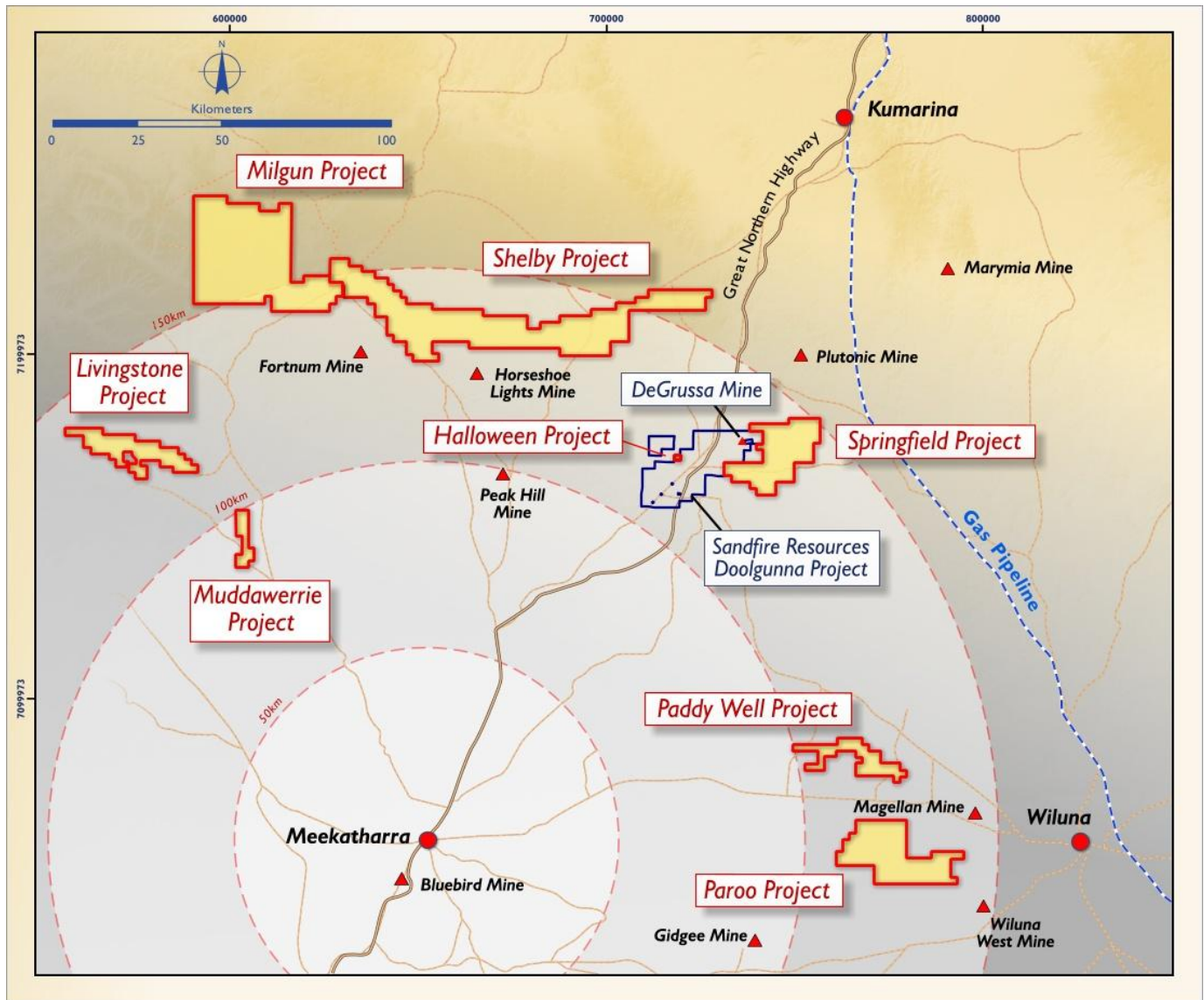




Figure 2 – Monty Cross Section –RC Drill Holes and Diamond Drill Hole

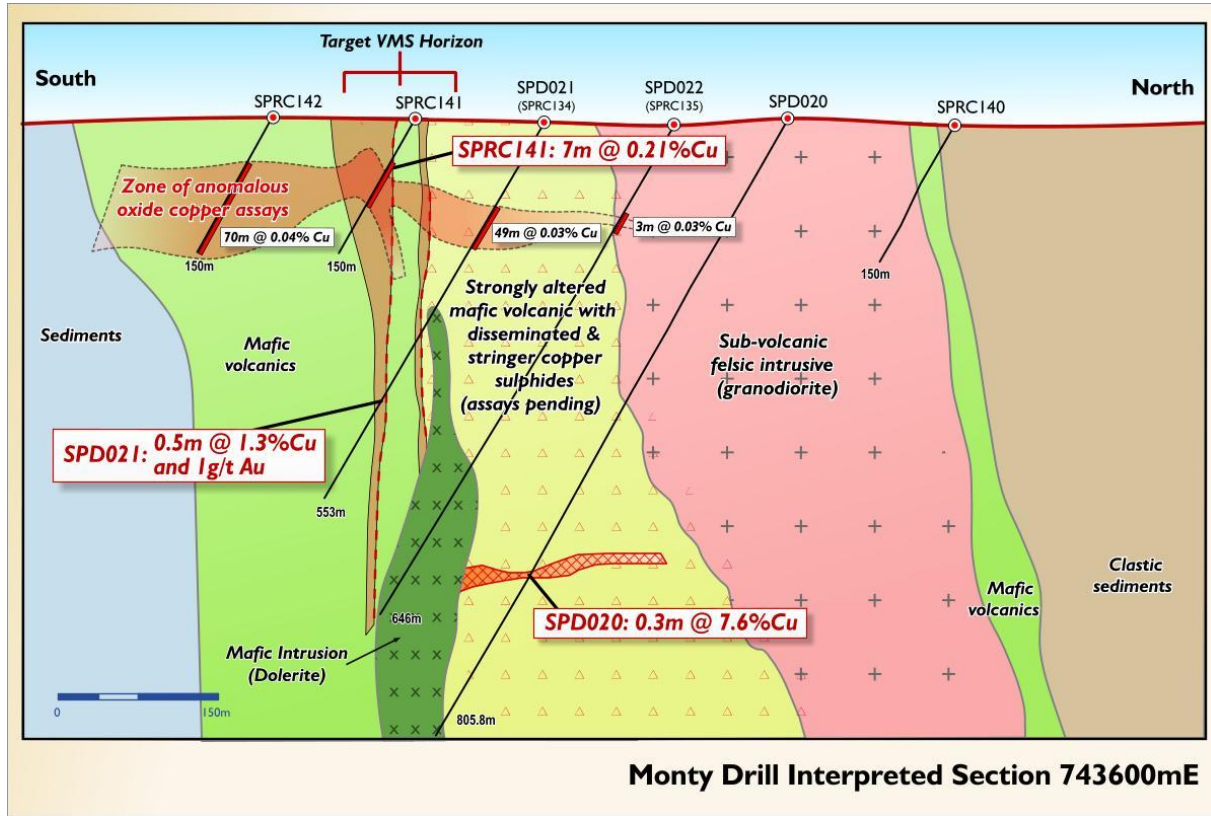


Figure 3 – Monty Prospect Interpreted Geology

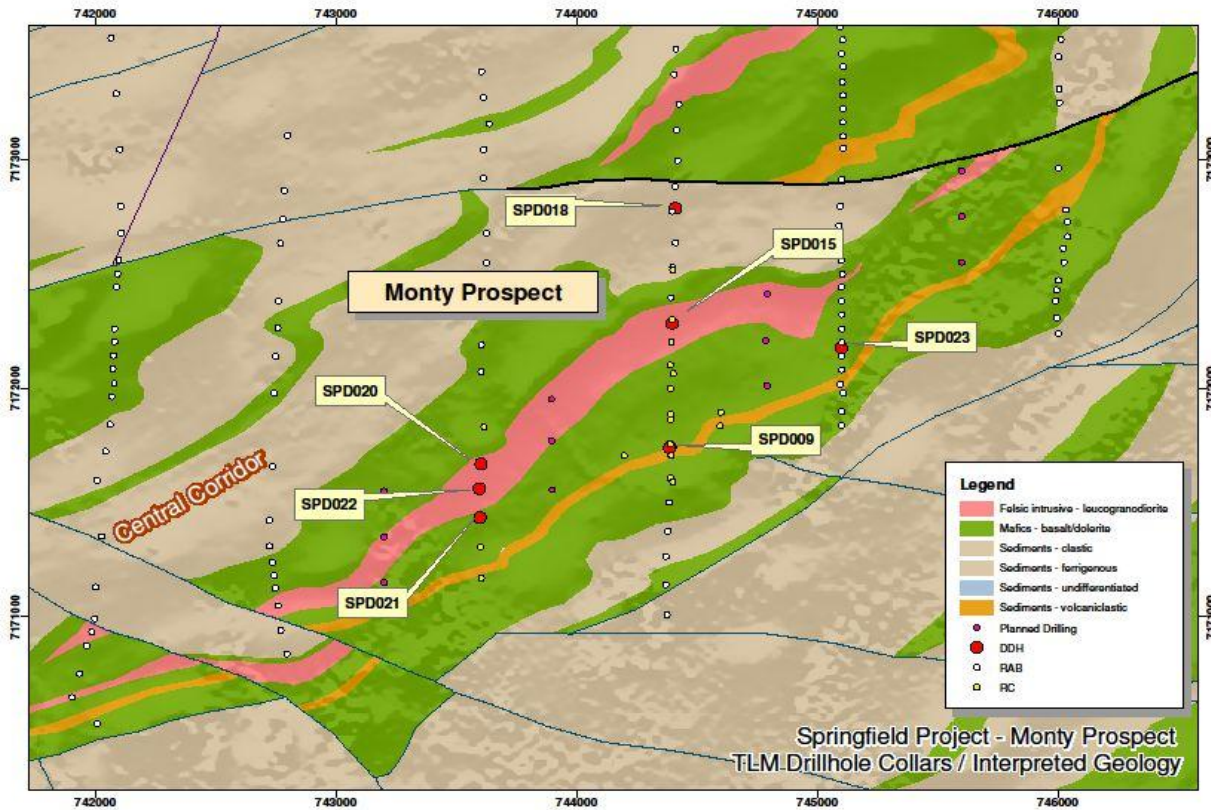




Figure 4 – Shelby Project EIS Drill Hole Location

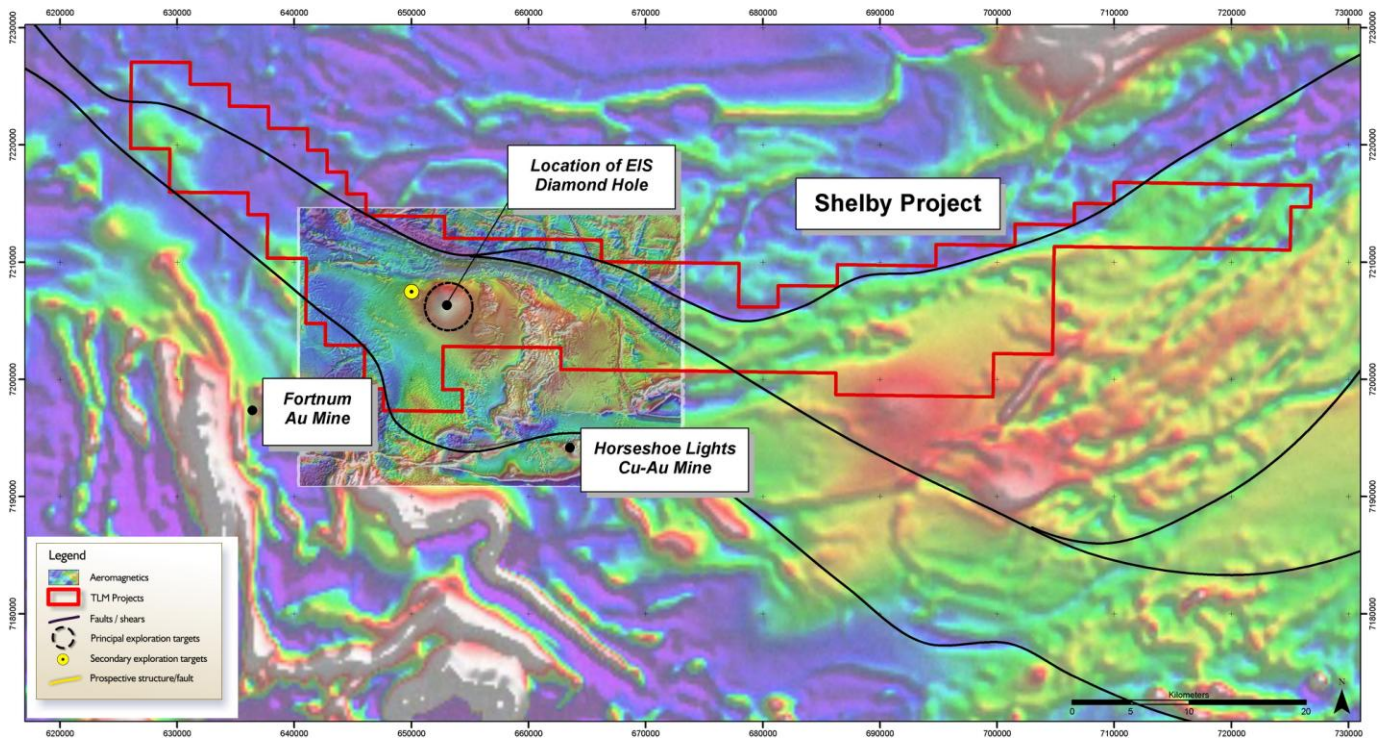


Figure 5 – Shelby Project Area of Regional Gravity and Aeromagnetic survey

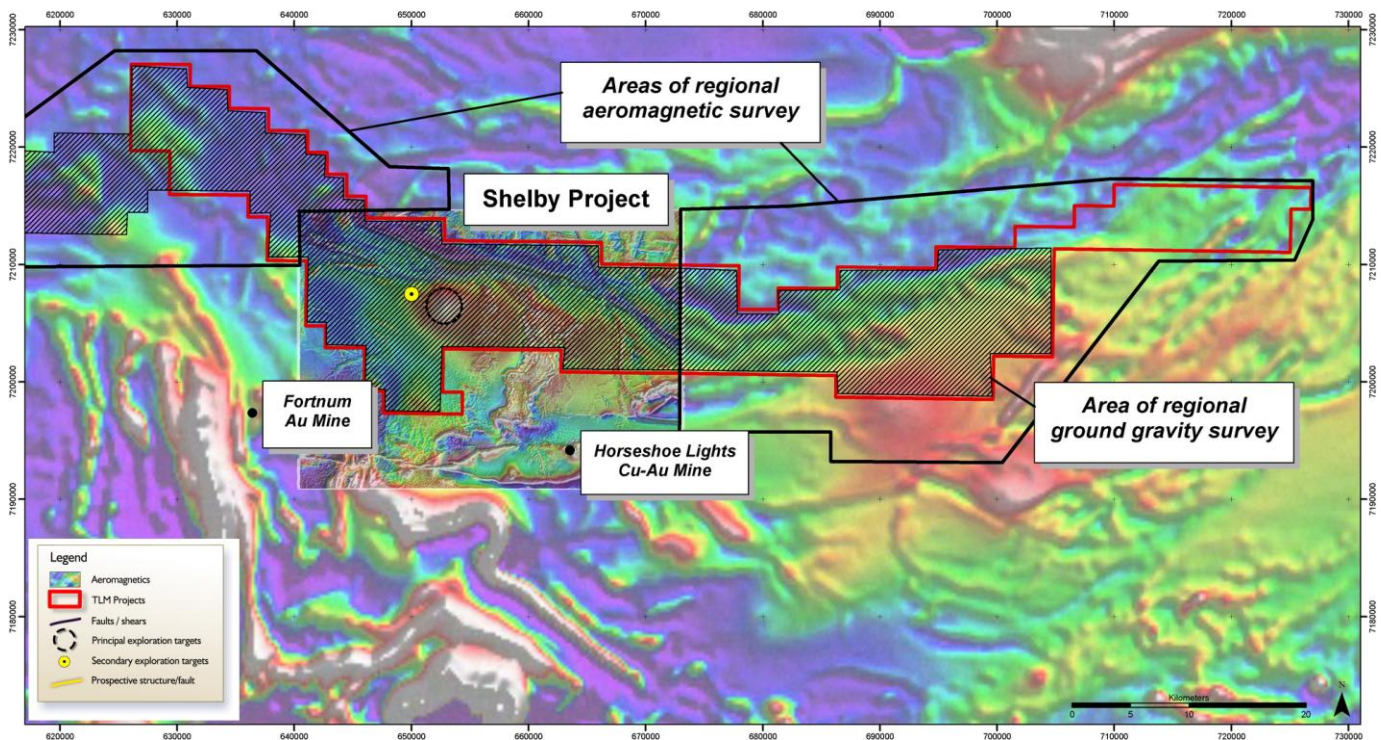




Figure 6 – Milgun Project area of Regional Gravity Survey

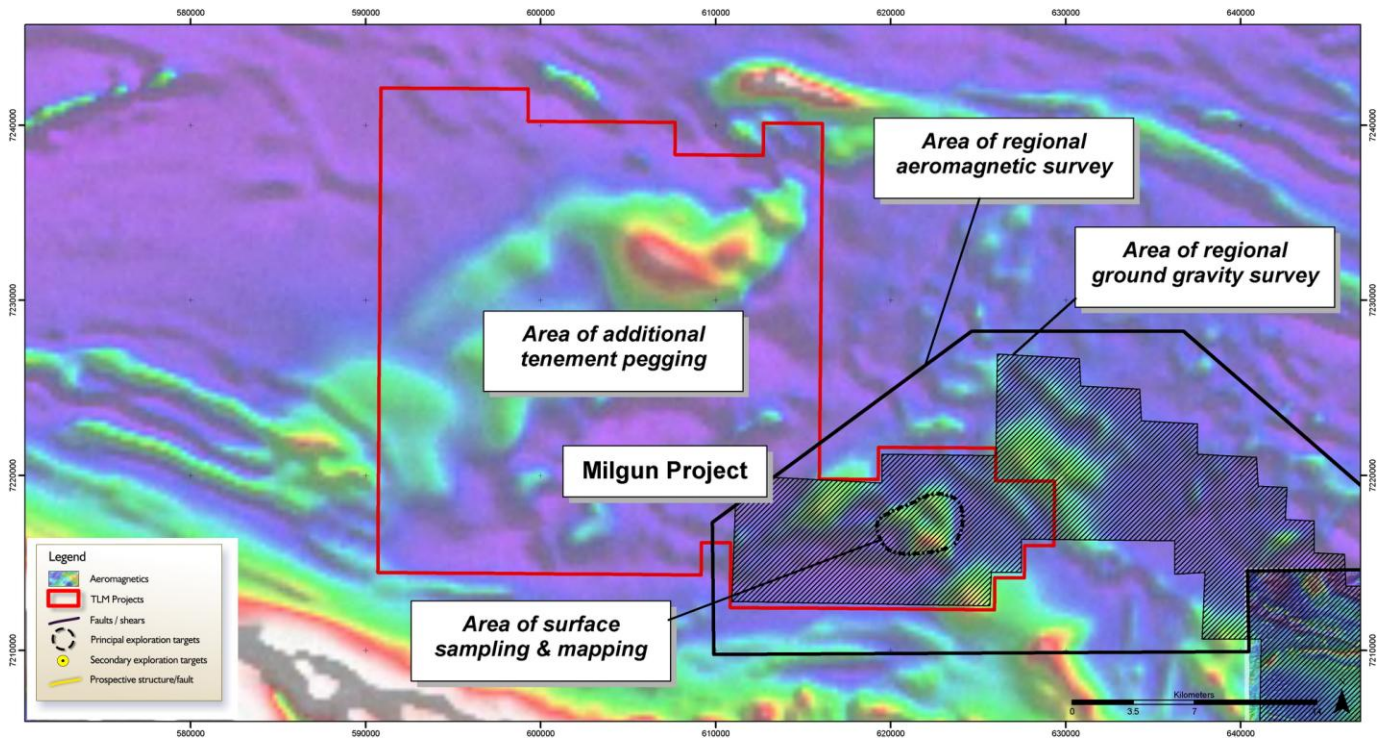




Figure 7– Muddawerrie Project

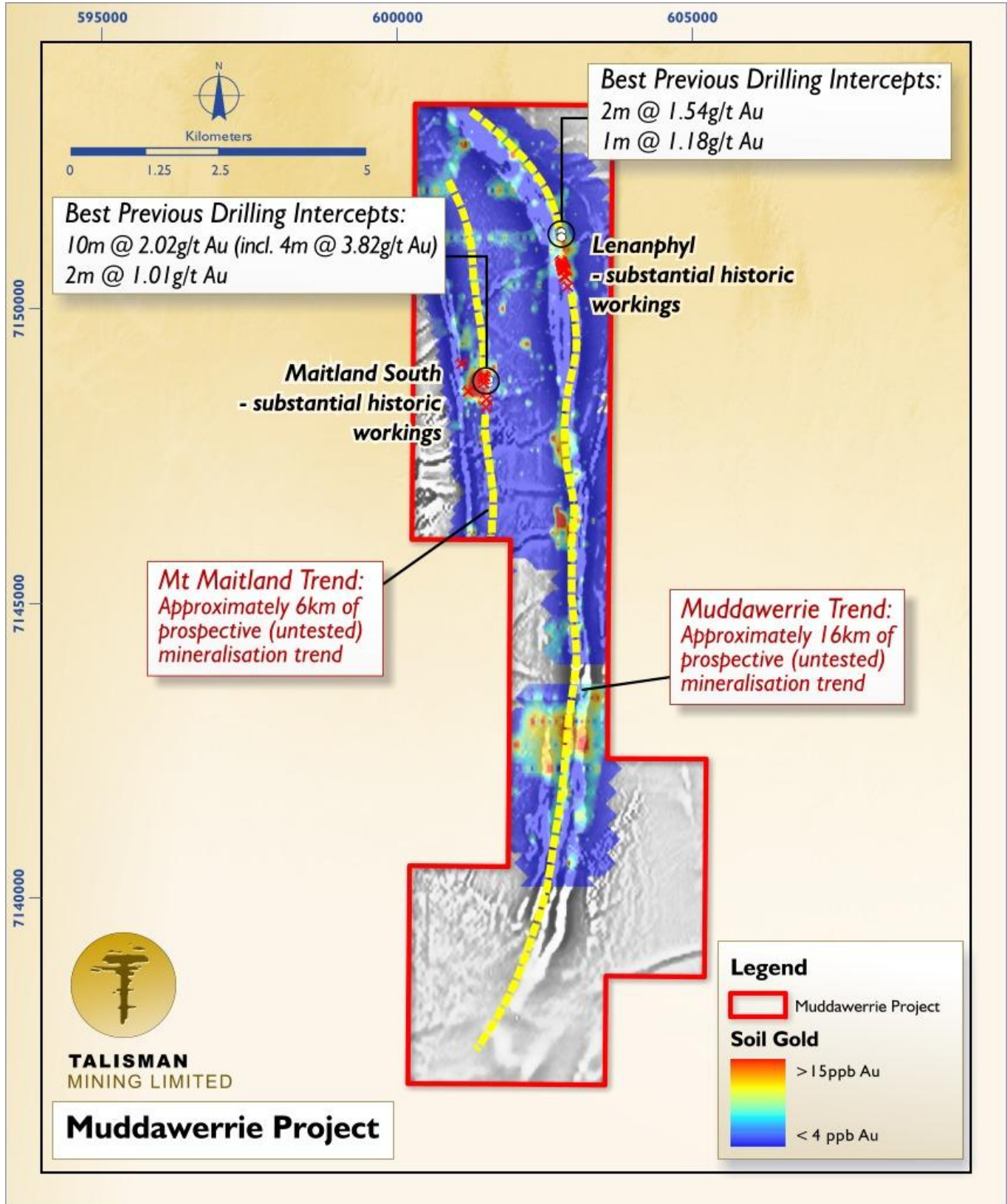




Figure 8 – Livingstone Project

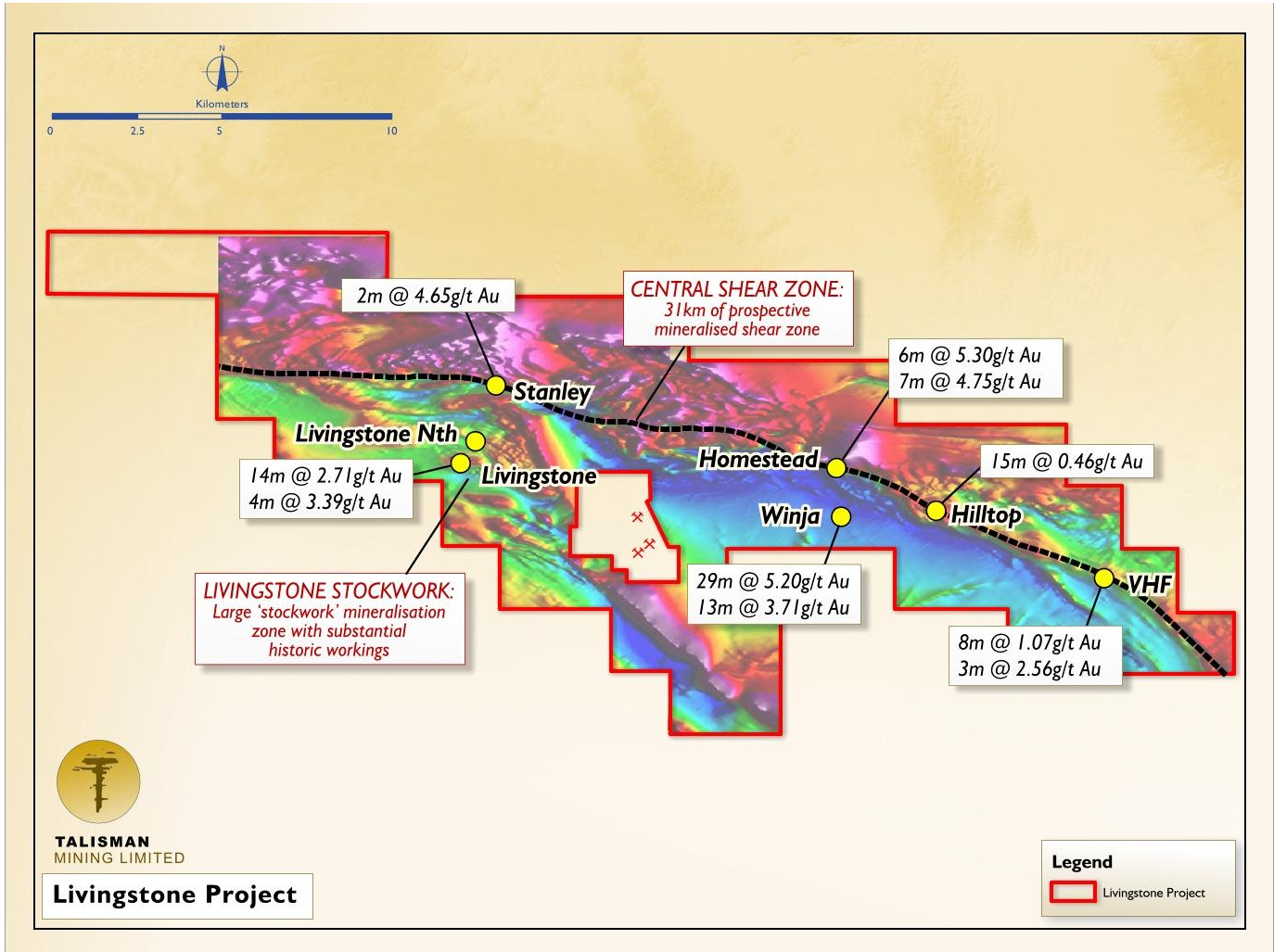




Table 1 – Monty Prospect Drilling Results, Springfield Project

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Cu (%)	Au (g/t)
SPD020	743603	7171669	-60	180	502.0	502.3	0.3	7.6%	NSA
SPD021 (SPRC134)	743598	7171434	-60	180	347.5 (87)	348 (136)	0.5 (49)	1.3% (0.03%)	1.0 (NSA)
SPRC141	743600	7171307	-60	180	65	72	7	0.21%*	NSA
SPRC142	743604	7171169	-60	180	49	119	70	0.04%*	NSA
SPRC135	743596	7171560	-60	180	105	108	3	0.03%*	NSA

NSA -No significant assay

n.b: SPRC134 used as pre-collar for SPD021

Table 2 – Muddawerrie Trend Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
MTC002	601504	7148717	-60	270	0	4	4	1.17**
MTC003	601538	7148721	-60	270 <i>(incl.</i>	66 <b>67</b>	76 <b>71</b>	10 <b>4</b>	2.02 <b>3.82)</b>
MTC005	601505	7148791	-60	270	18	20	2	1.01

Table 3 – Mt Maitland Trend Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
MTC007	602742	7151290	-60	270	13	15	2	1.54
MTC011	602774	7151209	-60	270	33	34	1	1.18

\*Note: Hand-held XRF Analyser - The estimates of Cu for RC samples referred to in this release are based on readings on pulverized drill-spoil samples using an InnovX portable XRF analyser. Whilst Talisman believes that these readings are indicative of grade, the Company wishes to make clear that the InnovX results are not formal assays and are an estimate of Cu grades only.

\*\*Note: = 4m composite sample (not split)

#Note: = 2m composite sample (not split)



Table 4 – Central Shear Zone Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
MSEC165	566939	7173393	-60	180	47	49	2	4.65
TR649	581714	7169533	-60	180	24	39	15	0.46
TRC015	578706	7170684	-60	180	27	33	6	5.30
TRC037	578708	7170765	-60	180 <i>(incl.</i>	104 <b>112</b>	139 <b>119</b>	35 <b>7</b>	1.57 <b>4.75)</b>
TRC110	585340	7167272	-60	180	9	17	8	1.07
TRC111	585342	7167310	-60	179	46	49	3	2.56

Table 5 – Winja Prospect Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
TRC070	578759	7169262	-60	180 <i>(incl.</i>	64 <b>68</b>	93 <b>77</b>	29 <b>9</b>	5.20 <b>13.96)</b>
TRC094	578780	7169240	-60	180 <i>(incl.</i>	52 <b>56</b>	65 <b>59</b>	13 <b>3</b>	3.71 <b>7.69)</b>

Table 6 – Livingstone Prospect Drilling Results

Hole ID	Easting	Northing	Dip	Azimuth	From (m)	To (m)	Intercept (m)	Gold (g/t)
LRC001	567150	7170950	-60	225	1	5	4	3.39
LR051	567906	7171644	-60	010	6	20	14	2.71 <sup>#</sup>

\*Note: Hand-held XRF Analyser - The estimates of Cu for RC samples referred to in this release are based on readings on pulverized drill-spoil samples using an InnovX portable XRF analyser. Whilst Talisman believes that these readings are indicative of grade, the Company wishes to make clear that the InnovX results are not formal assays and are an estimate of Cu grades only.

\*\* Note: = 4m composite sample (not split)

# Note: = 2m composite sample (not split)



**Rule 5.3**

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

TALISMAN MINING LIMITED

ABN

71 079 536 495

Quarter ended ("current quarter")

30 June 2011

**Consolidated statement of cash flows**

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	37
1.2 Payments for (a) exploration & evaluation	(3,895)	(8,942)
(b) development	-	-
(c) production	-	-
(d) administration	(382)	(1,608)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	741	1,332
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	33	33
<b>Net Operating Cash Flows</b>	<b>(3,503)</b>	<b>(9,148)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(52)	(336)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	34,250
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(52)</b>	<b>33,914</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(3,555)</b>	<b>24,766</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(3,555)	24,766
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,012
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 (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	5,011
	<b>Net increase (decrease) in cash held</b>	(3,555)	29,777
1.20	Cash at beginning of quarter/year to date	46,994	13,662
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	43,439	43,439

**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	224
1.24	Aggregate amount of loans to the parties included in item 1.10	-

Explanation necessary for an understanding of the transactions

Remuneration to Directors.
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**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
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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

N/A
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+ 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	3,250
4.2 Development	-
4.3 Production	-
4.4 Administration	400
<b>Total</b>	<b>3,650</b>

**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	1,062	1,098
5.2 Deposits at call	42,377	45,895
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>43,439</b>	<b>46,994</b>

+ See chapter 19 for defined terms.

**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			
	E52/2689	Application	-	100%
	E52/2690	Application	-	100%
	E52/2691	Application	-	100%
	E53/1578	Granted from Application	100%	100%
	E52/2660	Granted from Application	100%	100%
	E52/2661	Granted from Application	100%	100%
	E52/2662	Granted from Application	100%	100%
	E52/2565	Acquired	-	80%
	E52/2566	Acquired	-	80%
	E52/2593	Acquired	-	80%
	E51/1447	Acquired	-	80%

**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	<b>Preference securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>			
	130,538,627	130,538,627		

+ See chapter 19 for defined terms.

7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	100,000	100,000	68 cents	Issued as consideration for acquisition of Muddawerrie and Livingstone Gold exploration projects as announced to ASX on 27/7/2011
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	4,000,000 250,000 250,000 250,000 250,000 50,000 50,000 2,250,000 1,500,000 2,250,000 200,000 400,000 200,000 200,000 200,000 200,000 25,000 25,000	- - - - - - - - - - - - - - - - - -	Exercise price \$0.22 \$1.27 \$1.35 \$1.44 \$1.53 \$1.03 \$1.09 \$0.50 \$0.60 \$0.70 \$1.36 \$1.00 \$1.10 \$1.20 \$1.30 \$0.95 \$1.14 \$1.32	Expiry date 31/08/11 30/11/13 30/11/13 30/11/13 30/11/13 14/09/12 14/03/14 30/06/13 30/06/13 30/06/13 07/07/11 30/11/13 30/11/13 30/11/13 30/11/13 30/06/13 27/10/11 27/04/13
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	500,000 500,000 500,000 500,000		\$1.00 \$1.20 \$1.60 \$2.20	31 May 2011 31 May 2011 31 May 2011 31 May 2011

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

**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 5).

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

Sign here: Daniel Madden Date: July 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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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+ See chapter 19 for defined terms.