TALISMAN
MINING LIMITED

September 2011 Quarterly Activities Report

Bryah Basin Copper-Gold Projects

- *Five stratigraphic horizons now identified at the Springfield Project. These are prospective for the discovery of VMS mineral systems*
- *Targeted and reconnaissance RC and diamond drill programs ongoing at Springfield*
- *Major 10,000m, 150-hole RAB drilling program scheduled to commence during October*
- *New conductive anomalies identified from a comprehensive electromagnetic survey in the northern and central corridors of the Springfield Project*

Emerging Gold Projects

- *2000m, 18-hole RC program started at newly acquired Muddawerrie Gold Project, Murchison Goldfields*
- *Drilling targeting demonstrably mineralised shear zones and historic workings covering approximately 16km of strike along the Muddawerrie Trend and 6km of strike along the Mt Maitland Trend*

Gascoyne IOCG and Ni-Cu-PGE Projects

- *Drilling results from the Shelby Project confirms the presence of Iron-Copper-Gold (IOCG) style alteration*
- *Follow-up diamond drilling program set to commence to test highly promising newly defined gravity targets and strong EM conductor*
- *Ultra-detailed gravity survey planned to define 3D targets for further drill testing*

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:
131,538,627 (TLM)

Options on Issue:
11,175,000 (Unlisted)

ASX: TLM

Bryah Basin Copper-Gold Projects

Springfield (TLM 100%)

The Springfield Project comprises a 303km² ground package located approximately 150km north-east of Meekatharra in the northern Murchison Goldfields region of Western Australia (**Figure 1**). The project is located immediately along strike to the east of Sandfire Resources' DeGrussa Project, where mineral resources now stand at **14.33Mt @ 4.6% Cu** and **1.6g/t Au** contained in four deposits and mine development is underway.

The strength, size and grade of the DeGrussa Volcanogenic Massive Sulphide (VMS) system support Talisman's view that the exploration potential in this region and more importantly, immediately within the Company's Springfield Project – located just 4km to the east of the DeGrussa Deposits – is very high.

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 initially on the generation of high quality data sets capable of targeting VMS mineral systems.

This data is being used to develop a fully-integrated 3D geological model for the Springfield area with emphasis on identifying stratigraphic, structural and geochemical controls on VMS mineralization and to generate robust targets for drill testing.

During the quarter, this systematic and fundamental approach to exploration has identified what are interpreted to be five specific stratigraphic horizons prospective for the development of VMS mineral systems (**Figure 2**). The target horizons are typically identified by highly-anomalous copper-gold-zinc geochemistry and associated with extensive epidote-magnetite-hematite alteration.

At a number of prospects (e.g. Homer and Monty) significant copper-iron sulphides (i.e. chalcopyrite-pyrite) have been intersected in drilling, both as widespread disseminations and localised breccia-stringer mineralisation.

This style and strength of alteration and the widespread presence of copper-iron sulphides suggests that very active VMS mineralising processes have been in place at the Springfield Project. Work to date has delineated these target horizons over a combined strike length of approximately **35 to 40km**.

A comprehensive Moving Loop Electro-Magnetic (MLEM) survey has recently been completed with data gathered along 200m spaced lines over most of the Northern and Central Corridors.

Results from this survey are currently being assessed, but it is likely that a number of conductive anomalies identified to date will justify drill testing in the future once data is fully assessed and regulatory approvals achieved.

Exploration activities during the quarter at Springfield was focussed on diamond and reverse circulation drilling, supported by down hole electromagnetic (DHEM) surveys, of specific, discrete targets along several potential VMS-bearing horizons.

Monty Prospect

- VMS horizon identified which is interpreted to be the equivalent eastern position of RNI's Cow Hole Bore Prospect
- Intersection of **0.25m @ 1.13% Cu (SPD023)** confirms initial prospectivity of the Monty VMS horizon

Diamond drilling at the Monty Prospect during the quarter has defined a prospective VMS stratigraphic horizon over a strike length of at least 1.6km based on the interpretation of geophysical and geochemical data (**Figure 3**).

Programs of diamond and RC drilling were completed across the Monty VMS horizon during the quarter supported by down-hole electromagnetic surveying (DHEM). This drilling encountered highly-altered mafic volcanics, volcaniclastic sediments and dolerite with disseminated chalcopyrite mineralisation within wider zones of intense epidote-chlorite-carbonate alteration. Work is currently underway to define drill targets associated with the Monty VMS horizon.

Assay results from drill hole SPD023 have confirmed that the Monty horizon remains open to the east and west with the intersection of a narrow zone (~0.25m) of quartz-sulphide (chalcopyrite-pyrite) mineralisation in this targeted position.

The mineralised zone returned final assay results of (*see **Table 1** for details*):

- **SPD023 - 0.25 metres @ 1.13% Cu (146.33m – 146.58m)**

Previously released results from drilling along this horizon include (see **Table 1** for details):

- **SPD020 - 0.3 metres @ 7.6% Cu (502.0m – 502.3m)**
- **SPD021 - 0.5 metres @ 1.3% Cu and 1.0g/t Au (347.5m – 348m)**

During the quarter, diamond drilling along the prospective northern margin of the Monty Prospect targeted a series of discrete geophysical anomalies at a contact between mafic volcanic rocks and an underlying dolerite-sediment package. Drilling intersected widespread zones of strong hematite-magnetite alteration with minor disseminated chalcopyrite.

This contact, which has an interpreted strike length up to 10 kilometres, is likely to be the equivalent position to the Cow Bore Prospect, held by Resource and Investment NL (ASX: RNI), where significant gold-copper results have been announced by that Company. Further work is underway to identify drill targets along this horizon.

Homer Prospect

- 3D geological modelling has confirmed an analogous setting to Sandfire's DeGrussa deposits
- Interpreted paleo-seafloor position interpreted to extend for at least 7km within Talisman's project area
- Recent drilling and interpretation confirms the southern portion of the Homer prospect likely to be the equivalent position to Thundelarras Red Bore Prospect
- A major 10,000m, 150-hole RAB drilling program scheduled to commence during October

3D geological modelling by Talisman has confirmed an analogous setting to Sandfire's DeGrussa deposits, with highly sheared mafic volcanics, dolerites and sedimentary horizons hosting copper-iron sulphides along an interpreted paleo-seafloor position that is interpreted to extend for at least 7km within Talisman's project area (**Figure 4**).

Additionally, recent drilling and interpretation has confirmed that the southern portion of the Homer prospect, with an interpreted strike length of at least 4km, is likely to be the equivalent position to the Red Bore Prospect held by Thundelarra Exploration Limited (ASX:THX), where significant copper-gold results have previously been announced.

During the quarter, drilling was undertaken at the Homer Prospect to test coincident structural, geochemical and lithological targets along the interpreted Degrussa mineralised horizon. Drilling intersected dolerites, basalt, and volcanic sediments. Of particular interest was a magnetite-enriched sediment unit containing abundant disseminated chalcopyrite intersected from 145m to 153m in SPRC155.

This unit was flanked by altered basalt and strongly hematite and chlorite-altered shale and this position is thought to be significant as it represents a potentially mineralised paleo-seafloor VMS horizon. Assay results for SPRC155 are pending. Other assay results received from RC drilling at the Homer Prospect during the quarter include:

- **6m @ 0.09% Cu** from 68m within SPRC145

These intercepts are associated with the intersection of an interpreted syn-volcanic structure (the Coolabah Fault) with sheared mafic intrusive rocks. It is thought that the Degrussa position lies immediately to the north of this position and remains to be tested and will be a focus of future exploration activities.

A third phase of RAB drilling (150 holes for 10,000m) is scheduled to commence during October to test the northern portion of the Springfield Project (**Figure 2**). These RAB drill holes, which will be drilled along eight 500m spaced traverses, are designed to test for prospective VMS stratigraphy and mineralization in interpreted structurally repeated positions to the north of Homer.

Abraham Prospect

- New potential for prospective VMS horizon interpreted at the Abraham Prospect.

Recent 3D geological interpretation of the Abraham Prospect in the southern portion of the Springfield Project (**Figure 2**) has identified an additional prospective stratigraphic position for VMS mineralisation.

Follow up assessment of the Abraham Prospect is planned for 2012.

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 (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.

Previous surface sampling at the Halloween Project by the company defined strong, widespread Cu-Au anomalism across the project area. The Halloween area also has a history of shallow gold extraction by local, alluvial miners.

Detailed geological mapping and soil sampling was completed by Talisman during the September Quarter to better define geological/geochemical targets for follow-up RC drilling. Several basalt-sediment contacts with strong gossanous sulphide development were mapped and appear to represent possible VMS horizons. Results from the soil sampling project are pending but will be used to further target the proposed drilling process.

A 2,000 metre (~15 drill hole) reverse circulation (RC) drilling program is now scheduled to commence during the December Quarter and represents the first phase of drilling to be conducted at this project.

Emerging Gold Projects

During the June Quarter, Talisman acquired two significant gold projects, Livingstone and Muddawerrie, in the Murchison region of Western Australia as part of an ongoing strategy to develop a series of regionally significant, large scale gold projects, targeting +1M ounce, standalone gold deposits.

This emerging gold arm of the Talisman business model forms part of Talisman's strategy of expanding and diversifying its exploration portfolio outside of its core Bryah Basin VMS copper-gold project portfolio, the centrepiece of which remains the Springfield Project.

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 52km² 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.

During the quarter, Talisman commenced an initial 2,000m, 18-hole Reverse Circulation (RC) drilling program to test a series of high priority prospects along two demonstrably mineralised shear zones with widespread drill intercepts reported from previous shallow drilling (**Figure 5**).

Limited historic shallow drilling of the ***Lenanphyl Prospect*** on the Muddawerrie Trend has returned highly anomalous results associated with banded iron formations including (see **Table 2**):

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

Six RC holes have now been completed to test the continuity, geological controls and the tenor of the mineralisation in the Lenanphyl area with assay results pending.

The Mount Maitland Trend extends for 6km along the western side of the project (**Figure 5**). The trend is characterised by highly anomalous gold-copper geochemistry in highly sheared mafic volcanic rocks coincident with a number of old gold workings.

Historic 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**):

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

12 RC holes have now been completed to test the potential of the Mt Maitland prospect to host a significant gold deposit with assay results pending.

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 km² 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) (**Figure 6**). In general, this extensive gold mineralised trend has not been subject to systematic exploration. Significant historic results include (see **Table 4**):

- **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**):

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

At the Livingstone Prospect, a large zone of mineralised quartz stock work 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 stock work zone and to determine the best drilling orientation. Best results include (see **Table 6**):

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

Two diamond drill holes are scheduled to be drilled during the December Quarter, and are designed to verify the nature and significance of higher grade gold mineralisation intersected by historic drilling at the Homestead and Winja Prospects. The drilling should also provide valuable insight into the geological controls on mineralisation and provide a guide for further exploration in the area.

Gascoyne IOCG and Ni-Cu-PGE Projects

The 1,816km² Gascoyne Iron-Copper-Gold (IOCG) and Ni-Cu-PGE Project, made up of the combined Shelby and Milgun projects, is located on the northern margin of the Bryah Basin approximately 30km north of the Horseshoe Lights Copper-Gold Mine (**Figure 1**).

On the basis of its geological setting, the Gascoyne projects were originally identified by Talisman as having potential to host large Iron Oxide Copper Gold (IOCG) deposits (e.g. Olympic Dam (BHP) and/or a Voisey's Bay-style mafic-ultramafic intrusive hosted nickel-copper-PGE sulphide deposit.

Talisman is targeting large scale, standalone mineral deposits along a 140 kilometre extent of an interpreted crustal suture zone on the edge of the Yilgarn Craton.

Shelby Project

- Diamond drilling program underway to test a strong electromagnetic conductor and several recently identified gravity anomalies coincident to a major structure
- New targets identified as potentially being associated alteration systems related to a major IOCG mineralising event
- Ultra-detailed gravity survey also planned to define 3D targets for further drill testing.

In May 2011, Talisman completed an initial 1,452 metre deep diamond hole (SHD001A) co-funded as part of the WA State Government Exploration Incentive Scheme (EIS) and designed to test a large magnetic body identified by a detailed airborne magnetic survey **(Figure 7).**

The mafic-ultramafic rocks identified in the diamond core demonstrated encouraging evidence that Shelby could host a large iron oxide-copper-gold mineralising system. Metal deposition is also evident with chalcopyrite mineralisation (to a maximum of 468ppm or 0.0468% Cu) and elevated gold to 84ppb in zones of stronger alteration **(Figures 8 and Figure 9)**.

A second phase of deep diamond drilling comprising two drill holes for ~1,200m has started, subsequent to the September Quarter, to test several highly-promising targets which have been identified by a ground-based gravity survey and a strong electromagnetic conductor which was identified following a review of previous exploration in the area by BHP.

A linear zone of gravity anomalism has also been identified along a major structure immediately to the north of an interpreted magmatic body and may represent dense alteration zones associated with stronger hematite and/or sulphide deposition in basement volcanic rocks.

Talisman is currently preparing to undertake an additional ultra-detailed gravity survey over these anomalies to assess their potential to host significant mineralisation and to better define 3D gravity targets for further drill testing.

Milgun Project

During the quarter exploration at the Milgun Project consisted of a reconnaissance field visit and evaluation of data collected from a detailed airborne magnetic survey. A detailed ground gravity survey, geological mapping around an area of outcropping copper gossans and a geochemical sampling program were also completed during the quarter.

Evaluation of the data is currently being completed to identify priority areas for the next phase of detailed exploration.

Other Projects - Skull Springs (TLM 100%)

The Skull Springs Project comprises three 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 is currently being reviewed to determine its future direction.

CORPORATE

At the end of the September quarter, Talisman maintained a very strong cash position of **$40.1M** which provides an excellent 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.

Ends

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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 Graeme Cameron, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Graeme Cameron 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 Graeme Cameron consents to the inclusion in this report of the matters based on information in the form and context in which it appear.

Figure 1 – Talisman Mining Ltd Project locations

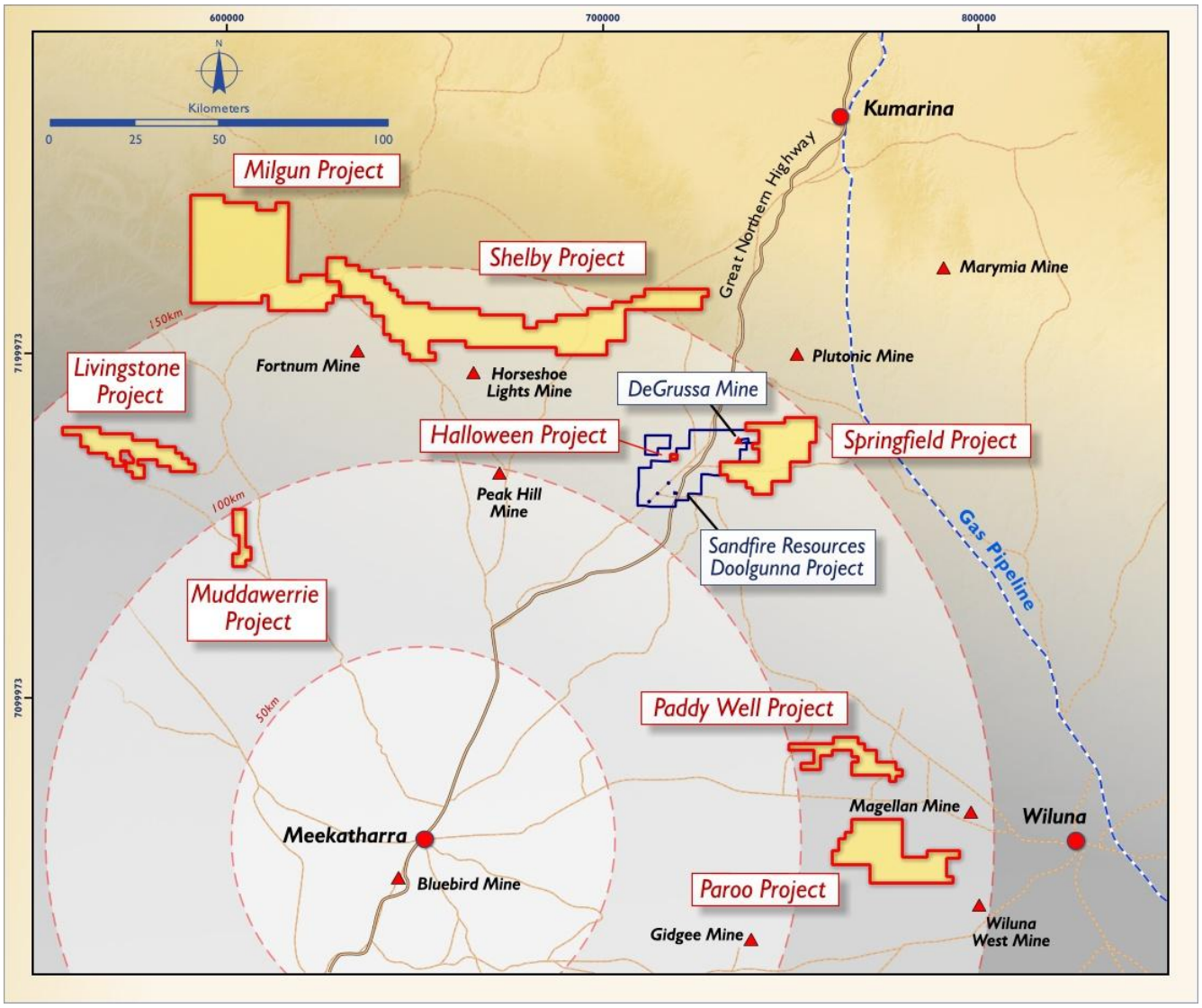

Figure 2 – Springfield Project

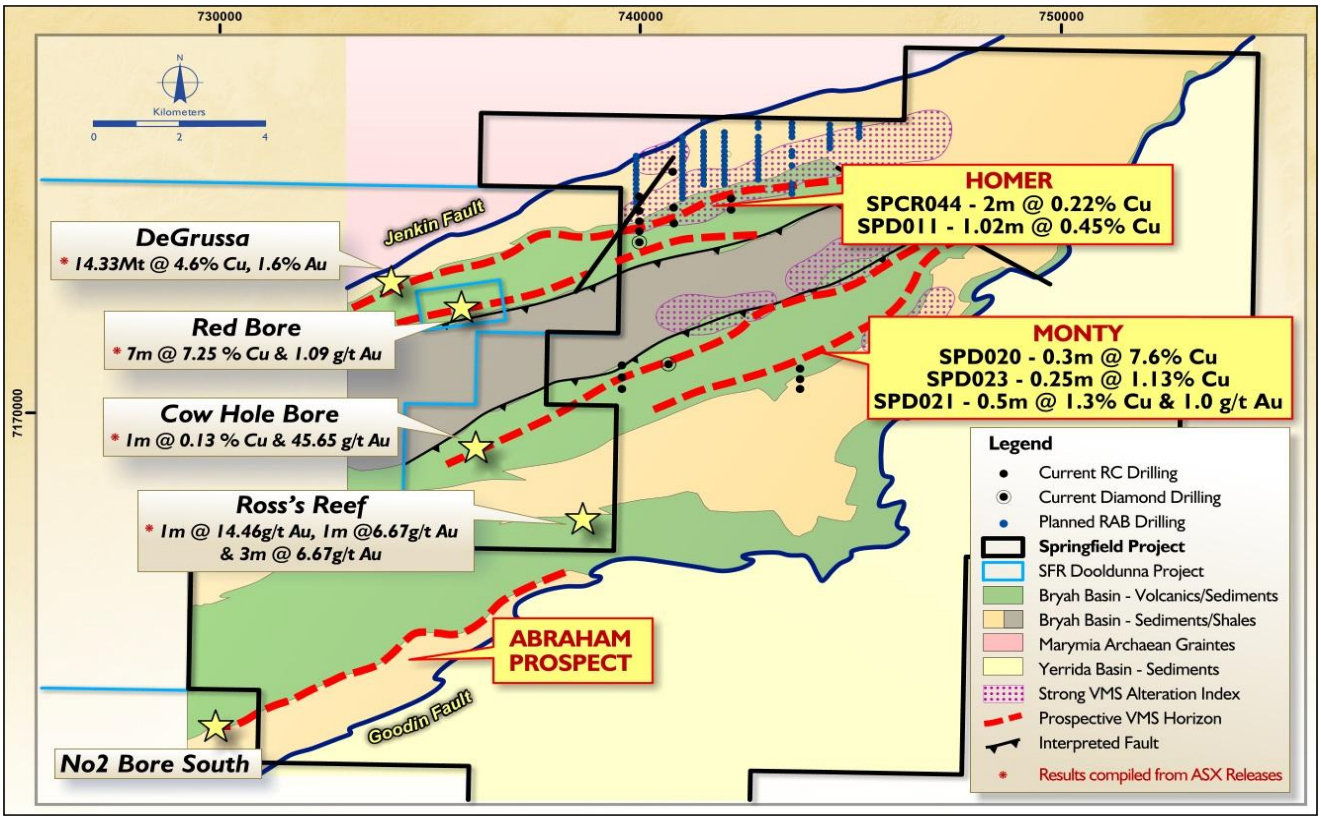

Figure 3 – Monty Prospect Interpreted Geology

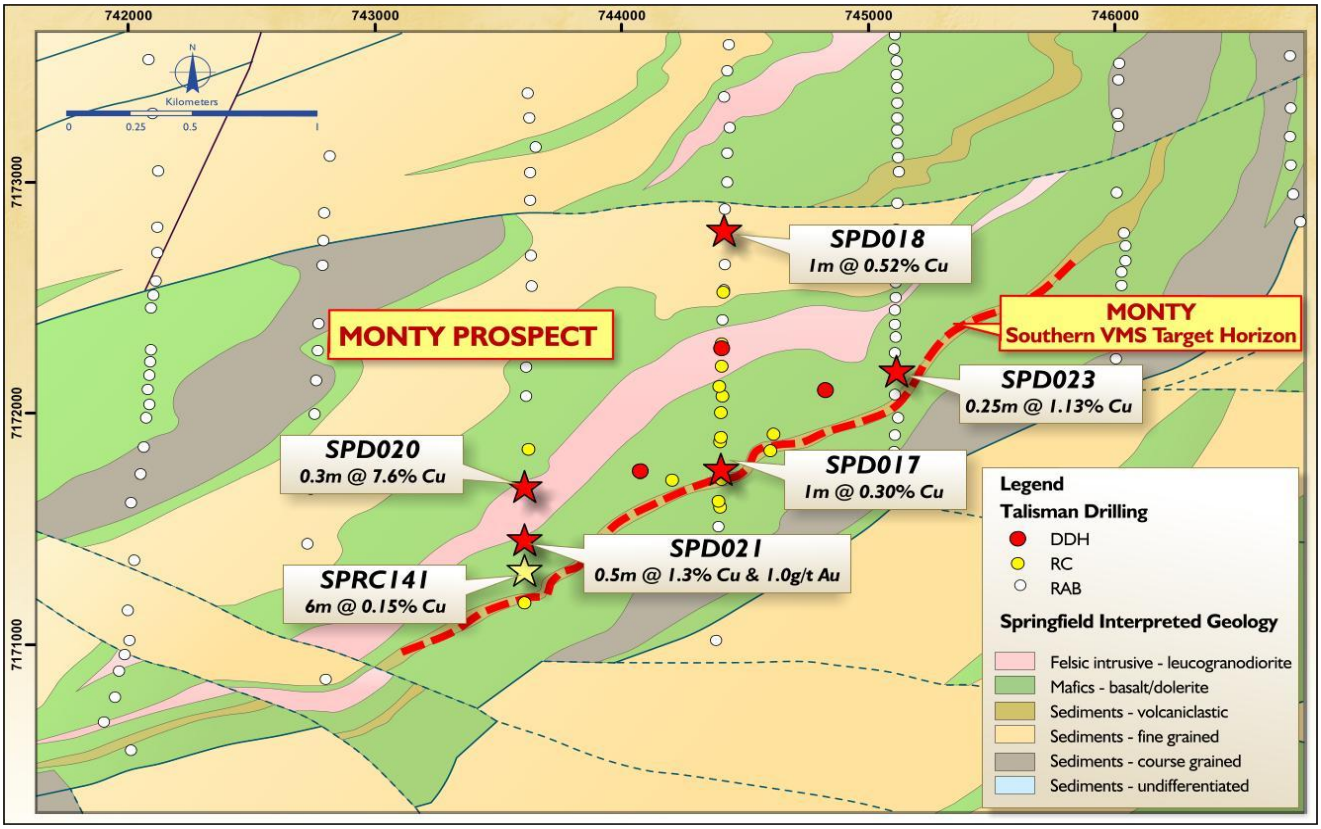

Figure 4 – Homer Prospect Interpreted Geology

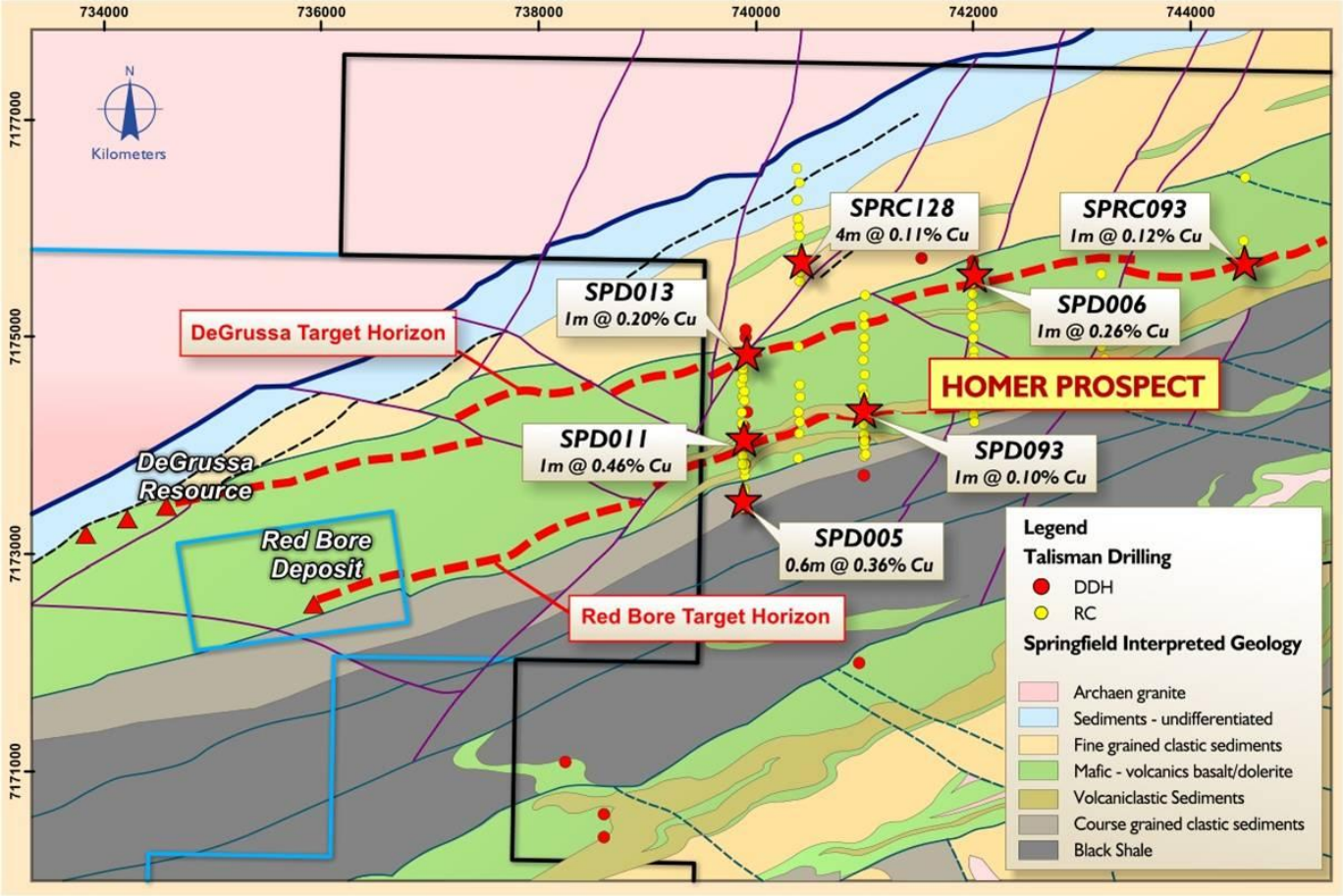

Figure 5– Muddawerrie Project

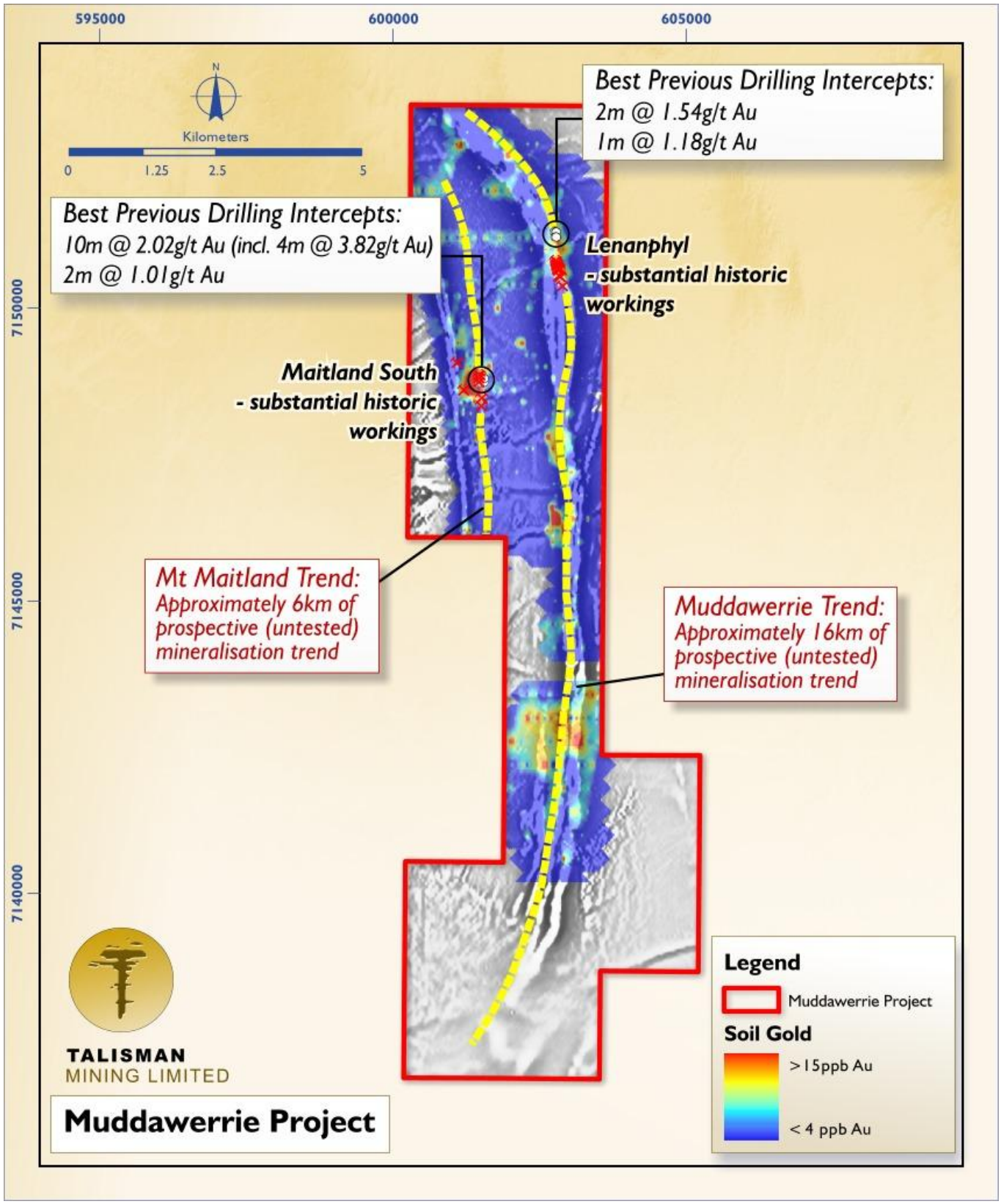

Figure 6 – Livingstone Project

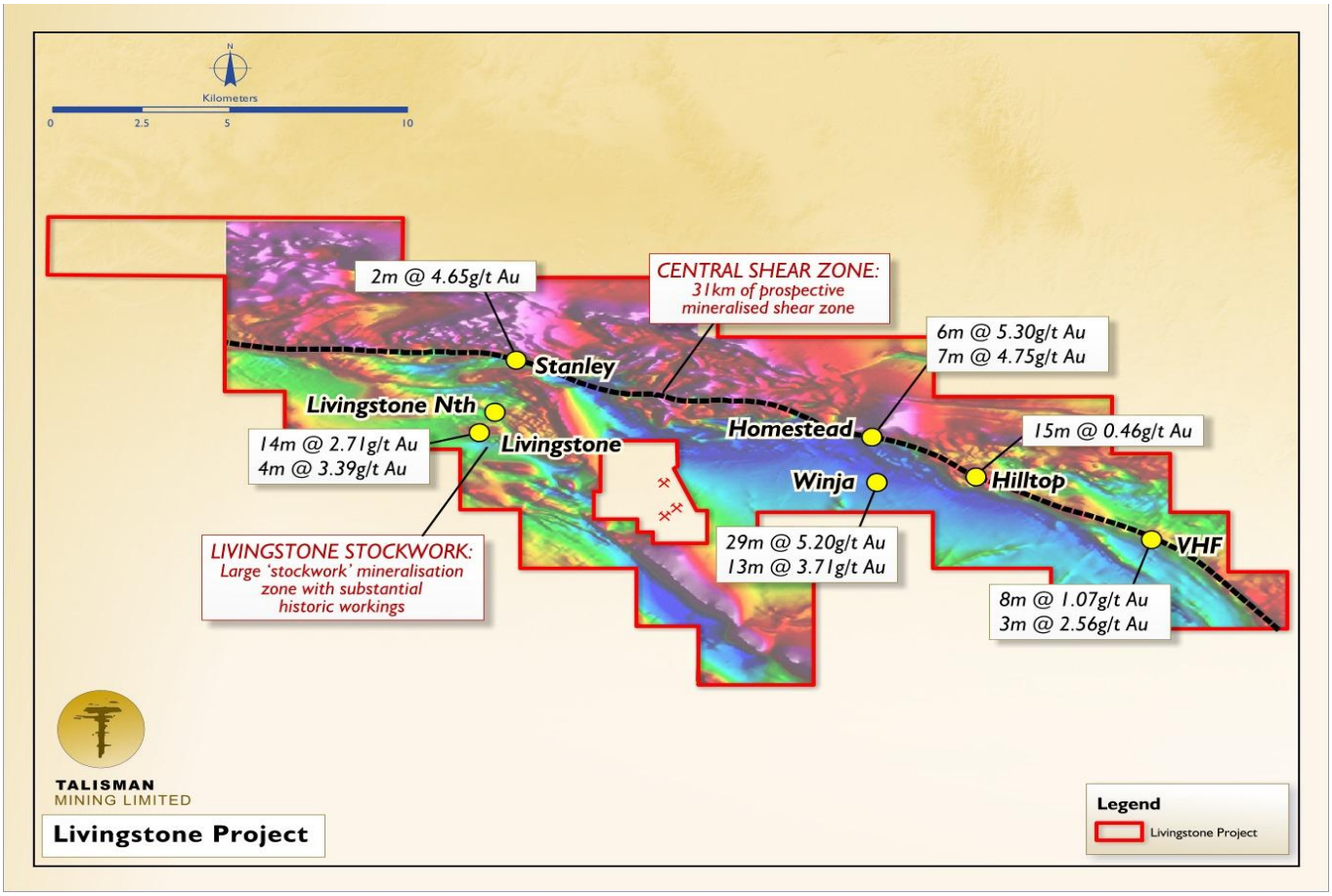

Figure 7 – Shelby Project EIS Drill Hole Location

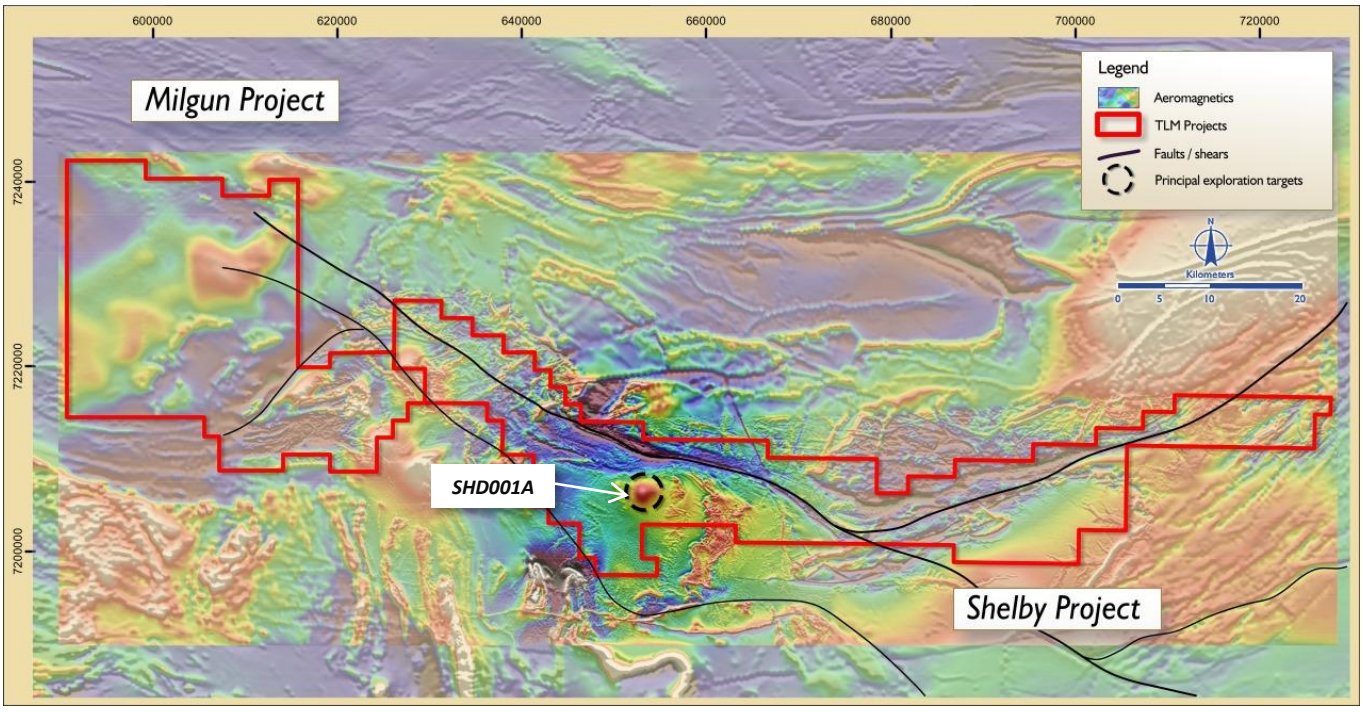

Figure 8 – Magnetite-amphibole-chlorite-chalcopyrite alteration in altered mafic schist.

Figure 9 – Strong Hematite-K Feldspar-Silica-sulphide alteration/vein zone

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

***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.*

Table 2 – Muddawerrie Trend - Lenanphyl Prospect Historic 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

Table 3 – Mt Maitland Trend Historic 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 ***(incl.***	66 ***67***	76 ***71***	10 ***4***	2.02 ***3.82)***
MTC005	601505	7148791	-60	270	18	20	2	1.01

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

Table 4 – Livingstone Project - Central Shear Zone Historic 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 ***(incl.***	104 ***112***	139 ***119***	35 ***7***	1.57 ***4.75)***
TRC110	585340	7167272	-60	180	9	17	8	1.07
TRC111	585342	7167310	-60	179	46	49	3	2.56

Table 5 – Winja Prospect Historic Drilling Results

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

Table 6 – Livingstone Prospect Drilling Historic 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[#]

#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	Quarter ended ("current quarter")
71 079 536 495	30 September 2011

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(3,816)	(3,816)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(398)	(398)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	625	625
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(3,589)	(3,589)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(65)	(65)
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)	74	74
	Net investing cash flows	9	9
1.13	Total operating and investing cash flows (carried forward)	(3,580)	(3,580)

1.13	Total operating and investing cash flows (brought forward)	(3,580)	(3,580)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	220	220
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	220	220
	Net increase (decrease) in cash held	(3,360)	(3,360)
1.20	Cash at beginning of quarter/year to date	43,439	43,439
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	40,079	40,079

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	240
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 Directors.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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	2,500
4.2	Development	-
4.3	Production	-
4.4	Administration	350
	Total	**2,850**

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	965	1,062
5.2	Deposits at call	39,114	42,377
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	40,079	43,437

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			
6.2	Interests in mining tenements acquired or increased	E52/2689 E52/2690 E52/2691 E51/1456 E52/2708	Granted from Application Granted from Application Granted from Application Granted from Application Granted from Application	100% 100% 100% 100% 100%	100% 100% 100% 100% 100%

Issued and quoted securities at end of current quarter
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	131,538,627	131,538,627		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,000,000	1,000,000	22 cents	Exercise of 1,000,000 unlisted options on 31/8/2011

7.5	**+Convertible debt securities** (*description*)	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	**Options** *(description and conversion factor)*			Exercise price	Expiry date
		250,000	-	$1.27	30/11/2013
		250,000	-	$1.35	30/11/2013
		250,000	-	$1.44	30/11/2013
		250,000	-	$1.53	30/11/2013
		50,000	-	$1.03	14/09/2012
		50,000	-	$1.09	14/03/2014
		2,250,000	-	$0.50	30/06/2013
		1,500,000	-	$0.60	30/06/2013
		2,250,000	-	$0.70	30/06/2013
		400,000	-	$1.00	30/11/2013
		200,000	-	$1.10	30/11/2013
		200,000	-	$1.20	30/11/2013
		200,000	-	$1.30	30/11/2013
		200,000	-	$0.95	30/06/2013
		25,000	-	$1.14	27/10/2011
		25,000	-	$1.32	27/04/2013
		125,000	-	$0.90	31/07/2014
		125,000	-	$0.97	31/07/2014
		125,000	-	$1.03	31/07/2014
		125,000	-	$1.09	31/07/2014
		475,000	-	$0.69	31/12/2014
		500,000	-	$0.73	31/12/2014
		550,000	-	$0.78	31/12/2014
		400,000	-	$0.83	31/12/2014
		400,000	-	$0.85	31/12/2014
7.8	Issued during quarter	125,000	-	$0.90	31/07/2014
		125,000	-	$0.97	31/07/2014
		125,000	-	$1.03	31/07/2014
		125,000	-	$1.09	31/07/2014
		475,000	-	$0.69	31/12/2014
		500,000	-	$0.73	31/12/2014
		550,000	-	$0.78	31/12/2014
		400,000	-	$0.83	31/12/2014
		400,000	-	$0.85	31/12/2014
7.9	Exercised during quarter	1,000,000	-	$0.22	31/08/2011
7.10	Expired during quarter	3,000,000	-	$0.22	31/08/2011
		200,000	-	$1.36	07/07/2011
7.11	**Debentures** *(totals only)*	-	-		
7.12	**Unsecured notes** *(totals only)*	-	-		

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: 17 October 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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