

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 September 2012

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	(4,165)	(4,165)
(b) development	-	-
(c) production	-	-
(d) administration	(246)	(246)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	377	377
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	(4,034)	(4,034)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(8)	(8)
1.9 Proceeds from sale of:		
(a) prospects	550	550
(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)	-	-
Net investing cash flows	542	542
1.13 Total operating and investing cash flows (carried forward)	(3,492)	(3,492)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,492)	(3,492)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net increase (decrease) in cash held	(3,492)	(3,492)
1.20	Cash at beginning of quarter/year to date	28,302	28,302
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	24,810	24,810

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	238
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

In 2004, prior to floating, Talisman granted Fortescue Metals Group (FMG) 100% of the iron ore rights associated with its Tom Price and Anticline tenements. As a result of this transaction Talisman retained:

- the ownership of the tenements;
- rights to all other metals; and
- a royalty of \$0.30 per tonne of iron ore mined from the tenements capped at \$8 million.

During the quarter the Company agreed to sell the ownership of these non-core tenements to FMG. Under the terms of this recent transaction Talisman received a cash payment of \$550,000 from FMG and retained the royalty rights noted above.

+ 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	3,000
4.2 Development	-
4.3 Production	-
4.4 Administration	300
Total	3,300

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	1,090	1,082
5.2 Deposits at call	23,720	27,220
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	24,810	28,302

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Appendix 5B
Mining exploration entity quarterly report

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	E47/1136	Tenement disposed on sale	100%	-
		E47/1194	Tenement disposed on sale	100%	-
		E47/1195	Tenement disposed on sale	100%	-
		E47/1196	Tenement disposed on sale (Sale of above to Fortescue Metals Group, see 2.2)	100%	-
6.2	Interests in mining tenements acquired or increased				

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	131,538,627	131,538,627	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
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.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options <i>(description and conversion factor)</i>	250,000	-	Exercise price \$1.27	Expiry date 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	-	\$1.19	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
		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
		450,000	-	\$0.69	31/12/2014
		450,000	-	\$0.73	31/12/2014
		500,000	-	\$0.78	31/12/2014
		400,000	-	\$0.83	31/12/2014
		400,000	-	\$0.85	31/12/2014
		750,000	-	\$0.72	31/10/2014
		750,000	-	\$0.80	31/10/2014
		750,000	-	\$1.00	31/10/2014
		750,000	-	\$1.12	31/10/2014
		250,000	-	\$1.02	31/07/2015
		250,000	-	\$1.13	31/07/2015
		250,000	-	\$1.41	31/07/2015
		250,000	-	\$1.53	31/07/2015
		50,000	-	\$0.44	31/08/2015
		50,000	-	\$0.47	31/08/2015
		50,000	-	\$0.49	31/08/2015
50,000	--	\$0.52	31/08/2015		
7.8	Issued during quarter	50,000	-	\$0.44	31/08/2015
		50,000	-	\$0.47	31/08/2015
		50,000	-	\$0.49	31/08/2015
		50,000	-	\$0.52	31/08/2015
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	50,000	-	\$1.03	14/09/2012
		200,000	-	\$0.95	30/06/2013
		25,000	-	\$1.32	27/04/2014
		50,000	-	\$0.69	31/12/2014
		25,000	-	\$0.73	31/12/2014
		50,000	-	\$0.78	31/12/2014
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

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Appendix 5B

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Daniel Madden
Company Secretary

Date: 29 October 2012



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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