

Media / ASX Release

30 October 2009

REPORT FOR QUARTER ENDED 30 SEPTEMBER, 2009**HIGHLIGHTS**

EXPLORATION**Springfield Copper-Gold Project**

- Initial exploration programs including geochemical soil and lag sampling, rock chip sampling and geological mapping were completed during the quarter and successfully identified a number of high priority target areas that require immediate follow-up.
- These high priority targeted areas include:
 - A series of discrete copper anomalies in the northern zone of the project over a strike length of 2.5 kilometres immediately along strike of Sandfire Resources' recently discovered high grade copper-gold DeGrussa, Conductor 1 and Conductor 4 deposits.
 - The highest priority copper-gold anomaly is approximately 2 kilometres long and ranges from 200 metres to 400 metres in width.
 - A new extensive zone of copper anomalism in the southern zone of the project defined by lag sampling that extends over a strike length of at least 9 kilometres on the southern limb of the Robinson syncline.
 - Within this broad anomalous southern zone five distinct copper anomalies have been identified.

PROJECTS**Wandanya Manganese Project**

- Farm-out of manganese exploration projects in the East Pilbara region of Western Australia subsequent to Quarter end to focused manganese explorer Shaw River Resources Limited ("SRR").

CORPORATE

- Shareholder approval during the quarter of a \$5.2 million share placement that was undertaken on 28 May.

OVERVIEW

Exploration

Key exploration activities undertaken during the September 2009 Quarter included:

- Completion of initial exploration programs at the Springfield copper-gold project. The predominantly geochemical sampling programs have identified a series of high priority targets prospective for copper mineralisation that require immediate follow-up by a combination of infill sampling and first-pass electromagnetic geophysical surveys.
- Commencement of an assessment to determine the prospectivity of the Milgun, Maitland and Trillbar projects to host volcanogenic massive sulphide mineralisation.
- Application for a new project area (named the Shelby Project) covering extensions of the prospective Bryah Basin under cover to the north of the historical Horseshoe Lights copper-gold mine.
- Investigation and review of new exploration project opportunities.

Projects

Key project focused activities undertaken during the September 2009 Quarter included:

- Negotiation of an agreement with Shaw River Resources Limited (“SRR”) for that company to farm into Talisman’s East Pilbara manganese projects.
- Investigation and ongoing assessment of appropriate commercial pathways for the Wonmunna iron ore project.

Corporate

- At Quarter end Talisman had cash of \$7.85 million.
- Shareholder approval during the quarter of a \$5.2 million share placement that was undertaken on 28 May.

EXPLORATION

SPRINGFIELD PROJECT (100% Talisman – EL applications)

The Springfield Project is located approximately 150km north east of Meekatharra in the northern Murchison Goldfields, Western Australia (see Figure 1 and 2). The Project covers approximately 300 square kilometres of ground immediately adjacent to Sandfire Resources Limited's Doolgunna Project, which hosts the recently discovered DeGrussa high-grade copper-gold volcanogenic massive sulphide (VMS) deposit.

Key features of the Springfield Project include:

- *Initial reconnaissance exploration by Talisman has identified the continuation of the same Upper Narracoota Volcanic Formation that hosts the DeGrussa Deposit for approximately 25 kilometres within the Springfield Project Area.*
- *The Springfield Project tenement boundary is approximately 5 kilometres to the east of Sandfire's DeGrussa discovery.*
- *The typical nature of VMS Deposits is that they occur in "camps" of multiple deposits. This well understood geological concept opens up the Springfield Project as one of the most prospective exploration properties in Western Australia for the discovery of high grade copper-gold VMS Deposits.*
- *The Springfield Project comprises three Exploration Licence Applications (ELA) pegged by Talisman as part of a strategy targeting prospective formations within the Peak Hill District for gold and copper mineralisation.*
- *Historical open file soil geochemical data has identified a robust, highly anomalous copper response (with some supporting gold) immediately along strike of the DeGrussa discovery. In addition, a series of copper anomalies that require detailed programs of follow-up exploration have been identified throughout the wider Springfield Project area.*

Subsequent to the end of the September Quarter Talisman released two ASX announcements dated 8th October, 2009 and 14th October, 2009, relating to the results of an extensive program of geochemical sampling targeting the Upper Narracoota Volcanic Formation which hosts the high grade DeGrussa, Conductor 1 and Conductor 4 copper-gold VMS deposits. This exploration program was undertaken during the Quarter.

The geochemical sampling program consisted of (see figure 3):

- Detailed multi-element geochemical soil sampling covering a 3.5 kilometre strike length of the prospective Upper Narracoota Volcanic Formation, approximately 5 kilometres immediately along strike from the recently discovered DeGrussa, Conductor 1 and Conductor 4 Deposits, located on Sandfire Resources Ltd's Doolgunna Project.
- Reconnaissance multi-element geochemical lag and soil sampling over a 15 kilometre strike length of the prospective Upper Narracoota Volcanic Formation, located on the southern limb of the Robinson syncline. This position is approximately 8 kilometres to the south of the newly discovered DeGrussa, Conductor 1 and Conductor 4 Deposits, located on Sandfire Resources Ltd's Doolgunna Project.

The results from the geochemical sampling program have:

- Confirmed the geochemical anomalism identified in the historical (i.e. non-Talisman) datasets. Gold assays and a suite of VMS indicator elements provide strong support to the targeted copper anomalism;
- Defined a series of discrete copper anomalies over a strike length of 2.5 kilometres immediately along strike of the DeGrussa deposits. The highest priority copper-gold anomaly is approximately 2 kilometres long and ranges from 200 metres to 400 metres in width.
- Identified a new extensive zone of copper anomalism defined by lag sampling that extends over a strike length of at least 9 kilometres on the southern limb of the Robinson syncline. Within this broad anomalous zone five distinct anomalies have been identified.

The results of this recent preliminary exploration work at Springfield are considered highly encouraging. The results are largely consistent with the historical data and have provided a series of high priority, well-defined targets that will now be the subject of more detailed programs of follow-up exploration.

In addition to the physical exploration programs being undertaken by Talisman, an ongoing review of historical datasets to the immediate west of the Springfield Project has identified results that clearly indicate the presence of high-grade copper mineralisation as close as 2 kilometres to the Talisman tenement boundary along strike of the DeGrussa deposits. These historical results include rock chips **assaying up to 35.6% Cu** and historical drilling results at Red Bore of **7 metres @ 7.25% Cu**. In the southern area historical drilling results of **15 metres @ 0.4% Cu and 0.26% Zn** have been identified within 1.2 kilometres of the west margin of the project.

These results continue to support the concept of the Upper Narracoota Formation being a district trend for VMS mineralisation.

Immediate work programs at the Springfield Project currently planned or in progress, will include the following:

1. Ongoing programs of new and infill geochemical sampling to define new targets for follow-up programs of geophysics and/or drilling (in progress);
2. Completion of a surface moving loop electromagnetic survey covering the recently defined copper anomalies. The initial survey will be limited to the 3.5 kilometres northern zone adjacent to the project margin immediately along strike of the DeGrussa deposit; and
3. Completion of permitting and access protocols.

MILGUN PROJECT (100% Talisman)

The 100% owned Milgun Project is located approximately 185km north of Meekatharra in the northern Murchison Goldfields, Western Australia (see Figure 1) approximately 20km north of the Fortnum Gold Mine. The Project covers approximately 123 square kilometres of ground. The project lies within the Bryah Basin and is prospective for gold and base metal deposits.

Given the recent interest in the northern Murchison Goldfields as a result of the discovery of the DeGrussa, Conductor 1 and Conductor 4 Deposits at Sandfire Resources Limited's Doolgunna Project, a review of the Milgun Project was undertaken during the Quarter in order to determine whether the prospective Upper Narracoota Volcanic formation was present within Talisman's Milgun Project.

The results of the review indicate that the prospective geological formation is in fact present at Milgun; however, considerable work is required to establish whether there is any evidence for VMS-style deposits.

MAITLAND PROJECT (80% Talisman)

The 100% owned Maitland Project is located approximately 115km north of Meekatharra in the northern Murchison Goldfields, Western Australia. The Project covers approximately 123 square kilometres of ground. The project is prospective for gold and base metal deposits.

Similar to the Milgun Project, the Maitland Project has been assessed for its potential to host VMS-style base metal deposits. Similar to Milgun, this project requires a detailed assessment of all data to advance the concept further.

TRILLBAR PROJECT (80% Talisman)

The Trillbar Project is located in the northern Murchison gold field, approximately 120km north-west of Meekatharra. Exploration at Trillbar has defined the Boundary Gold JORC Resources (for 50,000 ozs gold) and has shown the existence of many other gold anomalies throughout the project area. The project is also prospective for iron-ore, talc and uranium.

A review of the Trillbar Project has highlighted the presence of approximately 20 kilometres of strike length of the Narracoota Volcanic Formation. This is the same package of rocks that hosts the DeGrussa copper-gold VMS deposits discovered by Sandfire Resources.

The next step of the evaluation process for this project will be to re-submit existing historical drilling samples for analysis of base metals and gold and to consider building an appropriate geochemical database over the prospective Narracoota Volcanic Formation within the project area.

UAROO PROJECT (100% Talisman)

The Uaroo Project lies within the Ashburton Mineral Field approximately 370km northeast of Carnarvon along the Northwest Coastal Highway near the Uaroo Homestead in Western Australia (see figure 1). The Project covers a prospective suite of rocks that have had little effective historic exploration for their gold and base metals potential.

Work during the Quarter focussed on further refining the exploration model for the Uaroo project and the acquisition of regional datasets including airborne magnetic data, radiometric data, multispectral data and orthoimagery.

SHELBY PROJECT (100% Talisman)

The Shelby Project is located approximately 240km north of Meekatharra in the northern Murchison Goldfields, Western Australia (see Figure 1) approximately 30km north of the

Horseshoe Lights Copper-Gold Mine. The project is being targeted for base metal and gold deposits.

An exploration licence application (ELA) has been made subsequent to the end of the September Quarter covering a position on the southern margin of the Bangemall Basin as a result of targeting areas of the Bryah Basin that are interpreted to extend under the overlying younger sedimentary basin.

The ELA covers a large magnetic feature identified in regional magnetic datasets.

Exploration activities in the first instance will include acquisition of quality datasets and compilation of historical datasets.

OTHER EXPLORATION PROJECTS

Anticline Polymetallic Project (100% Talisman, Iron Ore rights held by FMG) – no exploration activity.

Tom Price Polymetallic Project (100% Talisman, Iron Ore rights held by FMG) – no exploration activity.

Yamada Iron Ore Project (100% Talisman) – no exploration activity.

Yamarna Gold Project (100% Talisman) – no exploration activity.

PROJECTS

WONMUNNA IRON ORE PROJECT (100% Talisman)

The Wonmunna Iron Project is strategically located in the heartland of the East Pilbara iron ore mining industry, with three major operating iron ore mines (West Angelas, Area C and Hope Downs) located within 20km of the lease boundary (see figures 1 and 4). The Wonmunna Project comprises three primary iron deposits, (North Marra Mamba, Central Marra Mamba and South Marra Mamba) which are prospective for Marra Mamba iron mineralisation and numerous exploration targets prospective for both Marra Mamba mineralisation.

To date, JORC inferred resources totalling 78.3Mt @ 56.0% (50% Fe lower cut-off) have been estimated for the Project.

The focus of work undertaken on the Wonmunna Project during the quarter was predominantly directed towards identifying, reviewing, investigating and considering various alternative commercial pathways for the project that have the ability to unlock the potential value of this key project.

A site visit was undertaken during the quarter to review identified exploration targets within the project area that may indicate potential for additional resources to be added at the Wonmunna project in the future.

WANDANYA MANGANESE PROJECT (100% Talisman – SRR earning 70%)

The Wandanya Manganese Project is made up of three tenements (including the previously named Yilgalong and Gangarrigan Projects) and is located within 50km of the Woodie Woodie Manganese Mine within 20km of a sealed road to Port Hedland in the East Pilbara region of Western Australia.

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.

Subsequent to the end of the quarter Talisman and Shaw River Resources Limited (“Shaw”) announced (ASX announcement 13th of October 2009) that a letter agreement setting out the terms and conditions of a farm-in on the Wandanya Manganese Project (tenements E46/764, E45/3220, E45/3268 and E45/3269), had been signed.

The key terms of the farm-in agreement are summarised as follows;

- Shaw to earn up to a 70% interest by the expenditure of \$300,000 over a two year period.
- Upfront payment of 1,000,000 shares and \$50,000 in cash.
- The shares issued to Talisman will be held in voluntary escrow for three months.
- A joint venture will be formed once the expenditure commitment has been achieved and its earned interest has been transferred.
- Both Parties have a pre-emptive right to acquire the other's interest.

- Following the formation of a joint venture the dilution provisions set out in schedule 4 of the AMPLA joint venture model will apply. If either party is diluted to 10% or less, their holding will revert to a 2% net smelter return for all minerals and metals produced from the Tenements.

Shaw River Resources plans to apply the \$300,000 of exploration expenditure to evaluate the target area at the project as an extension to its Baramine exploration programs that are currently underway.

Exploration activities planned by Shaw River at Wandanya include:

- Review of electromagnetic data and existing targets;
- Mapping and systematic rock chip sampling; and
- RC drill testing, to coincide with the first drill program at Baramine in 2010.

CORPORATE

At an EGM on 23 July, shareholder approval of the May share placement was received.

Also at this EGM, shareholders voted to approve the issue of incentive options to Messr's Langworthy and Dawes in accordance with their employment agreements. These options were issued by the Company on 24 July.

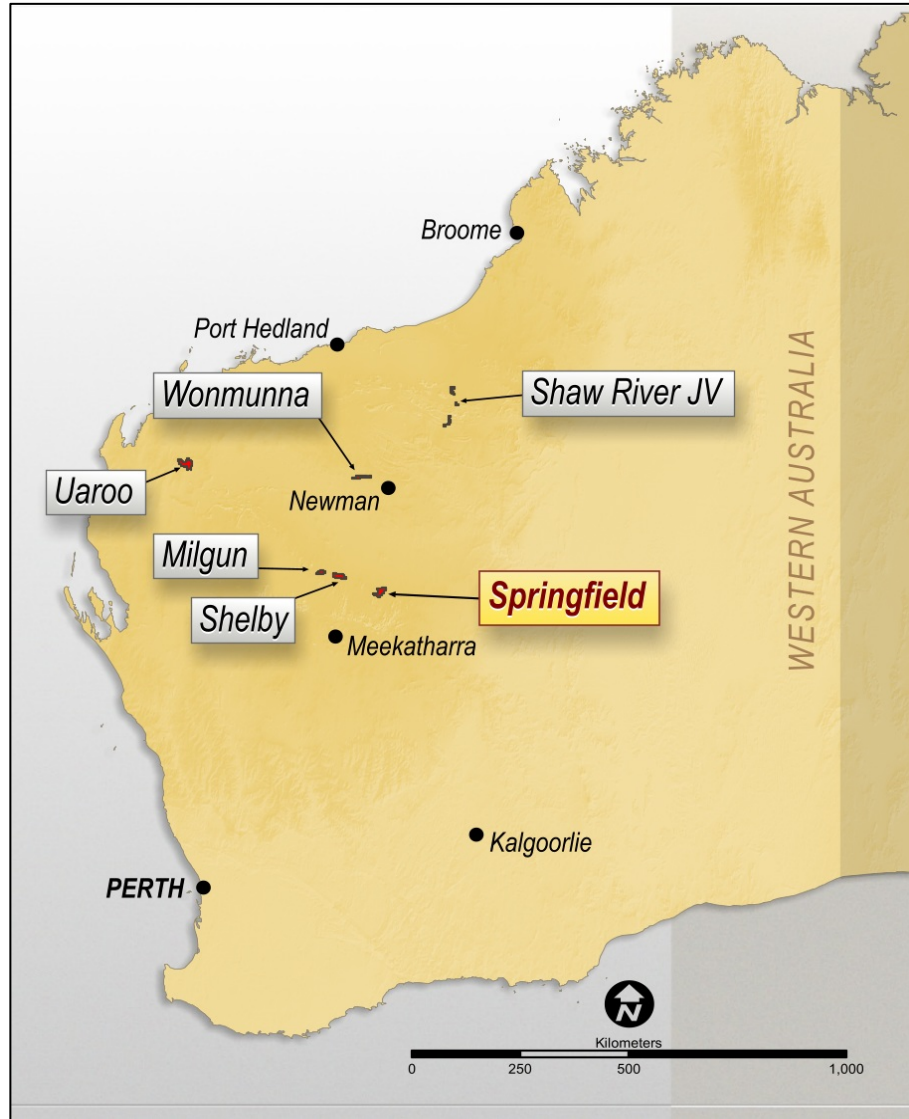


Figure (1) – PROJECT LOCATION PLAN

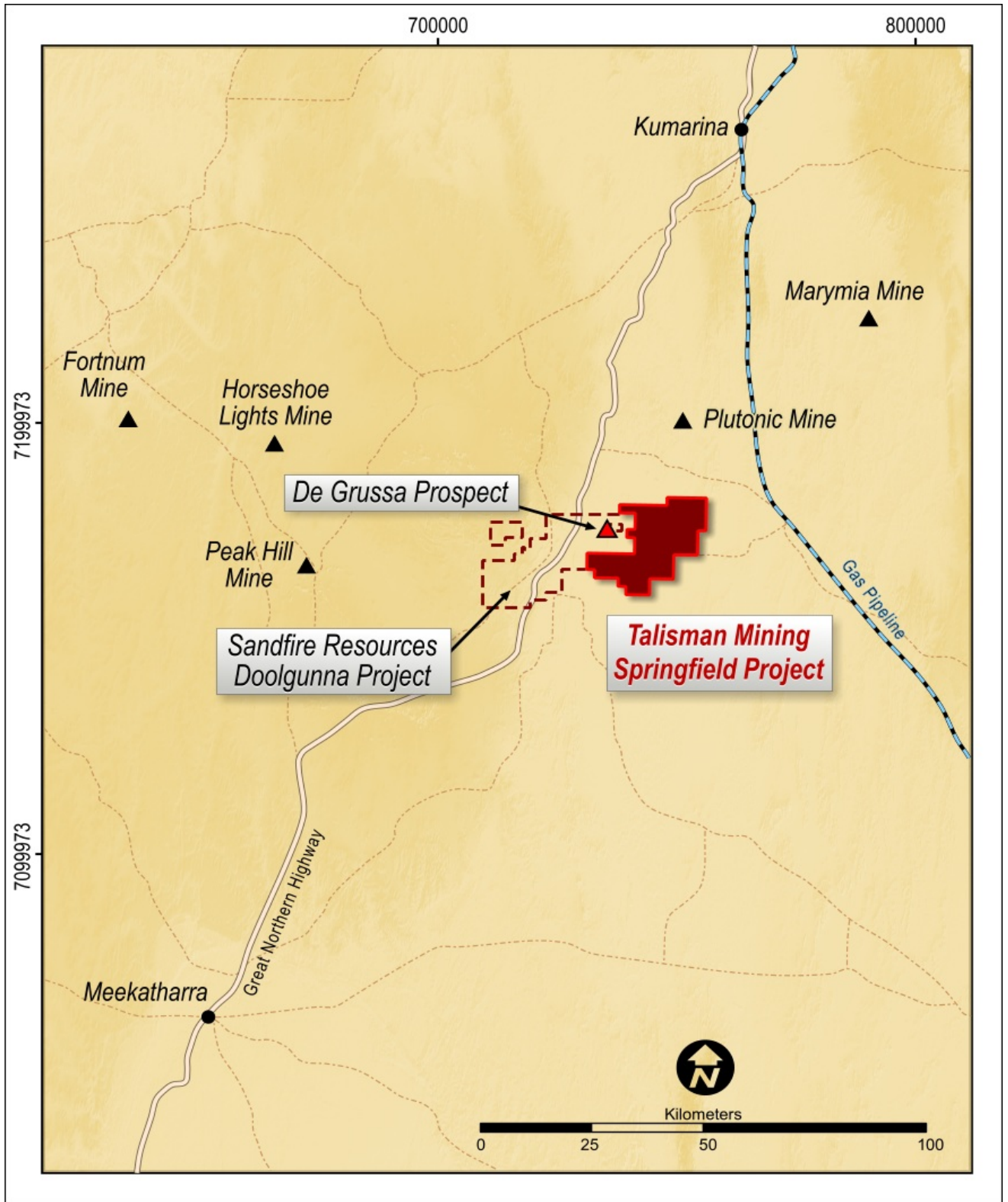


Figure (2) – SPRINGFIELD PROJECT LOCATION PLAN

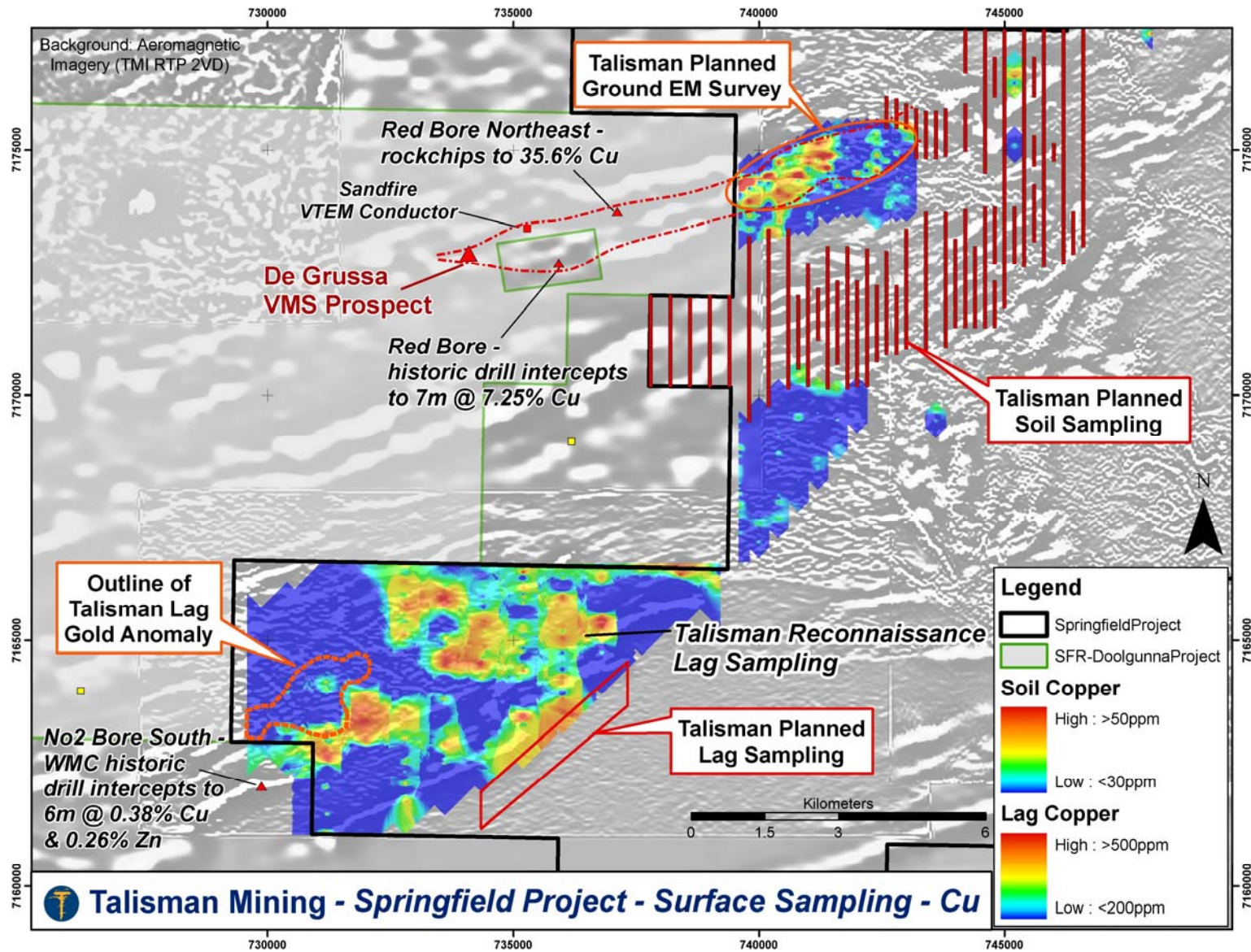


Figure (3) – SPRINGFIELD PROJECT RESULTS AND PLANNED WORK PROGRAMS

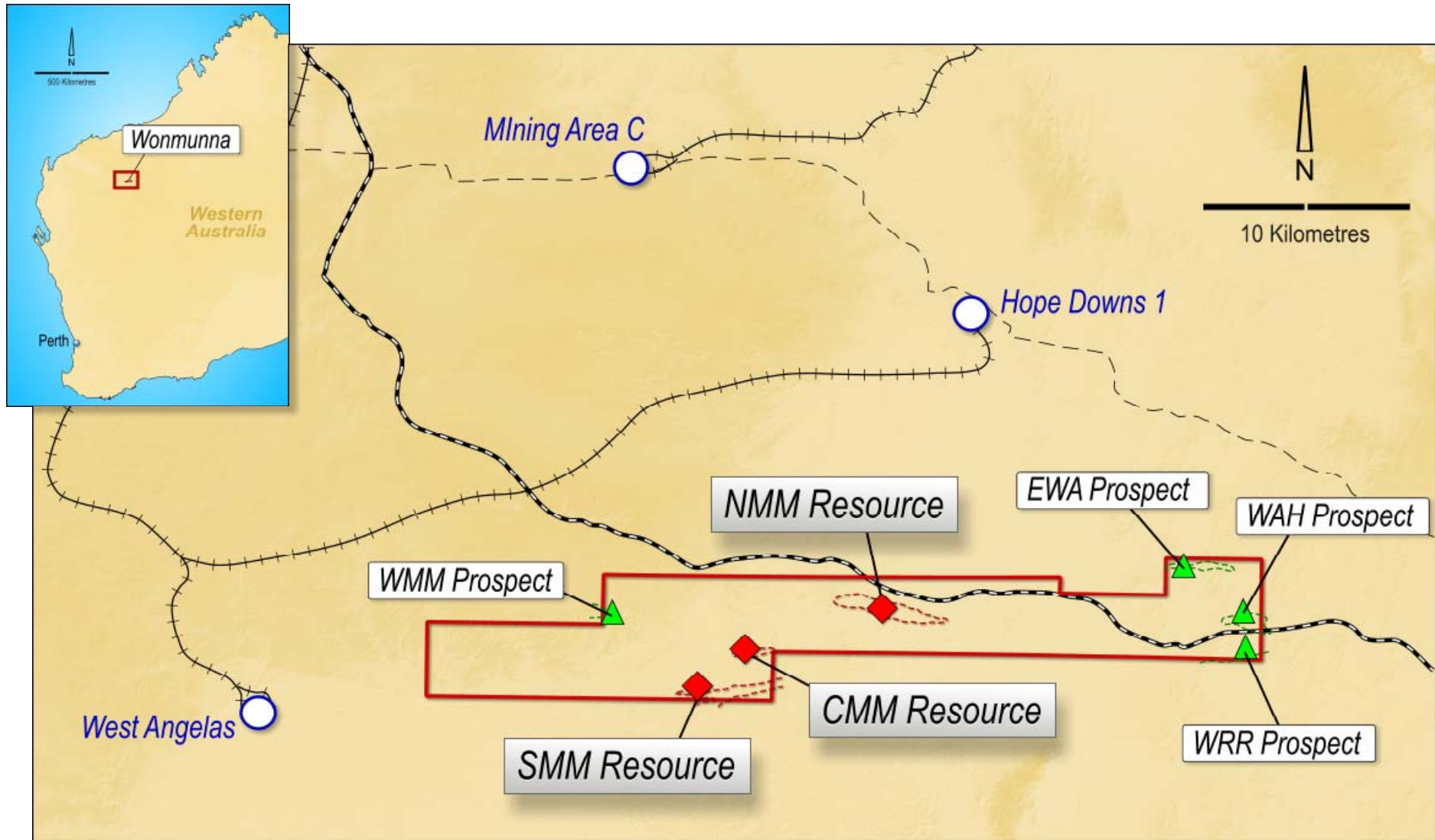


Figure (4) – WONMUNNA IRON ORE PROJECT LOCATION PLAN

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

TALISMAN MINING LIMITED

ABN

71 079 536 495

Quarter ended ("current quarter")

30 September 2009

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 and evaluation	(300)	(300)
(b) development	-	-
(c) production	-	-
(d) administration	(319)	(319)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	73	73
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (Research and Development Tax Rebate)	-	-
Net Operating Cash Flows	(546)	(546)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(546)	(546)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(546)	(546)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,866	1,866
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(1)	(1)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(49)	(49)
Net financing cash flows		1,816	1,816
Net increase (decrease) in cash held			
1.20	Cash at beginning of quarter/year to date	6,588	6,588
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,858	7,858

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	227
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Remuneration to director's and their associates.

Non-cash financing and investing activities

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

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ 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	500
4.2 Development	-
Total	500

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	816	1,088
5.2 Deposits at call	7,042	5,500
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,858	6,588

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	E38/2330	0%	100%
		E38/2331	0%	100%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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	93,002,500	93,002,500		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,219,997	6,219,997	\$0.30	\$0.30
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	24,652,257	24,652,257	<u>Exercise price</u>	<u>Expiry date</u>
	2,222,000	-	\$0.20	31 Dec 2010
	1,400,000	-	\$0.25	31 Dec 2010
	1,500,000	-	\$1.20	31 Dec 2010
	1,500,000	-	\$1.00	30 Nov 2010
	1,000,000	-	\$1.20	30 Nov 2010
	1,000,000	-	\$1.60	30 Nov 2010
	1,000,000	-	\$2.20	30 Nov 2010
	500,000	-	\$1.00	31 May 2011
	500,000	-	\$1.20	31 May 2011
	500,000	-	\$1.60	31 May 2011
	500,000	-	\$2.20	31 May 2011
	4,000,000	-	\$0.22	31 Aug 2011
	2,250,000	-	\$0.50	30 June 2013
	1,500,000	-	\$0.60	30 June 2013
	2,250,000	-	\$0.70	30 June 2013

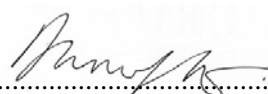
+ See chapter 19 for defined terms.

7.8	Issued during quarter	2,250,000	-	\$0.50	30 June 2013
		1,500,000	-	\$0.60	30 June 2013
		2,250,000	-	\$0.70	30 June 2013
7.9	Exercised during quarter				
7.10	Expired during quarter				
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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:


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(Company Secretary)

Date: 30 October 2009

Print name: Darren Crawte

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.

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+ See chapter 19 for defined terms.