



TALISMAN MINING LTD

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QUARTERLY REPORT

JANUARY-MARCH, 2006

MINERAL PROJECTS

TRILLBAR GOLD PROJECT (80% Talisman)

During the quarter exploration activities continued to focus on the Trillbar gold project in an effort to substantially upgrade, in the shortest possible time-frame, the current resource base of 314,000t @ 2.2 g/t gold.

Locations of prospects described in this report are shown on figure1 below.

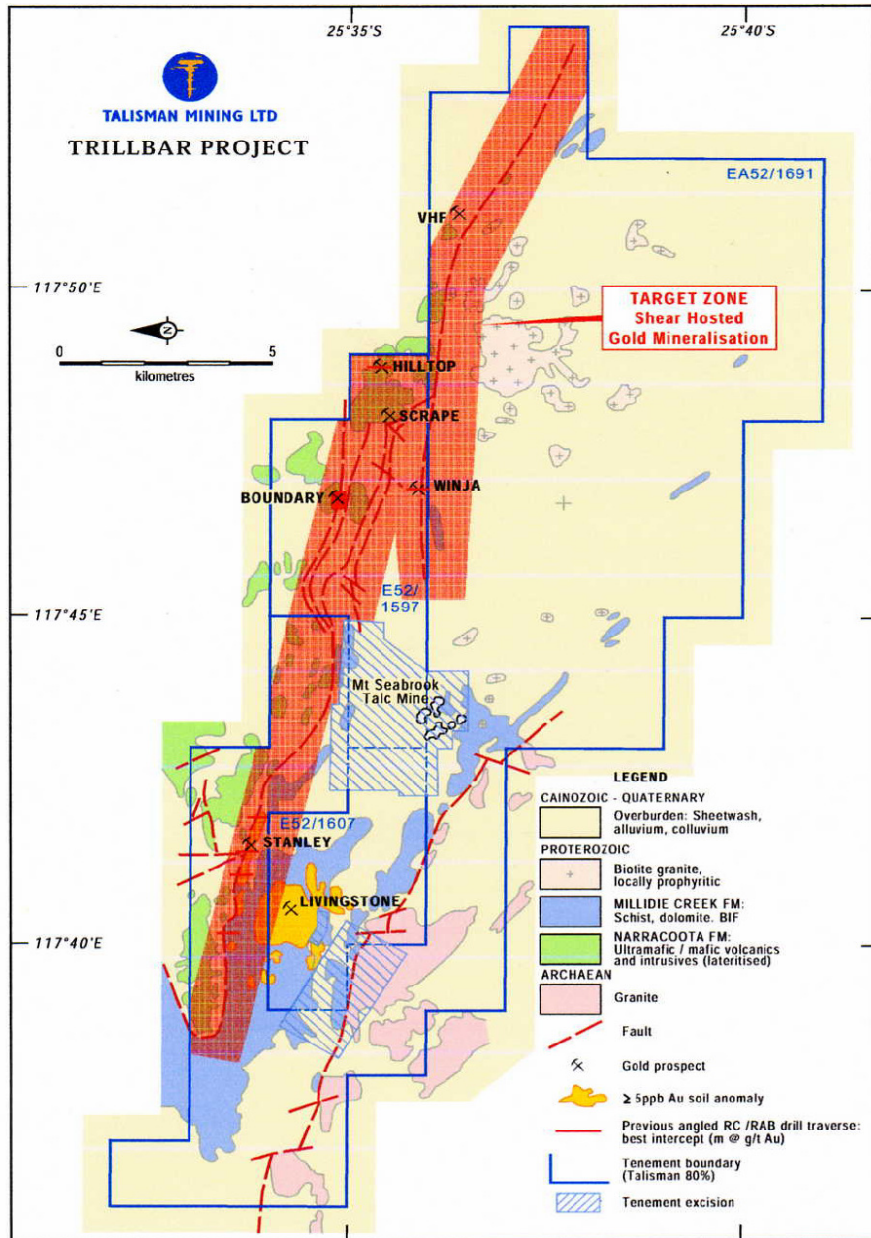


Figure 1

Boundary Prospect

Results of the first program of Reverse Circulation (RC) drilling completed during the December, 2005 Quarter were received with significant results listed in Table 1 below and drillhole locations shown on Figure 2. This first phase of drilling by Talisman was designed to infill the drilling completed by previous explorers and to provide further information on the mineralisation system. Ore grade and width intercepts were reported, consistent with the previous drilling.

Limited drilling to test for strike extensions to both the east and west was also completed. Sub-ore grade (<0.5g/t gold) intercepts were reported in both directions.

Table 1; Trillbar Project, Boundary Prospect – December, 2005 Drill Program
RC Drill Intercepts >1g/t Gold

<u>Drillhole</u>	<u>From</u>	<u>To</u>	<u>m</u>	<u>g/t Au</u>
TRC2	42	45	3	6.96
including	43	44	1	18.47
	49	50	1	1.03
TRC4	54	55	1	1.23
	56	58	2	1.06
TRC6	61	63	2	1.84
TRC7	0	1	1	1.24
TRC8	0	5	5	4.53
including	0	1	1	11.58
	15	16	1	1.55
TRC9	9	12	3	1.87
	19	25	6	3.07
TRC11	16	17	1	7.72
	20	25	5	2.15
TRC12	11	12	1	1.75
	31	35	4	7.73
including	33	34	1	24.99
	39	40	1	1.59
	44	47	3	4.61
TRC14	109	112(eoh)	3	2.19
TRC15	27	33	6	5.17
including	29	31	2	10.45
TRC17	17	20	3	1.36
	25	29	4	1.51
TRC18	57	58	1	1.38
TRC19	30	34	4	1.80
	39	41	2	6.61
including	40	41	1	10.45
TRC30	7	8	1	2.33

During the second Reverse Circulation (RC) drilling program at Trillbar completed in February - March, 2006, a total of 18 drillholes for 1658 metres were completed at Boundary. Drillhole locations are shown on Figure 1 with significant (>1g/t gold) drill intercepts listed in Table 2 below.

Table 2: March, 2006 RC Drilling Program - >1g/t Gold Drill Intercepts

<u>Drillhole</u>	<u>From(m)</u>	<u>To(m)</u>	<u>Intercept(m)</u>	<u>Grade (g/t Au)</u>
TRC35	100	101	1	1.20
TRC37	104	139(eoh)	35	1.57*
(incl.	112	119	7	4.75)
TRC43	117	120	3	1.07
	125	129(eoh)	4	1.06
TRC44	121	123	2	1.83

* - Includes isolated 1 metre intercepts of <1g/t gold.

eoh – end of hole

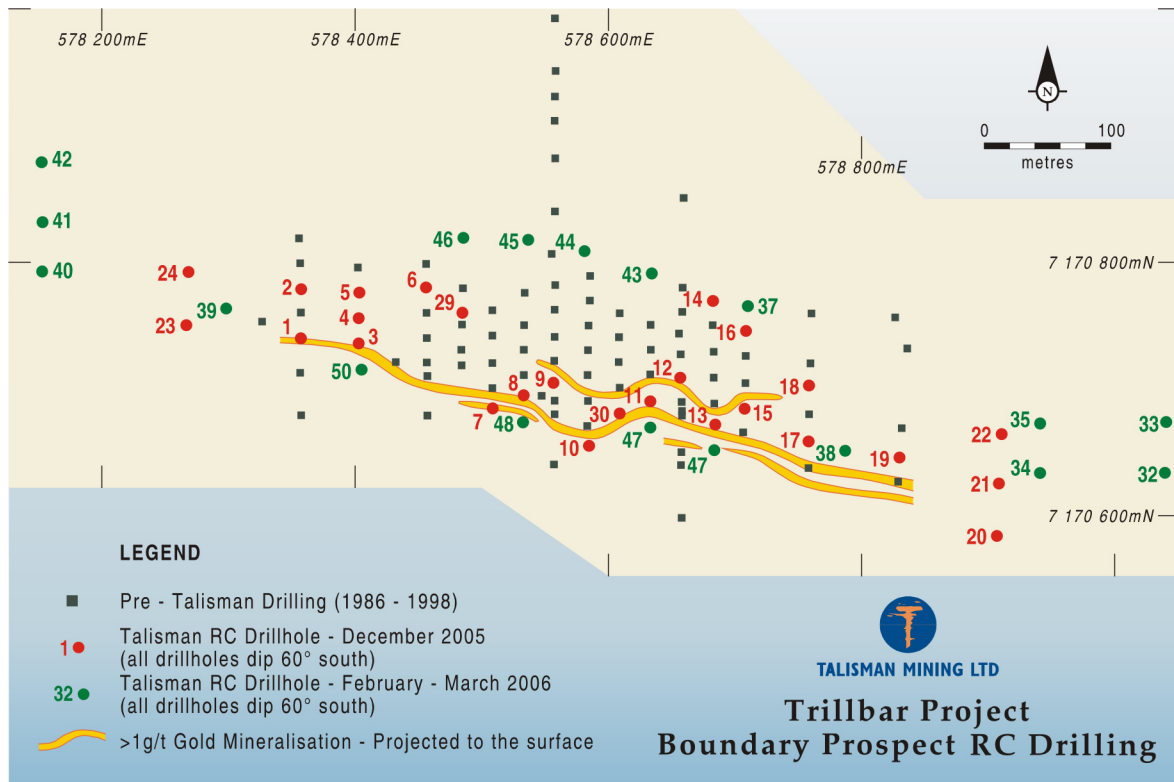


Figure 2

As expected, the drilling appears to have closed off the mineralisation to the west and down-dip to the north. Significantly, however, the drilling has also confirmed the Company's expectation of a shallow east-northeast plunge to the mineralisation as evidenced by drillhole TRC37.

The TRC37 intercept is considered by the Company to be very significant and encouraging for the following reasons:

- It is at 35 metres the thickest mineralised intercept recorded from the prospect, including drilling completed by previous explorers,
- The intercept terminated in mineralisation at 139m downhole indicating that the mineralised zone may be thicker than 35 metres,
- It is at 90 to 120 metres vertical depth the deepest mineralised intercept recorded from the prospect, including drilling completed by previous explorers,
- The intercept is below the zone of intense weathering and is therefore free from supergene enrichment. This confirms ore-grade primary mineralisation at depth, a possibility dismissed by previous explorers. The intercept included **1m (116 - 117) @ 16.07g/t gold** indicating potential for deep gold resources accessed by underground mining methods,

In summary, reinterpretation of the geometry of the orebody and confirmed by drillhole TRC37 as a shallowly east-northeast plunging lode, offers excellent potential with further drilling for a very substantial upgrade of the gold resource and not before envisaged potential for primary mineralisation at depth.

A longitudinal section of the main mineralised zone is shown in Figure 3.

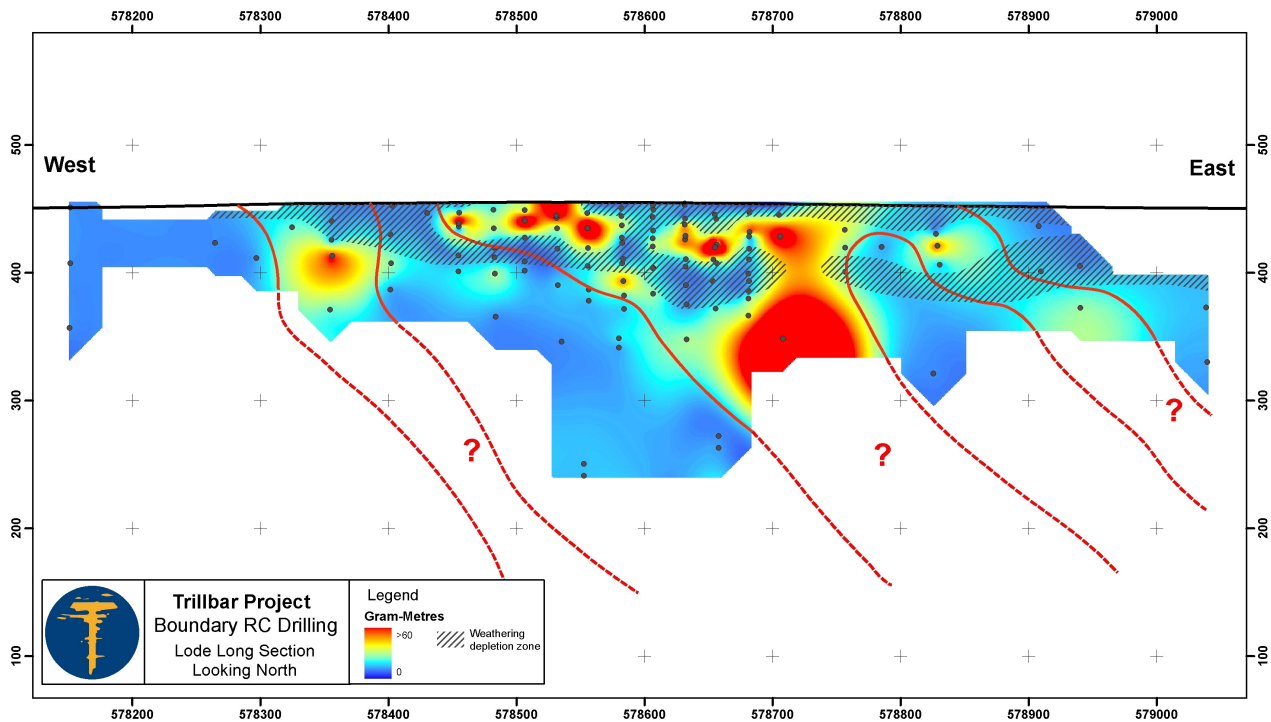


Figure 3

Further drilling to follow the plunge of the mineralisation is planned for completion in the next Quarter of operations.

In light of the encouraging drill results achieved to date the Company will delay completing a recalculation of the resource pending results of the planned drilling campaign to be completed in the subsequent Quarter.

A detailed aeromagnetic survey over the entire Trillbar project has been commissioned for completion in late April, 2006. Data from this survey will be used to define the mineralised Boundary Shear System beneath cover and produce Boundary-type targets for follow up drilling.

Winja Prospect

During the December, 2005 Quarter, two reverse circulation drillholes for 129 metres were completed in follow up to a Western Mining Corporation (1986 – 1991) drill intercept of 2m @ 2.86g/t gold. A third planned drillhole was not completed owing to failure of the contracted drilling rig.

Composite 4 metre grab samples were collected and submitted for assay with results received during the current Quarter of operations. This drilling produced encouraging results with a best intercept of **12m (24-36m) @ 1.72g/t gold**. Anomalous 4 metre intervals will be re-split and one metre intervals submitted for fire assay.

Follow up drilling is planned for completion in the next Quarter of operations.

MAITLAND GOLD PROJECT (80% Talisman)

No exploration activities were completed during the quarter.

A detailed aeromagnetic survey over the entire Maitland project has been commissioned for completion in late April, 2006. Data from this survey will be used to define the mineralised Mudawerrie BIF and produce structural targets for follow up drilling.

MOUNT JAMES GOLD PROJECT (Talisman earning 60%)

No exploration activities were completed during the quarter.

A program of soil geochemistry is planned for completion in the subsequent quarter.

BUSTLER WELL GOLD PROJECT (80% Talisman)

The Company has acquired 80% equity in the Bustler Well gold project from Adelaide Prospecting Pty Ltd for a nominal cash sum and a commitment to carry the vendor minority interest to completion of a bankable feasibility study.

Previous limited drilling by past explorers had returned drill intercepts to 1m @ 37.4g/t gold, 2m @ 9.08g/t gold, 3m @ 7.62g/t gold and 3m @ 7.17g/t gold. The project has been in private hands for a number of years with no work of consequence completed in the 17 years since 1989.

The Company believes that the Bustler Well project might provide a high-grade repetition of the Mount James mineralisation situated 10km to the southwest.

No exploration activities were completed during the quarter.

A program of soil geochemistry is planned for completion in the subsequent quarter.

WONMUNNA Cu-Zn-Au-Ag / IRON PROJECT (100% Talisman, Royalty Agreement (Iron Ore) with Poondano Exploration Pty Ltd)

Parmelia Gossan - Layoff Prospect

The Layoff prospect encompasses a section of the Parmelia copper – zinc – gold – silver gossan previously defined by the Company (Figure 4). A single reconnaissance RC drillhole (WRC3) of 114 metres was completed to test the gossan where it is traversed by an iron ore exploration access track. This drillhole intersected 38 metres of weathered shale and minor chert over 72 metres of carbonaceous black shale before terminating in dolerite. The black shale contains 5-10% sulphides, primarily pyrite and pyrrhotite, as disseminations and thin laminae. The 6 metre interval from 45 to 51 meters contained 15-25% sulphides, this interval appearing to represent the unoxidised equivalent of the outcropping gossan.

The best drill intercept in WRC3 was near the base of weathering with 12 meters (24 – 36m) @ 0.18% copper, 0.17% zinc. The sulphide-rich 45 – 51 metre interval averaged 0.1% copper.

Results of this single reconnaissance drillhole have shown both the presence of significant sulphide accumulations with elevated base metals, and the presence of supergene enrichment in the weathering profile of the black shale.

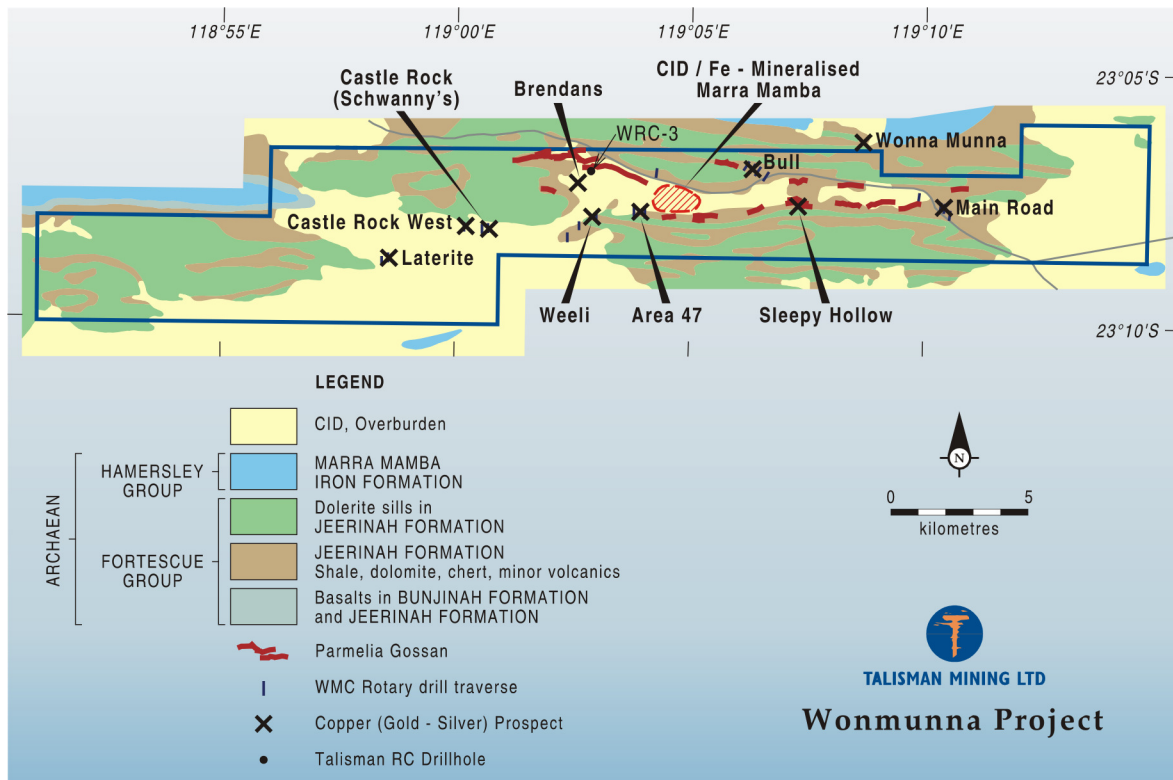


Figure 4

Oxide Copper (Gold-Silver)

Two short reconnaissance RC drillholes were completed to test the outcropping high-grade mineralisation reported previously (Rock-chip sample 20% copper, 0.37% zinc, 0.23gt/ gold, 8g/t silver, 0.187g/t platinum + palladium) at Schwanny's prospect (Figure 4). This drilling returned a best intercept in drillhole WRC2 of 5m (0 – 5m) @ 0.53% copper, 0.28% zinc. The significance of the relatively low grades intersected in these two reconnaissance drillholes, as opposed to the high grades noted in the surface sample, has not yet been ascertained. Further work to map the extent and structure of the outcropping mineralisation is in progress.

Also during the quarter, two previously unknown outcropping copper-oxide mineralisations were discovered and subsequently designated as Brendan's and Weeli prospects (Figure 4). Outcrop samples from these prospects returned composite surface rock sample assays of 31.3% copper at Brendan's and 8.6% copper, 0.21g/t gold at Weeli.

Previous exploration by Talisman at Womnunna has focussed on the Parmelia Gossan and its implications for sulphide copper – zinc – gold – silver mineralisation. Whilst this target remains viable, re-examination of the WMC drill data from the 1960's – 70's, together with new discoveries of outcropping oxide copper mineralisation at Schwanny's, Brendans and Weeli, has indicated significant potential for the definition of economic oxide copper (gold – silver) mineralisation.

Whilst primary sulphide mineralisation will remain a target, some focus and exploration effort will shift to definition of oxide mineralisation.

Previous drilling by WMC recorded significant copper intercepts in the oxide zone as shown in Table 3.

Table 3: Wonmunna Project - Selected WMC (1969 – 1975) Copper drill intercepts**Bull Prospect:** Contiguous drillholes;

FV703	1.5m – 3.0m	1.5m @	1.02% Cu
FV543	3.0m – 13.7m	10.7m @	3.40% Cu
FV702	9.1m – 15.2m	6.1m @	1.36% Cu
WD2	6.0m – 7.5m	1.5m @	1.79% Cu

Castle Rock West Prospect:

FV506	0m – 12.2m	12.2m @	1.00% Cu
FV570	1.5m – 10.6m	9.1m @	0.65% Cu

Area 47 Prospect:

FV597	0m – 3.0m	3.0m @	0.87% Cu
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Sleepy Hollow East Prospect:

FV506	0m – 15.2m(eoh)	15.2m @	0.43% Cu
FV528	0m – 30.5m(eoh)	30.5m @	0.37% Cu

Laterite Prospect:

FV567	0m – 12m	12m @	1.00% Cu
FV570	1.5m – 10.5m	9.0m @	0.65% Cu

Main Road Prospect:

FV505	0m – 15m(eoh)	15m @	0.39% Cu
FV506	0m – 15m(eoh)	15m @	0.43% Cu
FV528	0m – 30m(eoh)	30m @	0.37% Cu

Castle Rock Prospect:

FV585	0m – 1.5m	1.5m @	6.90% Cu
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The above drill intercepts indicate significant grades and thicknesses of mineralisation. In reading the above results it must be taken into account that the WMC drilling was completed on short drill traverses based solely on very limited soil geochemistry and, for the most part, with no follow up.

In addition to copper, WMC recorded significant oxide zone silver drill intercepts (to 120g/t Ag) and zinc (to 1% Zn). WMC did not assay for gold although Talisman outcrop geochemistry indicates low grades of the order of 0.2 – 0.5g/t Au might be expected.

Iron Ore (Poondano Exploration Pty Ltd Royalty Agreement)

A second program of reconnaissance drilling by Poondano Exploration Pty Ltd has reported drill intercepts of significant primary iron ore mineralisation associated with the Marra Mamba Iron Formation. Results of this drilling have previously been reported in detail by Mount Gibson Iron Ltd, a major shareholder in Poondano Exploration Pty Ltd.

Initially targeting overlying Yandi-type pisolitic iron deposits, the reported drill intercepts of mineralised Marra Mamba in an area not previously known to host iron formation are very significant (Figure 4). Six drillholes over an area of approximately 1.5 x 0.5 kilometres averaged 58.8% iron over 15.7 metres with a best intercept of 6m @ 62.9% iron. These results, together with silica, alumina and phosphorus, are comparable with current specifications of Pilbara iron ores. The mineralisation is considered to be similar to the West Angelas and Marandoo iron ore deposits.

Poondano has noted 'a strong probability of Western extension' of the mineralisation, together with potential for buried Marra Mamba ores elsewhere on the Wonmunna tenement. Further drilling is planned.

TOM PRICE Cu-Zn-Au-Ag / IRON PROJECT (100% Talisman, Royalty Agreement (Iron Ore) with Fortescue Metals Group Ltd)

No exploration activities were completed during the quarter.

A program of stream sediment geochemistry is planned for completion in the subsequent quarter.

ANTICLINE Cu-Zn-Au-Ag / IRON PROJECT (100% Talisman, Royalty Agreement (Iron Ore) with Fortescue Metals Group Ltd)

No exploration activities were completed during the quarter.

A program of stream sediment geochemistry is planned for completion in the subsequent quarter.

COPER HILLS Ni-Cu-PGE PROJECT (100% Talisman, Western Platinum NL earning 70%)

No exploration activities were completed by Western Platinum NL during the six month period other than a reinterpretation of pre-existing airborne radiometric data. This reinterpretation has resulted in the definition of three uranium channel radiometric anomalies within the joint venture area. Western Platinum intend to complete ground follow up of the anomalies in the subsequent quarter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. J. Elliott', written over a light grey background.

S. J. Elliott
Managing Director

Information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Steven Elliott who is a member of the Australasian Institute of Mining and Metallurgy. Mr Steven Elliott is a full time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity 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 Steven Elliott consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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")

31 March 2006

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (.9.....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	(252)	(398)
(b) development	-	-
(c) production	-	-
(d) administration	(115)	(200)
1.3 Dividends received		-
1.4 Interest and other items of a similar nature received	21	44
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(347)	(555)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	(350)
(b)equity investments	-	-
(c) other fixed assets	(49)	(49)
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	(49)	(399)
1.13 Total operating and investing cash flows (carried forward)	(396)	(954)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(396)	(954)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	3,134
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 (costs of issue)	-	(378)
	Net financing cash flows	-	2,756
	Net increase (decrease) in cash held	(396)	1,802
1.20	Cash at beginning of quarter/year to date	2,202	4
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,806	1,806

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	51
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

For fees for accounting services and directors salaries.

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

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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

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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		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	
Total	400

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	1,806	2,202
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,806	2,202

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		Nil		
6.2 Interests in mining tenements acquired or increased	Bustler W. M52/800 E52/1457	80% Acquired	0%	80%

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	36,798,006	21,575,868		
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				
7.7 Options <i>(description and conversion factor)</i>	3,900,000	-	<i>Exercise price</i> 25 cents	<i>Expiry date</i> 30 June 2008
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: ..28 April 2006.....
(Company secretary)

Print name:Lloyd Flint.....

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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