



## **TALISMAN MINING LTD**

PO Box 1834 Osborne Park WA 6916  
Tel: 61 8 9445 8282 / Fax: 61 8 9445 9575  
[www.talismanmining.com.au](http://www.talismanmining.com.au)

12 October 2006

The Manager  
Company Announcements Office  
Australian Stock Exchange

By Electronic Lodgement

### **QUARTERLY REPORT – SEPTEMBER 2006**

Following is the Quarterly Report for the September 2006 quarter.

Appendix 5B will be lodged under separate cover.

Yours sincerely

**S. J. Elliott**  
**Managing Director**



## TALISMAN MINING LTD

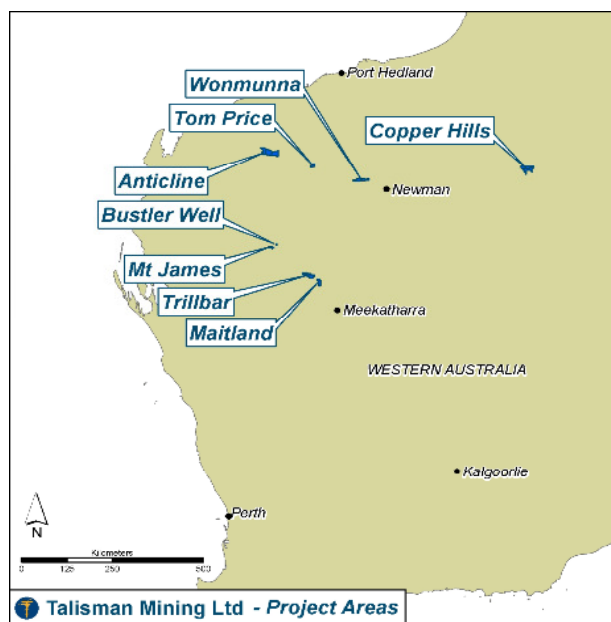
PO Box 1834, Osborne Park WA 6916  
Tel: 61 8 9445 8282 / Fax: 61 8 9445 9575  
[www.talismanmining.com.au](http://www.talismanmining.com.au)

12 October 2006

The Manager  
Company Announcements Office  
Australian Stock Exchange

By Electronic Lodgement

# QUARTERLY REPORT JULY – SEPTEMBER, 2006



## MINERAL PROJECTS

### OVERVIEW

- ❖ During the Quarter, the third full Quarter as a Stock Exchange listed Company, Talisman has advanced its flagship Trillbar Gold Project from a small resource with several subsidiary drill targets to a large mineralised system of which the resource (Boundary) would appear to be only a very small part. Numerous new gold targets have been defined and a new type of mineralisation discovered at Winja. Accordingly, the potential for dramatically expanding the resource base at Trillbar in the near future has increased substantially.
- ❖ Soil geochemistry at the Maitland project has defined strong gold anomalies associated with the Mudawerrie BIF and abandoned Maitland South workings. New, unexpected anomalies have also been defined south of the Maitland South workings and east of the Mudawerrie BIF.
- ❖ A strong gold-in-soil anomaly of 700m strike has been defined associated with the abandoned Bustler Well workings, Bustler well project.

**TRILLBAR GOLD PROJECT (80% Talisman)**

Drilling completed by the Company during the Quarter comprised:

1. Further resource definition RC drilling of the Boundary prospect,
2. RC drill testing of the Winja prospect,
3. Reconnaissance RAB / Aircore drilling west along strike from both Boundary and Winja.

**Boundary**

Drilling at Boundary during the Quarter comprised the completion of 23 RC drillholes for a total of 2414m. Significant (>1g/t gold) drill intercepts from this work are listed in Table 1 below.

**Table 1: Boundary Prospect – September Quarter, 2006 - Significant (>1g/t gold) Drill Intercepts**

Drillhole	East (m)	North (m)	From	To	m	g/t gold
TRC51	578355	7170796	28	32	4	1.15#
TRC52	578657	7170785	111	112	1	1.00
			115	116	1	2.18
TRC54	578707	7170708	44	46	2	1.05
			54	55	1	2.73
TRC55	578430	7170776	44	52	8	1.13#
TRC58	578380	7170776	16	18	2	1.13
TRC61	578729	7170693	47	50	3	1.67
TRC62	578729	7170715	42	45	3	2.08
TRC63	578729	7170742	56	64	8	2.10#
			104	106	2	1.94
TRC83	578758	7170727	40	44	4	1.76#
			73	83	10	2.23
<b>Including</b>			<b>78</b>	<b>79</b>	<b>1</b>	<b>13.81</b>
			89	95	6	2.04
TRC85	578607	7170789	102	104	2	1.14
			129	130 (eoh)	1	1.43
TRC87	578785	7170746	76	88	12	1.47#
			113	114	1	2.77
TRC88	578759	7170767	153	155	2	1.42

# - 4m composite samples – 1m samples yet to be assayed.

These results, together with those from previous Talisman drilling programs and from drilling completed by previous explorers, are being used to calculate a new resource for the Boundary deposit. A significant upgrade of the previous, pre-Talisman, resource estimate of 314,000t @ 2.2g/t gold is expected. It is anticipated that results of this recalculation will be available by the end of October, 2006.

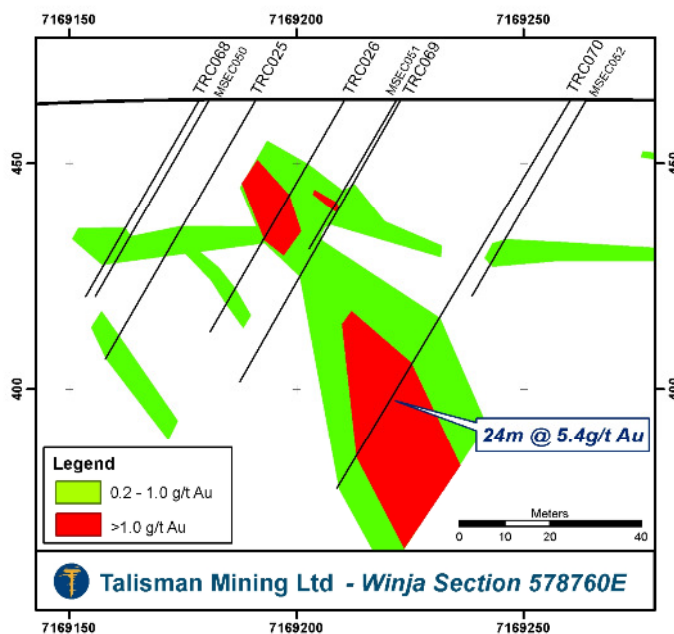
Two drillholes (TRC64, 86) targeted at intersecting the Main Lode beneath the previously reported 35m @ 1.57g/t gold (Including 7m @ 4.75g/t gold) failed to reach target depths owing to hole collapse. Diamond drilling will therefore be required to assess the depth potential of the mineralisation.



## Winja

Follow up drilling to test the previously reported Winja mineralisation comprised the completion of 15 RC drillholes for a total of 1098m. Whilst a number of these drillholes reported only narrow, low-grade (<1g/t gold) intercepts, a single drillhole (TRC70) drilled beneath the previously reported mineralisation returned **24m (68 - 92m) @ 5.4g/t gold (Including 8m (68 - 76m) @ 13.9g/t gold)** (Figure 1).

Significantly, this intercept was entirely in fresh rock and is therefore not the result of supergene enrichment. In fact, the weathered zone at Winja appears to be depleted in gold. The remaining drillholes were targeting potential strike extensions of the mineralisation on a east – west line, parallel to the Boundary mineralisation 1 kilometre to the north. However, following reinterpretation of the aeromagnetic data and results of the reconnaissance RAB / Aircore drilling (Figure 2), it is now apparent that the mineralisation strikes northwest. This variation, combined with near surface gold depletion, adequately accounts for the failure of these drillholes to intersect significant mineralisation. Follow up drilling based on the revised interpretation is planned for completion in the following Quarter.



*Figure 1*

## Reconnaissance

Reconnaissance geochemistry comprised the drilling of RAB / Aircore drillholes at 40m intervals on traverses spaced an average of 400m apart. A total of 362 drillholes were completed for a combined total of 4099m for a distance of 5.6 kilometres along strike to the west from Boundary and Winja. Drillholes were completed to saprolite (weathered bedrock) and samples collected and analysed for gold.

The RAB / Aircore drilling proved very effective in delineating areas of gold anomalism and mineralised trends. Combined with the RAB geochemistry previously completed by Sons of Gwalia Ltd east of Boundary, numerous anomalies warranting follow up drill evaluation have now been defined over a total strike length of 16 kilometres and width of approximately 1.5 kilometres (Figure 2). It is significant to note that the RAB / Aircore geochemical signature of the numerous new anomalies is not dissimilar to that evidenced at Boundary.

This trend of anomalies, including the Boundary and Winja mineralisations, is designated as the **‘Trillbar Gold Corridor’**.

The Trillbar Gold Corridor remains open along strike to both the east and west and remains open across strike to the north on the tenement recently acquired by the Company (see below). Additionally, the prospective terrane hosting banded iron formations on the southern margin of the central granite remains unevaluated either by Talisman or by previous explorers. In total, approximately 75% of the highly prospective terranes remain unevaluated, offering considerable scope for delineation of numerous further drill targets.

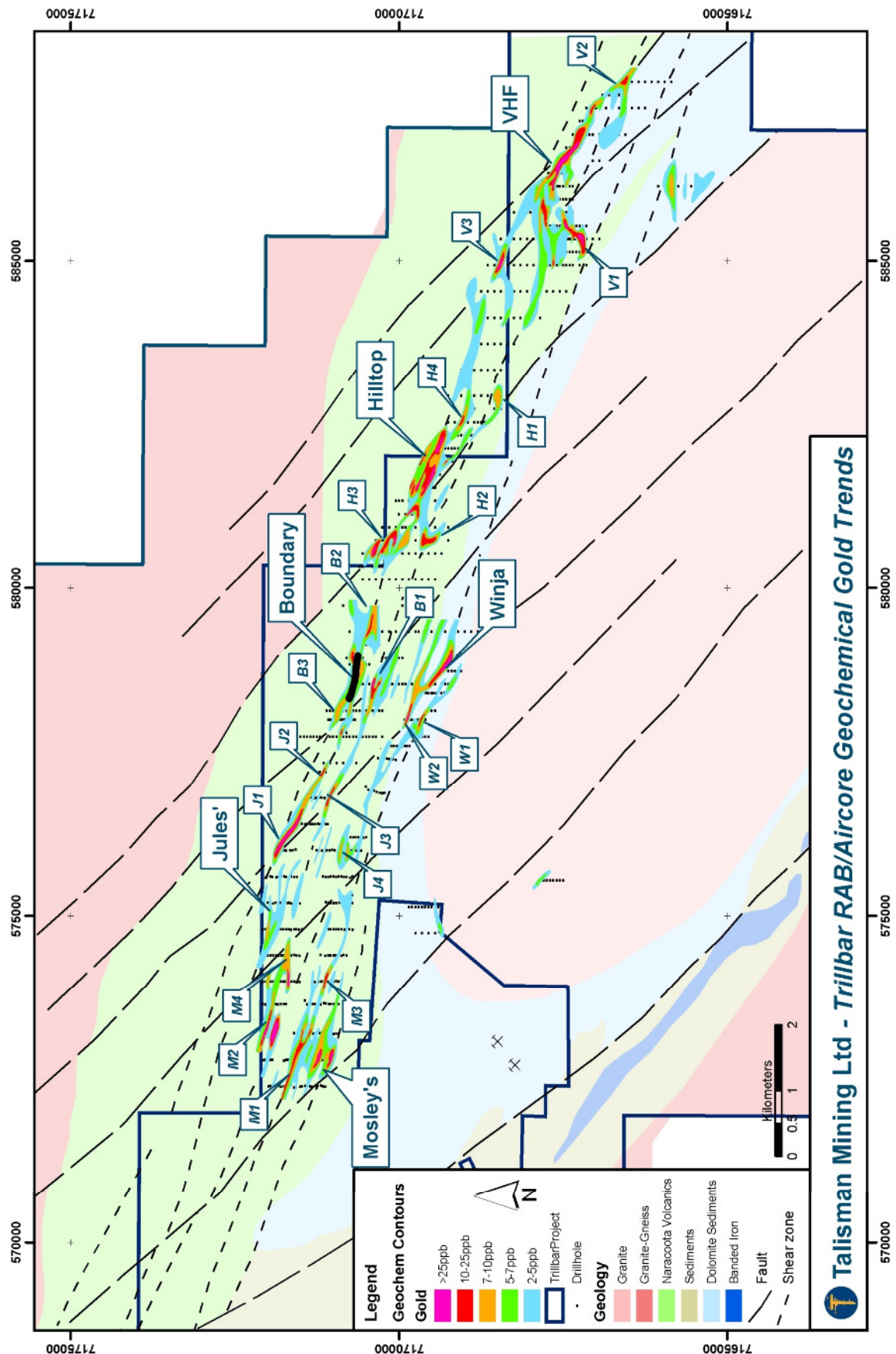


Figure 2

**Important Note**

*It is significant to note that the Winja mineralisation appears to be the only known gold mineralisation associated with carbonate metasediments in the Peak Hill Goldfield. This new type of mineralisation is possibly of the Carlin type, similar to gold mineralisations in the Ashburton Goldfield to the north. It is also significant to note that the sediments and volcanics that host the gold mineralisation at Trillbar are probable stratigraphic equivalents to the host formations to the Ashburton mineralisations. Furthermore, both goldfields occupy similar structural settings – Ashburton in extensively faulted terrane adjacent to the southern margin of the Pilbara Craton; Trillbar in extensively faulted terrane adjacent to the northern margin of the Yilgarn Craton.*

*The anomalies delineated by the reconnaissance drilling show a strong association with the intersection of major west-northwest strike-slip faults (Figure 2 – short dashes) with crosscutting northwest faults (Figure 2 – long dashes). Gold mineralisation at the intersections of such fault sets is a ubiquitous feature of the Peak Hill Goldfield. This structural setting is also very similar to that exhibited by the Tanami Corridor in the Tanami Goldfield near the Western Australia – Northern Territory border. It is significant to note that the 15 kilometre long Tanami Corridor hosts in excess of 40 separate gold lodes with a total gold endowment (Past production + remaining in ground) in excess of 1.7M ozs.*

***Collectively, the valid comparisons noted above substantially increase the potential of the project to deliver a World class gold resource.***

**Acquisition**

Talisman has entered into an agreement to acquire 100%, less a 1% nickel royalty, of E52/1675 adjoining the Trillbar project tenements to the north. This tenement of approximately 150 square kilometres contains continuations of the mineralisation-hosting structures as determined from aeromagnetic data. No previous gold exploration work of significance has been completed in this area.

**MAITLAND GOLD PROJECT (80% Talisman)****Mudawerrie BIF**

Gridded soil geochemistry, sampled at 200m x 40m centres, has been completed over a total of approximately 7.5 kilometre strike length of the gold-mineralised Mudawerrie BIF. This geochemistry defined a series of anomalies coincident with the Mudawerrie BIF including a significant anomaly of approximately 1700m strike adjacent to and north of the abandoned Maitland North gold workings (Figure 3). This anomaly is directly associated with the Mudawerrie BIF which in this area was shown, by rock geochemistry, to contain up to 4g/t gold.

Follow up RC drill evaluation of this anomaly is planned for completion in November - December, 2006.

A significant series of gold-in-soil anomalies has also been delineated on the western margin of the sampled area, coincident with the western margin of the BIF sequence. This anomalism is particularly apparent in the south and immediately to the northwest of the Maitland North workings. Further soil sampling is being completed to better define these anomalies.



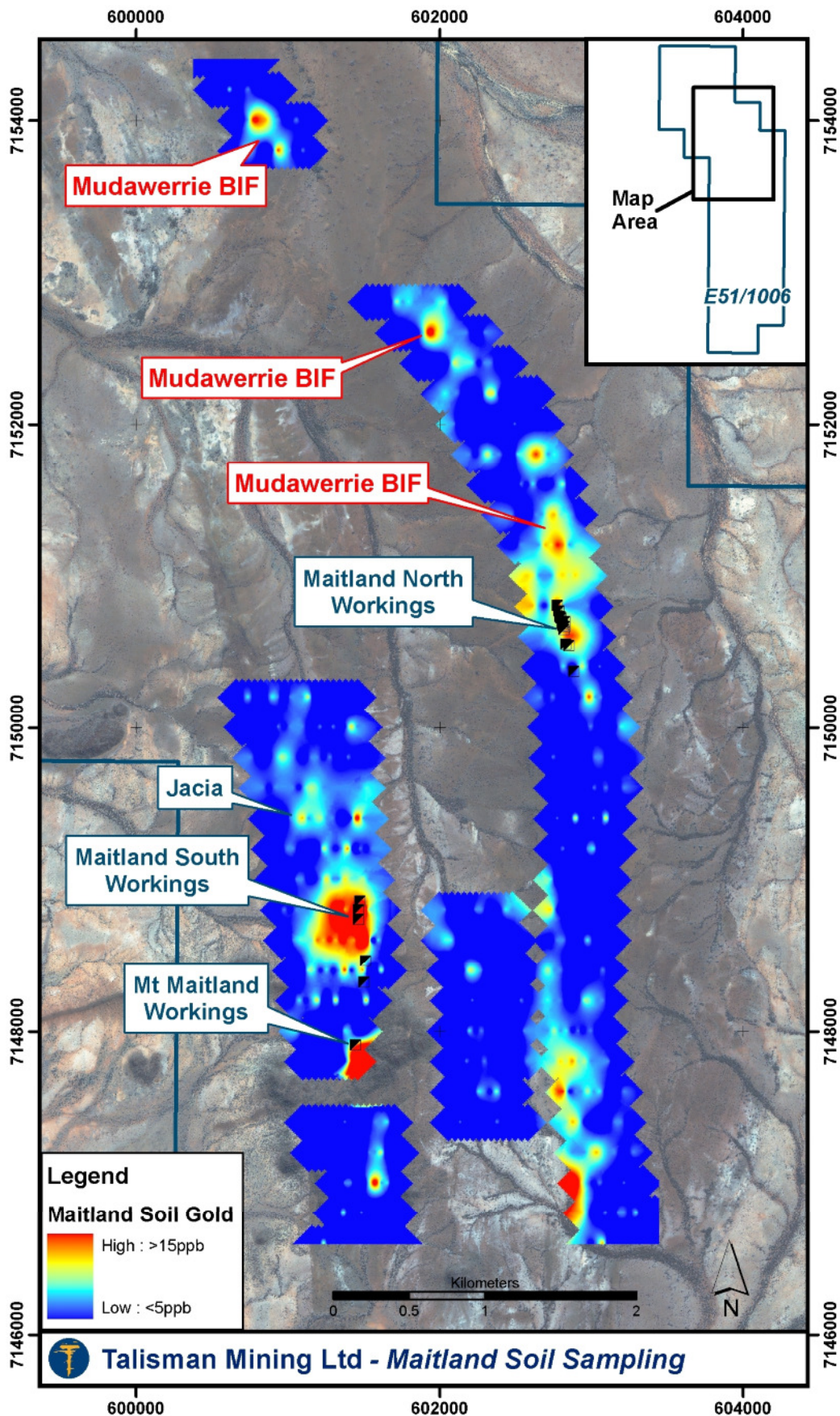


Figure 3

**Maitland South - Jacia**

Gridded soil geochemistry completed over the Mount Maitland - Maitland South - Jacia trend has been completed, also on 200m x 40m centres. This work has defined a strong anomaly of approximately 1000m strike length associated with the abandoned Maitland South gold workings.

Follow up RC drill evaluation of the Maitland South workings and associated anomaly is planned for completion in November - December, 2006.

A second strong anomaly was also defined approximately 1000m along strike to the south from the Maitland South gold workings. This anomaly may indicate a previously unrecognised repetition of the Maitland South mineralisation. The anomaly remains open to the south, with further soil geochemistry being completed to define its full extent.

Surprisingly, the outcropping Jacia gold – copper – lead – silver prospect failed to display any significant anomalism in any of the analysed elements (gold, copper, lead, zinc, arsenic). Follow up investigations are in progress.

**MOUNT JAMES (GOLD) – (Talisman Mining Ltd earning 60%)**

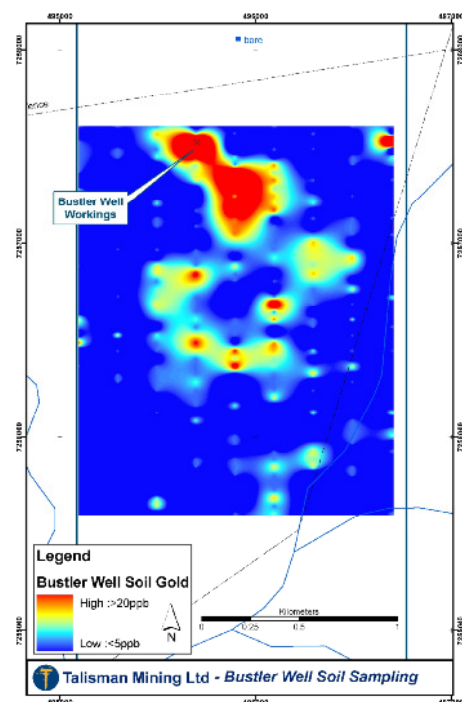
Gridded soil geochemistry will commence, in November, 2006, over the West Point – Fishtail – Clever Mary gold-mineralised trend in an endeavour to isolate targets for follow up RC drill evaluation. A detailed low level aeromagnetic survey has also been commissioned for completion in the first quarter of 2007, the results of which will be used for defining structural targets for follow up drill evaluation.

Follow up RC drill evaluation of any defined anomalies is planned for completion in the first half of 2007.

**BUSTLER WELL (GOLD) – (Talisman Mining Ltd – 80%)**

Gridded soil geochemistry, sampled at 200m x 40m centres, has been completed over the abandoned Bustler Well gold workings and potential strike extensions. This work has defined a strong gold anomaly, coincident with the abandoned workings, trending southeast over a strike of approximately 700 metres and width up to 300 metres (Figure 4). The abandoned workings occur over a strike length of less than 200m. This anomaly, with peak values to 300ppb gold, possibly continues further to the northwest beyond the current limits of the soil survey.

Low level gold anomalism occurs for a further 400 metres along strike to the southeast from the principal anomalies and a group of small, low level anomalies of uncertain derivation occur to the south of the main anomaly.



**Figure 4**





A spot high of 537ppb gold in the northeast corner of the surveyed area may be the result of transported gold from an as yet undefined distant source.

Follow up RC drill evaluation of primary Bustler Well anomaly is planned for completion in the first half of 2007.

#### **WONMUNNA (COPPER-ZINC-GOLD-SILVER) – (Talisman Mining Ltd -100%)**

RAB / Aircore RC drill evaluation of the previously reported Bull and Sleepy Hollow copper – zinc – gold – silver soil anomalies is scheduled to commence in October - November, 2006. This drilling is designed to define the probable extent of supergene copper – (zinc – gold – silver) mineralisation indicated by the large, strong soil geochemical anomalies. Some planned deeper drillholes at Sleepy Hollow will evaluate the potential for precursor, primary sulphide mineralisation associated with the soil anomalies and coincident Parmelia Gossan.

It is anticipated that the results from this program will be available by December, 2006.

Gridded soil geochemistry in follow up to other known oxide copper occurrences and stream sediment anomalies will also recommence in November.

#### **Iron Ore**

Poondano Exploration Pty Ltd has announced an intention to withdraw from the royalty agreement extant between the two Company's. Talisman is seeking a new joint venture partner to further the iron ore potential of the project area.

#### **TOM PRICE (COPPER-ZINC-GOLD-SILVER) – (Talisman Mining Ltd -100%)**

Strong copper anomalism has previously been defined, and reported by the Company, over a large part of the project area. Gridded soil geochemistry over these areas is planned, with the intention of defining targets for follow up drill evaluation.

#### **Iron Ore**

Work completed to date by joint venture partner Fortescue Metals Group Ltd (Iron ore only) has been largely limited to mapping and research of previous iron ore exploration in the tenement area.

#### **ANTICLINE (COPPER-ZINC-GOLD-SILVER) – (Talisman Mining Ltd -100%)**

Stream sediment geochemistry is planned for completion over this large area during early 2007.

#### **Iron Ore**

Joint venture partner (Iron ore only) Fortescue Metals Group Ltd has planned for completion before the end of the year a detailed aeromagnetic survey. This data, along with an already completed aerial photography survey, will be available to Talisman for use in its exploration for base and precious metals mineralisation.



**COPPER HILLS (NICKEL-COPPER- PGE / URANIUM) – (Talisman Mining Ltd – 100%,  
Western Platinum NL earning 70%)**

No recent exploration activities have been reported by Western Areas NL, although they have informed Talisman that they intend to drill within the project area in 2006.

**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.