



**TALISMAN**  
MINING LIMITED

## SEPTEMBER 2010 QUARTERLY REPORT

### COMPANY SNAPSHOT

#### Board of Directors

**Alan Senior** - Non Executive  
Chairman

**Gary Lethridge** - Managing Director

**Peter Langworthy** - Technical  
Director

**Brian Dawes** - Executive Director

**Karen Gadsby** - Non Executive  
Director

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**Capital Structure** (as at 26 Oct 2010)

**Shares on Issue:**  
110,018,149 (TLM)

**Options on Issue:**  
19,104,705 (TLMO)  
21,306,000 (Unlisted)

**ASX:** TLM & TLMO

### HIGHLIGHTS

- **Commencement of exploration drilling campaign at the Springfield Project including:**
  - **Targeted and reconnaissance diamond drilling;**
  - **Extensive regional wide-spaced reconnaissance RAB drilling; and**
  - **Targeted reconnaissance RC drilling.**
- **Current drilling program anticipated to continue through to mid-December.**
- **Remobilised chalcopyrite-pyrite observed in small stringer sets at Homer Prospect indicative of a broader copper-gold VMS mineralised system.**
- **Newly identified drill target consisting of coincident and semi-coincident geochemical, moving loop electro-magnetic and gravity anomalies located at the CCO2 prospect within the Central Corridor of the Springfield Project.**
- **Completion of high resolution airborne magnetic and radiometric survey across the Springfield, Halloween and Shelby Projects.**
- **Announcement post quarter end of a potential sale of the Wonmunna and Uaroo Projects via an option arrangement to E-Com Multi Ltd for \$41.35M consisting of \$34.25M cash, \$7.1M in post re-constructed E-Com Multi Ltd shares and 1% project royalties.**



## **BRYAH BASIN, WESTERN AUSTRALIA - EXPLORATION**

Talisman has consolidated a series of high-quality projects across the Bryah Basin, Western Australia which are prospective for the discovery of volcanogenic massive sulphide (VMS) copper-gold mineralisation similar to Sandfire Resources NL's nearby DeGrussa discovery.

The Company's portfolio of exploration projects covers a total area of 736km<sup>2</sup> within the Bryah Basin (see **Figure 2**) and provides the Company with the opportunity to adopt a strategic regional approach to exploration, plus develop a deep pipeline of quality exploration targets.

### **Springfield Copper-Gold Project (TLM 100%)**

*The Springfield Project comprises a 303km<sup>2</sup> ground package located approximately 150km north east of Meekatharra in the northern Murchison Goldfields (see Figure 3).*

*The project is located immediately along strike to the east of Sandfire Resources' DeGrussa Project where mineral resources now stand at 10.67mt @ 5.6% Cu, 1.8g/t Au and 15g/t Ag contained in four deposits.*

*The strength, size and grade of the DeGrussa VMS system support Talisman's view that the exploration potential in this region and immediately within Talisman's Springfield Project, located as little as 4km to the east of the DeGrussa Deposits, is very high.*

*It has been established by a combination of geological mapping and evaluation, geochemical sampling, interpretation of airborne magnetic data and more recently drilling, that the prospective Narracoota Volcanic Formation (which hosts the DeGrussa Deposits) extends for over 40 kilometres in three parallel trends or corridors (the Northern, Central and Southern Corridors) across Talisman's Springfield Project (see Figure 4).*

### **Current Drilling Program**

An aggressive exploration drilling campaign consisting of both targeted and reconnaissance diamond drilling, extensive regional wide-spaced reconnaissance RAB drilling and targeted reconnaissance RC drilling (see Figure 5) commenced on 22 August 2010 and is planned to continue through to the middle of December 2010.

The diamond and RC drilling programs are focused on the highly prospective Homer Prospect which is located within the ~15km long Northern Corridor.

The RAB drilling program is designed to focus on delineating the geology of parts of both the Northern and the ~17km long Central Corridor in addition to defining any near surface zones of anomalous copper and gold mineralisation and their geological significance. Information derived from the RAB drilling will potentially assist in identifying additional follow-up drill targets.



*Drilling at the Homer Prospect*

### **Homer Prospect**

The Homer Prospect represents a direct strike-continuation of the geological sequence (the Narracoota Volcanics) that hosts the DeGrussa Deposits 4 to 5km to the west. Initial wide spaced reconnaissance RC drilling undertaken by Talisman in the first half of 2010 demonstrated that not only was the prospective Narracoota Volcanic sequence present, but that it is also host to zones of highly anomalous copper, gold and alteration.

The **diamond drilling program** is designed to follow-up these initial anomalous copper-gold drill results and to provide critical geological and structural information. This approach to the drilling has provided further encouragement of the prospectivity of the Homer Prospect and continues to deliver a longer term benefit in the continual development of a growing understanding of the structural and stratigraphic setting of the Homer Prospect.





During and now subsequent to the quarter, a total of 6 diamond holes have been completed (with a seventh in progress) for a total of 2,474 metres.



**Key outcomes** of this **diamond drilling to date** include:

- The intersection of multiple zones of narrow stringer copper and iron-rich sulphides (i.e. chalcopyrite-pyrite) in both sediments and mafic volcanic rock units. Of the preliminary assays (from the first three diamond holes) returned to date from these stringer zones, the maximum result over a 1 metre sample is **0.12% Cu** (SPD001, 742000E 7175699N, -60/180, 250.0-251.0m).
- However, results from a calibrated hand held XRF unit have returned **individual readings** of up to **11.5% Cu** (see photo to the left).
- Talisman believes that the presence of these copper rich sulphides is significant and is indicative of a broader mineralised system. These results are considered highly encouraging and provide a strong platform for the ongoing large exploration program currently in place.
- Successful identification of multiple contacts between the mafic volcanic and overlying volcano-sedimentary rock units. These contacts represent the prospective horizon for the development of VMS deposits.
- Identification of a strong and extensive alteration system potentially associated with what is interpreted as a high level sub-volcanic felsic intrusion. This intrusive body could represent the “heat engine” required to develop a local VMS system.

It is important to note that the drilling to date remains very wide spaced with the diamond drilling currently completed on two sections spaced over 2 kilometres apart.

These results to date are considered by Talisman to be highly encouraging and to provide a framework to vector into a stronger mineralised system with ongoing drilling.



The extensive regional, wide-spaced reconnaissance **RAB drilling program** in the Homer Prospect area has completed 103 holes for 3,014 metres. Drilling progress has however been hampered by poor weather conditions and contractor staffing issues, with assay results yet to be received.

Targeted reconnaissance **RC drilling** in the Homer area commenced at the end of the quarter, with 6 holes for 856 metres completed. Assay results are pending.

### **CC02 Prospect**

The CC02 Prospect is located towards the western end of the ~17km Central Corridor (see Figure 4).

Further investigation during the quarter of a geochemical anomaly identified in the first half of 2010 has resulted in a newly identified drill target (CC02) which has coincident and semi-coincident moving loop EM and gravity anomalies located within the Narracoota Volcanics.

Talisman is currently drilling this target.

### **Monty Prospect**

The Monty Prospect is located within the central portion of the ~17km long Central Corridor (see Figure 4).

Initial reconnaissance RC drilling undertaken in the first half of 2010 returned a series of encouraging results as reported last quarter (best result hole **SPRC085, 40m @ 0.05% Cu**).

These anomalous drill intersections are located on or near the contact between a mafic volcanic rock unit and an overlying volcano-sedimentary rock sequence. Combined with the supportive multi-element geochemistry they are interpreted as a potential vector to a VMS mineralised system.

Following completion of drilling at the CC02 Prospect it is planned to mobilise the diamond drill rig to commence drilling of the Monty Prospect.

### **Abraham and Skinner Prospects**

The Abraham and Skinner Prospects lie within the 10km long Southern Corridor of the Springfield Project.

As reported last quarter reconnaissance RC drilling identified substantially more mafic volcanic rocks than expected at Abraham and importantly identified a large body of felsic to intermediate volcanic rocks at Skinner that may be indicative of a proximal volcanic location (i.e. potentially close to a mineralizing system).

No material exploration activity was undertaken on these prospects during the quarter due to the priority focus on the Northern and Central Corridors.



### **Regional Airborne Magnetic and Radiometric Survey**

A detailed airborne magnetic and radiometric survey was recently completed covering the entire Springfield Project and surrounds. Data is currently being processed and imaged.



*Airborne Magnetic Survey being flown near Talisman's Springfield Exploration Camp*

This new data set, combined with the drilling information currently being collected, will provide a powerful interpretive insight into the controls on the regional and local geology and provide the ability for the direct identification of new targets intended for follow-up exploration.

### **Regional Bryah Basin Projects**

In addition to the advancing Springfield Project, Talisman has also successfully consolidated a series of exploration projects across the Bryah Basin. These projects provide exposure to extensive areas of the prospective **Narracoota Volcanic Formation**.

This positions Talisman to take advantage of the emergence of what is believed to be a new geological province that is considered highly prospective for camps of VMS Deposits.

These projects also provide depth and continuity to the Company's exploration portfolio, providing the opportunity to apply geological knowledge gained from exploration across the Bryah Basin and develop a series of follow-up exploration targets to complement those already identified at Springfield.



### **Halloween Project (TLM 100%)**

***The Halloween Project, which was acquired in December 2009, is located approximately 11.5km west of the Springfield Project and 16.5km south-west of, and along strike from, the high-grade DeGrussa Deposit (see Figure 2). 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.***

As reported last quarter geochemical sampling over the Halloween Project has identified two broad copper-gold anomalies consisting of an extensive copper-gold anomaly (700m long by 200m wide) with assays peaking at 960ppb gold and a lower order northwest-striking copper-gold anomaly (400m long by 150m wide) with assays peaking at 90ppb.

The results of this surface geochemical sampling program are considered to be very encouraging and confirm that the Halloween Project lies within the western projection of the interpreted prospective VMS geochemical trend that hosts the DeGrussa Deposits to the east.

During the quarter a detailed airborne magnetic and radiometric survey was completed over the project. Data is currently being processed and imaged. Statutory government approvals and confirmation of access protocols are still being sought prior to the commencement of an initial RC drilling program planned for next year.

### **Shelby Project (TLM 100%)**

***The 309km<sup>2</sup> Shelby Project is located on the northern margin of the Bryah Basin approximately 30km north of the Horseshoe Lights Copper-Gold Mine (see Figure 2). The project area has been targeted on the basis that extensions of the prospective Narracoota Volcanic Formation may extend further to the north under the younger sedimentary units of the Bangemall Basin.***

During the quarter Talisman completed a detailed airborne magnetic and radiometric survey over the Shelby Project.

The data from the survey will now be modelled to determine the likely depth at which the Bryah Basin succession may be located within the Shelby Project with a view to identifying future drilling targets

As previously reported Talisman has been granted funding up to \$200,000 under the WA State Government Exploration Incentive Scheme (EIS) for an initial deep diamond drilling program to test this concept.

In addition to identifying any potential extensions of the Bryah Basin the new magnetic data has identified or better defined, a series of large magnetic features that are speculated to represent large intrusive bodies either of mafic-ultramafic or granitic affinity. These features combined with the recognition that a large, deep crustal scale fault zone traverses the northern edge of the project area suggest that mafic-ultramafic intrusive related nickel-copper deposits (e.g. Voisey's Bay (Vale), West Musgrave (BHPB)) and/or Iron Oxide Copper Gold (IOCG) deposits (e.g. Olympic Dam (BHPB)) are valid additional targets for the project which are planned to be followed up during 2011.





### **Milgun Project (TLM 80%)**

*The Milgun Project is located approximately 20km north west of the Shelby Project and covers what Talisman has identified as a northern outlier of the Bryah Basin (see Figure 2). The 123km<sup>2</sup> Project was originally targeted for gold, however recent assessments have identified the presence of a sequence of volcanic rock that are likely to be the equivalent of the Narracoota Volcanic Formation, and are therefore prospective for VMS-style deposits.*

No exploration was undertaken during the quarter.

The delayed geochemical sampling program has yet to be completed due to adverse weather conditions and extensive exploration commitments at the Springfield Project. If resources and weather conditions permit the sampling will be undertaken during the December quarter.

### **OTHER EXPLORATION PROJECTS**

#### **Wonmunna (TLM 100%)**

*The Wonmunna Iron Project is strategically located in the heartland of the East Pilbara iron ore mining industry (see Figure 1, with three major operating iron ore mines (West Angelas, Area C and Hope Downs) located within 20km of the lease boundary). 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.*

#### **Exploration Activities**

Work at the Wonmunna Iron Project during the quarter predominantly related to rehabilitation of previous exploration activities.

#### **Potential Sale of the Wonmunna Project**

On 1 October 2010 Talisman entered into an Option Agreement with E-Com Multi Ltd to grant that company an option to purchase the Wonmunna and Uaroo iron ore projects for a consideration of \$41.35 million, comprising cash of \$34.25 million, shares in E-Com Multi Limited to the value of \$7.1 million and 1% gross revenue royalties on the Projects.

Under the terms of the Option Agreement the option term will commence upon payment by E-Com Multi Limited of a \$2 million non-refundable option fee. E-Com Multi Limited paid \$0.5 million of this Option fee to Talisman on 1 October 2010. Payment of the remaining \$1.5 million option fee to Talisman by E-Com Multi Limited is subject to approval by E-Com Multi Limited shareholders at the Annual General Meeting of E-Com Multi Limited to be held on 11 November 2010. This condition precedent must be satisfied on or before 30 November 2010 for the option to be granted. The total \$2 million option fee will be included in the overall cash consideration if the option is exercised by E-Com Multi Limited.





The exercise of the option by E-Com Multi Limited is conditional on:

- Completion of due diligence on the Wonmunna and Uaroo Projects by E-Com Multi Limited to its satisfaction;
- Shareholder approval for the exercise of the option by both companies (if required by the ASX);
- Any other statutory approvals which may be required by either party; and
- E-Com Multi Limited completing a capital consolidation and capital raising of up to a total of \$45 million.

The option, if granted will expire on 12 February 2011 or as otherwise agreed.

Should the option be granted and then exercised, it will result in a major boost to Talisman's cash resources which will underpin its ongoing copper-gold exploration activities in the highly prospective Bryah Basin and significantly enhance its ability to target additional new growth opportunities in the Australian resource sector.

Talisman will also retain a holding in E-Com Multi Limited of between 8.7% and 9.6% on an undiluted basis post that company's recapitalisation and capital consolidation, giving Talisman exposure to the future upside from the successful execution of E-Com Multi Limited's Australian iron ore strategy.

Under the terms of the Option Agreement the total sale consideration (cash and shares) for the Wonmunna Project is \$41.0 million and a 1% gross royalty on all metals produced and sold from the Wonmunna Project.

Further details are available in the announcement to the ASX dated 1 October 2010 entitled *Option Agreement to Sell Iron Ore Assets*.

### **Uaroo (TLM 100%)**

***The Uaroo Project lies within the Ashburton Mineral Field approximately 370km north east of Carnarvon (see Figure 1). Recent project assessments have highlighted the potential of the Uaroo area to host extensive BIF-associated magnetite deposits similar to those targeted by Zinc Co Australia at their Mt Alexander Magnetite Project.***

During the quarter the tenement application comprising the Uaroo Project was granted and limited exploration activity took place.

As previously announced to the ASX (and detailed in the Wonmunna section) Talisman entered into an Option Agreement on 1 October 2010 with E-Com Multi Ltd to sell the Uaroo and Wonmunna iron ore projects.

Under the terms of the Agreement the total sale consideration (cash and shares) for the Uaroo Project is \$0.35 million and a 1% gross royalty on all metals produced and sold from the project. There is also a potential milestone payment of \$3 million upon the definition of a JORC compliant iron ore resource at Uaroo of greater than or equal to 300 million tonnes at greater than or equal to 30% Fe.

The Option Agreement is subject to the receipt of E-Com Multi Ltd shareholder approval to the payment of a \$2M option fee, at which point the three-month option term will commence.

Further details are available in the announcement dated 1 October 2010 entitled *Option Agreement to Sell Iron Ore Assets*.



### **Skull Springs JV (TLM 100% / SSR earning 70%)**

*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. The Skull Springs Project is named after a nearby manganese deposit that is located within 10km of the main prospect. The project comprises four tenements known as Wandanya, Yilgalong and Gangarrigan. 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 (see Figure 1). At Wandanya, located 40km south west of the Woodie Woodie Operations, high grade rock chips up to 65% Mn have previously been assayed in outcrops of mineralisation trending NE-SW.*

Talisman has been notified by joint venture partner Shaw River Resources that it intends to drill a 1,200m first pass RC drilling program at the Wandanya Project in early 2011. This drilling is planned to target three prospective outcrop areas that extend over a 2.5km strike length where evidence of a strong hydrothermal signature, hosting structures and manganese alteration are identified as being most intense.

Planning by Shaw River Resources for this drilling program was able to proceed during the September quarter with hole locations selected and flagged in the field. Appropriate applications for drilling permits were also completed by Shaw River Resources.

Shaw River Resources have advised that they intend to conduct field mapping and sampling at the northern Skull Springs tenements during late 2010.

### **Maitland (TLM 80%)**

*The Maitland project is located approximately 115km north of Meekatharra in the northern Murchison Goldfields, Western Australia (see Figure 1). The project covers a sequence of Archean mafic, ultramafic and sedimentary rocks that have been shown by reconnaissance exploration by Talisman to be prospective for gold, base metals and high grade iron ore.*

No exploration activity. Assessment of the project is continuing.

### **Anticline Polymetallic Project (TLM 100% - iron rights held by FMG)**

No exploration activity.

### **Tom Price Polymetallic Project (TLM 100% - iron rights held by FMG)**

No exploration activity.

### **Yamarna Gold Project (TLM 100%)**

Tenements making up the Yamarna Gold Project were relinquished during the quarter.



## **CORPORATE**

There were 1,330,523 listed 20 cent options that were exercised during the quarter. As at 1 October 2010 there are 21,618,473 listed 20 cent options outstanding which will expire on 31 December 2010.

### ***Competent Persons' Statement***

*Information in this ASX release that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Harry Cornelius, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Harry Cornelius 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 Harry Cornelius consents to the inclusion in this report of the matters based on information in the form and context in which it appears.*

#### **For further information, please contact:**

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**or**

**Peter Langworthy – Technical Director**

**on +61 8 9380 4230**

#### **For media inquiries, please contact:**

**Nicholas Read – Read Corporate**

**on +61 419 929 046**



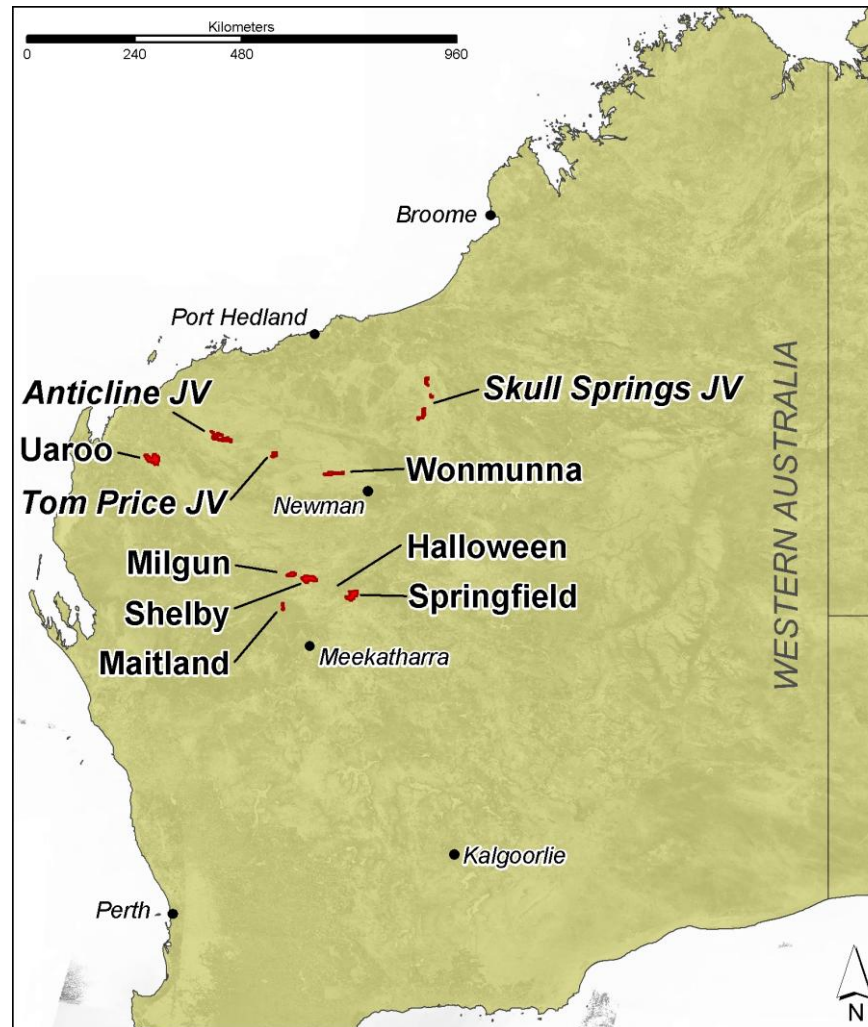


Figure 1 – Talisman Mining Ltd Project locations

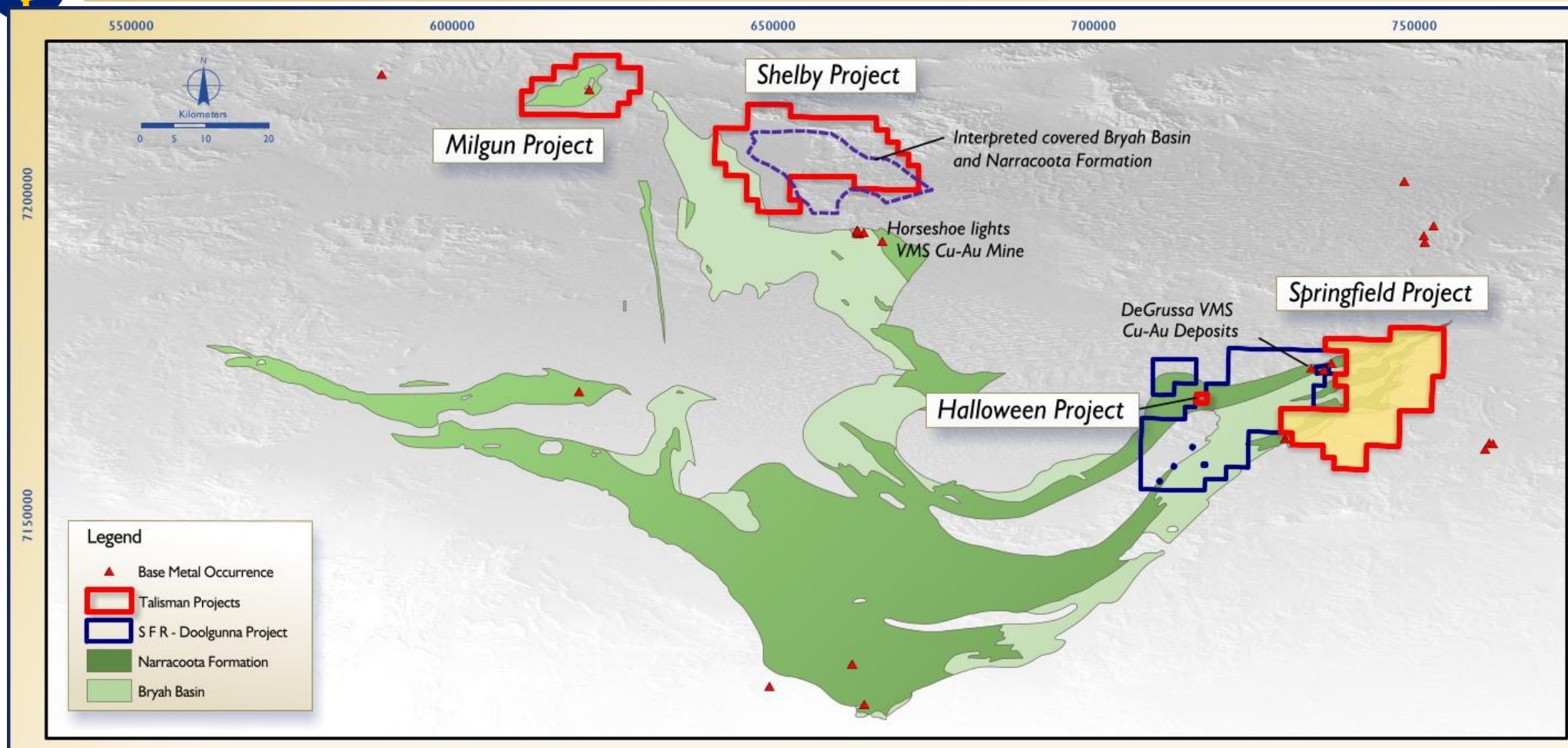


Figure 2 – Bryah Basin Projects

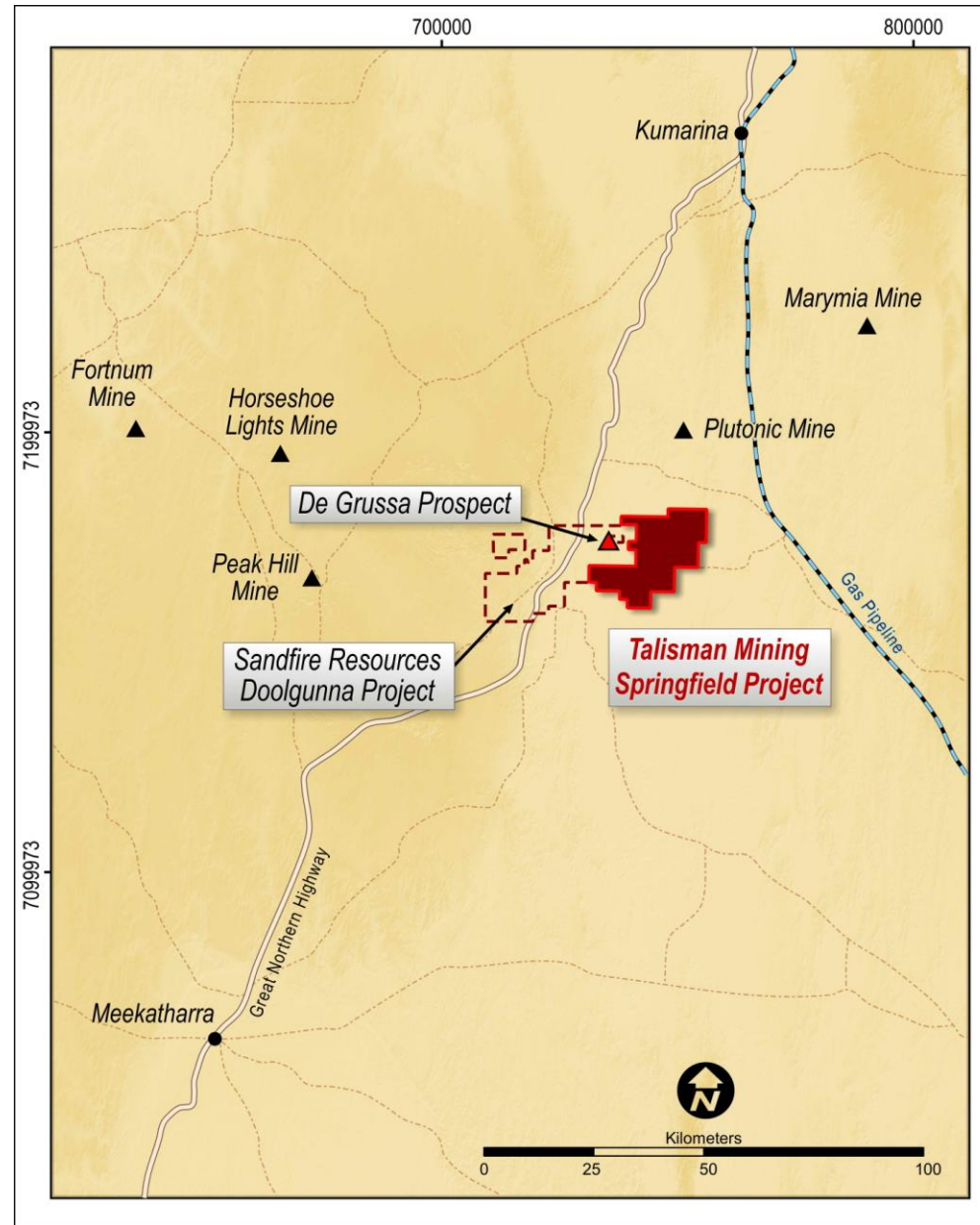


Figure 3 – Springfield Project Location Plan



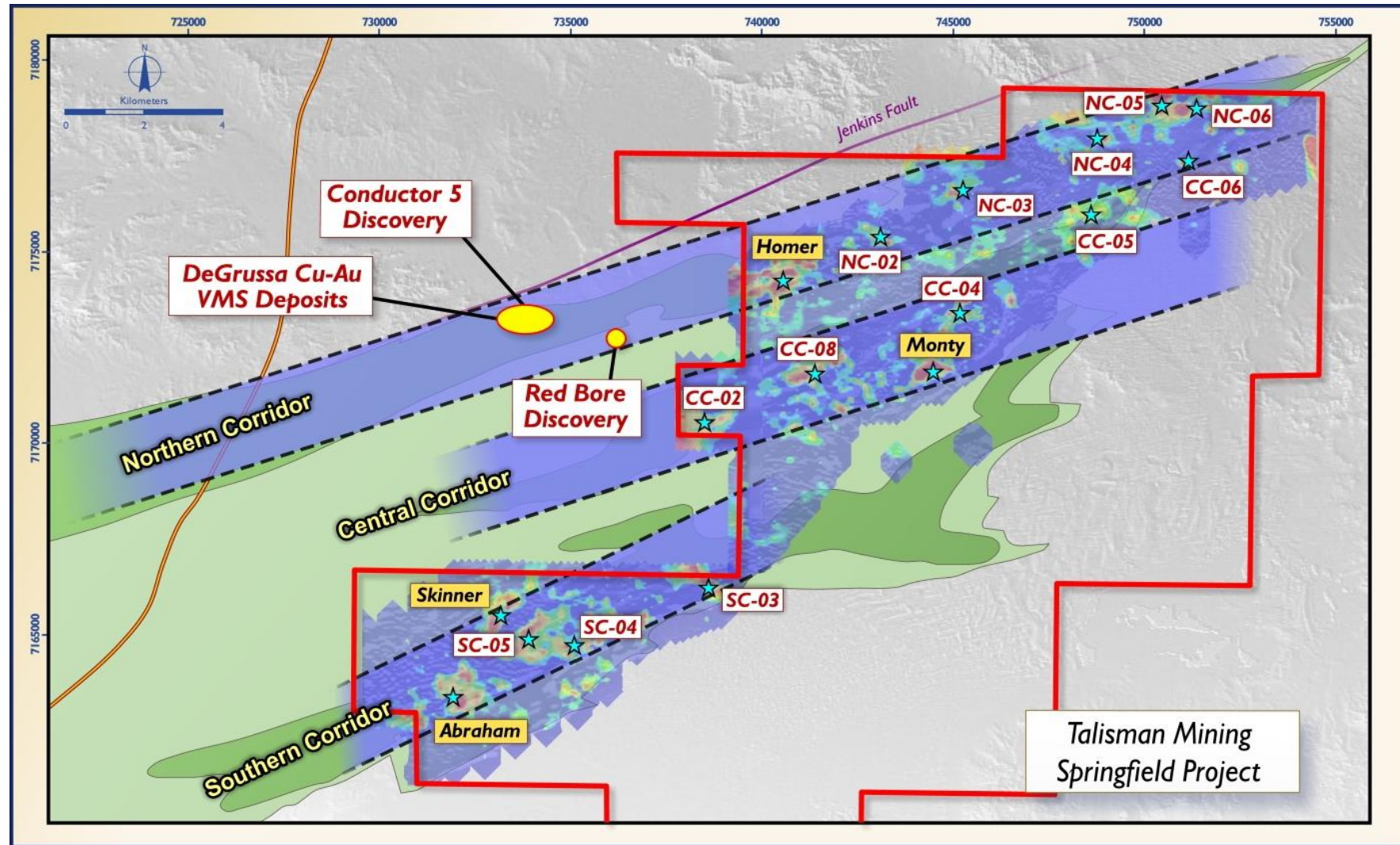


Figure 4 – Springfield Project Geochemical Corridors

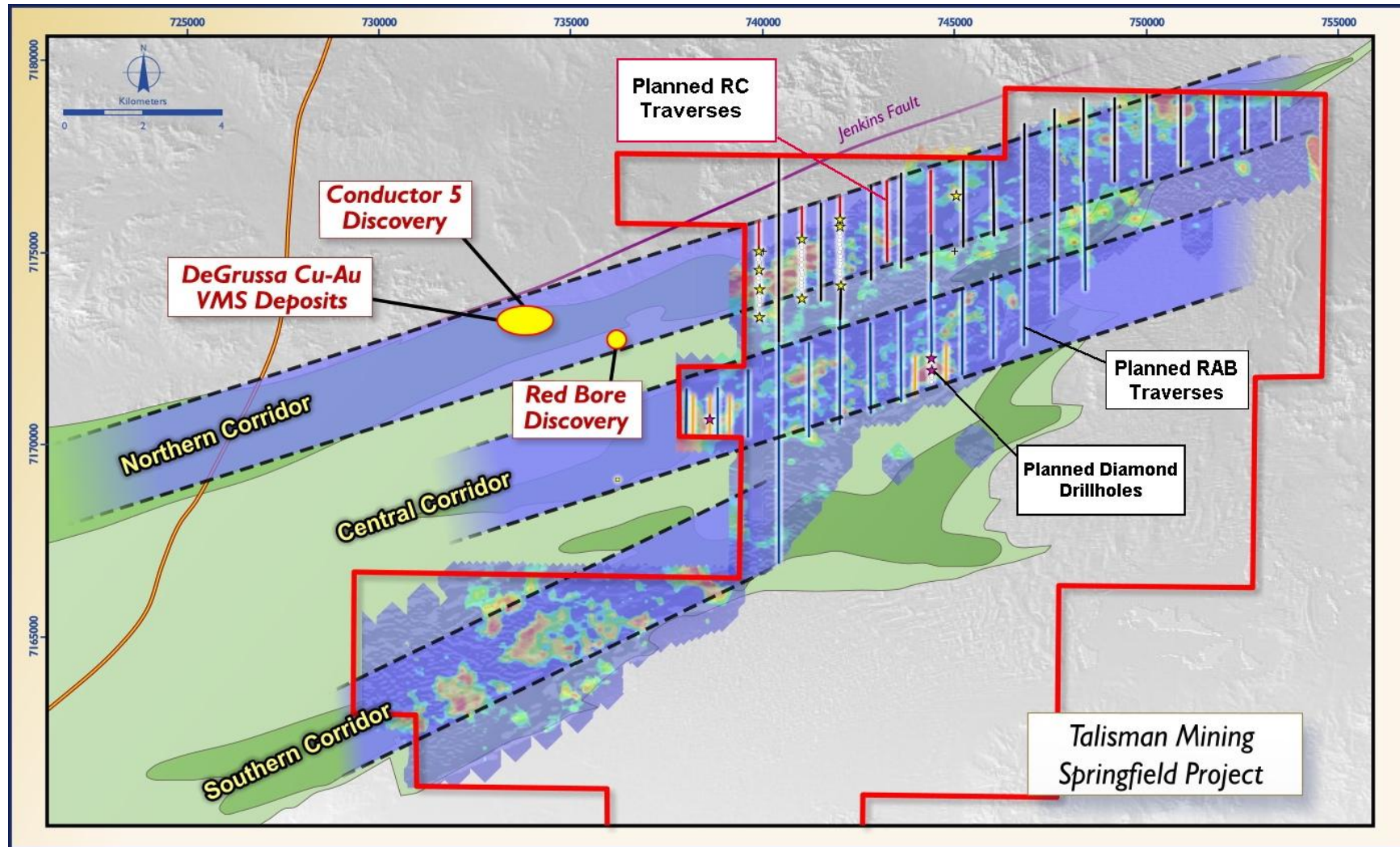


Figure 5 – Springfield Project – Planned Exploration Drilling

# Appendix 5B

## Mining exploration entity quarterly report

Name of entity

TALISMAN MINING LIMITED

ABN

71 079 536 495

Quarter ended ("current quarter")

30 September 2010

### Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(998)	(998)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(487)	(487)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	171	171
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	-	-
<b>Net Operating Cash Flows</b>		(1,314)	(1,314)
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(78)	(78)
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)	-	-
<b>Net investing cash flows</b>		(78)	(78)
1.13	Total operating and investing cash flows (carried forward)	(1,392)	(1,392)

+ See chapter 19 for defined terms.



1.13	Total operating and investing cash flows (brought forward)	(1,392)	(1,392)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	486	486
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)	-	-
	<b>Net financing cash flows</b>	<b>485</b>	<b>485</b>
	<b>Net increase (decrease) in cash held</b>	<b>(907)</b>	<b>(907)</b>
1.20	Cash at beginning of quarter/year to date	13,662	13,662
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>12,755</b>	<b>12,755</b>

**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	239
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.

**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	2,500
4.2 Development	-
4.3 Production	-
4.4 Administration	350
<b>Total</b>	<b>2,850</b>

## 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	1,771	1,771
5.2 Deposits at call	10,984	10,984
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>12,755</b>	<b>12,755</b>

## 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	E38/2223	Tenement surrendered	100%	0%
	E38/2330	Tenement surrendered	100%	0%
	E52/2331	Tenement surrendered	100%	0%
6.2 Interests in mining tenements acquired or increased	E08/1939	Granted from Application	100%	100%
	E53/1577	Application	0%	100%
	E53/1578	Application	0%	100%
	E51/1456	Application	0%	100%

+ See chapter 19 for defined terms.

## 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	107,504,381	107,504,381		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,330,523 350,000	1,330,523 350,000	\$0.20 \$0.25	\$0.20 \$0.25
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.



7.7	<b>Options</b> (description and conversion factor)	21,618,473	21,618,473	<u>Exercise price</u>	<u>Expiry date</u>
		1,456,000	-	\$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
		1,500,000	-	\$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
		400,000	-	\$1.00	30 Nov 2013
		200,000	-	\$1.10	30 Nov 2013
		200,000	-	\$1.20	30 Nov 2013
		200,000	-	\$1.30	30 Nov 2013
		200,000	-	\$0.95	30 June 2013
		200,000	-	\$1.36	07 July 2011
		25,000	-	\$1.14	27 Oct 2011
		25,000	-	\$1.32	27 April 2013
7.8	Issued during quarter				
7.9	Exercised during quarter	1,330,523	1,330,523	\$0.20	31 Dec 2010
		350,000	350,000	\$0.25	31 Dec 2010
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (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: Daniel Madden  
Company Secretary

Date: 27 October 2010

Print name: Daniel Madden

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+ See chapter 19 for defined terms.

## 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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