



Talisman Mining Limited

ABN 71 079 536 495

Financial report for the half-year ended

31 December 2022

Corporate Directory

Board of Directors

Mr Kerry Harmanis	Non-Executive Chairman
Mr Brian Dawes	Non-Executive Director
Mr Jeremy Kirkwood	Non-Executive Director
Mr Peter Benjamin	Non-Executive Director

Company Secretary

Mr Alexander Neuling

Registered and Principal Office

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Website: www.talismanmining.com.au

Auditors

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Perth, Western Australia 6000
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Share Registry

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Securities Exchange Listing

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Perth, Western Australia 6000

ASX code: TLM

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Review of Operations

COVID-19

Throughout the reporting period, Talisman Mining Limited's (**Talisman or the Company**) exploration activities continued to be conducted under, and closely managed in accordance with, Talisman's COVID-19 policies and procedures and NSW COVID-19 regulatory requirements, to ensure the safety of Talisman employees, contractors and local communities. Talisman's COVID-19 procedures included regular COVID-19 rapid antigen testing prior to and during field work in project areas, the availability and use of appropriate COVID-19 personal protective equipment and maintaining social distancing protocols wherever practical. The Company continues to monitor government health advice in regard to COVID-19 and proactively manage any potential impacts on current and future work activities.

Lachlan Copper-Gold Project

Talisman's Lachlan Project consists of four discrete project areas – Central Lachlan, Dandaloo Copper, Hillston Copper-Gold and Elvis Porphyry Copper-Gold projects which combined cover over 6,400km² of granted exploration tenure in the highly prospective Cobar Superbasin and Junee-Narromine Volcanics mineral belts of NSW (*Figure 1*). Regionally the Cobar Basin is a well-established mining district hosting several large long-life gold and base metals operating mines and also hosts several major recent mineral discoveries.

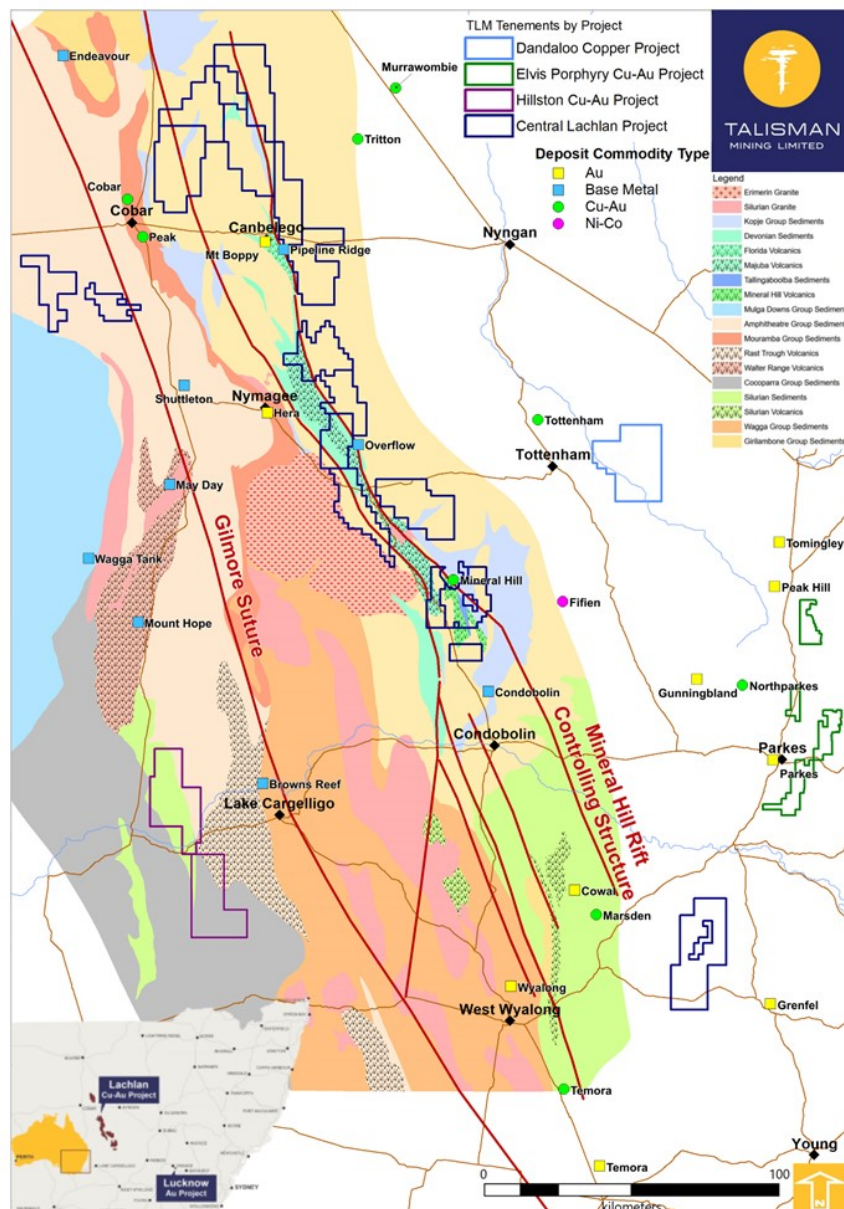


Figure 1: Lachlan Copper-Gold Project tenure and simplified geology.

Talisman's exploration strategy at the Lachlan Project is focused on the significant regional geological architecture, principally the fundamental north-northwest trending rift controlling structures, which are a key feature in regional metallogeny. Proximity to the margins of major basin faults as well as deep seated regional basement lineament structures and zones of high strain are an important factor for mineral deposit formation and Talisman has a meaningful tenure position on the eastern edge of the Cobar Basin rift margin.

Major basement lineaments within the region show a strong control on mineralisation with numerous deposits occurring at the intersections of these lineaments with major structures. It is considered that the area of Talisman's Lachlan Project has the potential to host a variety of deposit types including low sulphation epithermal gold and base metal deposits, structurally controlled gold deposits, structurally controlled copper deposits, Cobar style gold and base metal deposits, as well as skarn deposits.

The Company has identified multiple gold and base metal mineralisation exploration targets at its Central Lachlan, Dandaloo Copper, Hillston Copper-Gold and Elvis Porphyry Copper-Gold Projects.

During the half year ended 31 December 2022, extreme weather events caused significant rainfall onto already saturated areas of the NSW Central West. This resulted in widespread flooding affecting Talisman's exploration areas of operation, which saw local government bodies repeatedly close all unsealed roads to prevent access. Additionally, sealed roads used for travel throughout the area were closed at times due to flooding and subsequent damage.

After consultation with key stakeholders including emergency response groups and local landholders, Talisman deferred on-ground exploration until conditions improved and work could be conducted safely and to reduce the risk of damage to pastoral infrastructure. As a result, only low-impact on-ground exploration activities were undertaken during the half year ended 31 December 2022 which included reconnaissance mapping, soil sampling, geophysical surveys, data interpretation and drill planning.

Geological and Geophysical Synthesis and Interpretation

At the Central Lachlan Project (*Figure 1*), Talisman's extensive regional program of airborne (inclusive of both the VTEM Max Airborne Electro-magnetic (**AEM**) and FALCON Airborne Gravity Gradiometry (**AGG**)) geophysical surveys conducted during the first half of calendar 2022¹, combined with ongoing geochemical sampling programs, have identified more than 31 additional base and precious metals prospects of interest.

Conductive anomalies identified from the AEM survey represent high-priority targets for Talisman to follow up due to their potential link to concealed massive sulphide mineralisation akin to typical Cobar-style lode mineralisation.

During the reporting period, Talisman's geological team have worked closely with well-known geophysical consultants, Southern Geoscience Consultants, to collaboratively interpret and model geophysical data from both the AEM and AGG surveys with geological interpretations. This has resulted in an increased understanding of sub-surface geology and prospect-scale structures across the Central Lachlan Project.

As part of this work, refined Maxwell plate models were produced across priority conductive anomalies to assist with accurate drill targeting. These plate models represent the best fit for a theorised conductive body which would provide the anomaly identified from the AEM survey and are industry standard for generating drill targets from AEM datasets. Drill planning was conducted across eight compelling plate models and the planned drill-holes included in Talisman's drilling campaign which commenced in January 2023².

Regional Exploration

Ground Geophysical Programs

During the reporting period, Talisman contracted and mobilised Fender Geophysics (**Fender**) to the Central Lachlan Project to commence a comprehensive program of electrical ground geophysical surveys. Fender is a highly experienced NSW-based geophysical services provider with extensive experience in the Cobar Superbasin and Lachlan Orogen. The scope of these electrical ground geophysical surveys will include both

¹ Refer Talisman ASX announcements dated 17 January 2022, 30 March 2022, 26 July 2022 and 16 November 2022 for full details.

² Refer Talisman ASX announcement dated 24 January 2023 for full details.

moving loop electro-magnetic (**MLEM**) and pole-dipole induced polarization (**PDIP**) surveys, which are both proven effective as discovery techniques for orebodies in the Cobar Basin.

Geophysical surveys were commenced on Exploration Licence 8615 (**EL8615**) with initial MLEM surveys targeting a widespread base metal anomaly identified from previous soil geochemistry and auger drilling³. This geochemical anomaly is thought to be analogous to anomalies noted around the discovery of nearby orebodies such as Aurelia Metals Limited’s Federation and Dominion deposits.

Due to heavy rainfall and ground saturation, the survey program was deferred shortly after commencement as the survey team were unable to effectively traverse the survey area without causing damage to access tracks and paddocks. The program recommenced in mid-January 2023 when weather and ground conditions facilitated access to survey areas.

Geochemical Programmes

During the half year ended 31 December 2022 Talisman’s geological team conducted a series of ground geochemical programs to assess surface anomalism in regolith. Approximately 580 bulk soil samples were taken targeting B-horizons in the soil profile across high-priority prospective areas. Bulk samples were sent for sieving and analysis at ALS Laboratories in Orange, with assay results pending.

Lucknow Gold Project

Talisman’s Lucknow Gold Project is located approximately 11kms southeast of the NSW town of Orange and is centred on the historic Lucknow Goldfield which was discovered in 1851 and was one of the earliest goldfields to be mined commercially in Australia (*Figure 2*). The Lucknow Gold Project is a joint venture with privately owned Lucknow Gold Ltd, with Talisman holding a 51% participating interest and acting as manager of the joint venture.

The historic Lucknow deposit consisted of multiple high-grade east-west striking steeply dipping veins developed in the immediate footwall of the contact between an ultramafic unit and an andesitic volcanic. Moving to the west away from the contact results in a gradual decrease in gold grades and vein mineralogy, with historical mine plans showing that stoping extended out approximately 150m from the contact in some areas. Talisman believes that the potential remains at Lucknow for moderate tonnage but very high-grade gold deposits.



Figure 2: Lucknow Gold Project tenure

³ Refer Talisman ASX Announcement dated 19 July 2018 for full details.

During the reporting period three land access agreements were secured with local landholders and approximately 200 soil samples collected across those properties. Wet conditions in the region causing saturated soils, overflowing creeks and dams hampered sample collection and sieving. Soil samples were dried, sieved and sent for assay via commercial laboratories with results pending.

Further landholder consultation is proposed to secure additional access agreements to complete all planned geochemical programs during calendar 2023. This work will inform the current geological interpretation and potentially provide targets for future drilling.

Future Exploration Activities

Lachlan Copper-Gold Project

Talisman has scheduled eight AEM anomalies as part of a comprehensive drill program designed to test the highest-priority targets identified across the Central Lachlan Project. Concurrently, two gravity anomalies identified during the AGG survey will also be drill tested, together with further drilling at the Kaolin Shaft Gold Prospect which returned promising Au-Cu-Zn-Pb-Ag assays from previous drilling undertaken in the first half of 2022⁴ (Figure 3). Additionally, a short diamond program will drill beneath historic underground workings at the Elaine Copper Prospect⁵, and assess size, geometry and structural controls on copper mineralisation historically mined at this prospect.

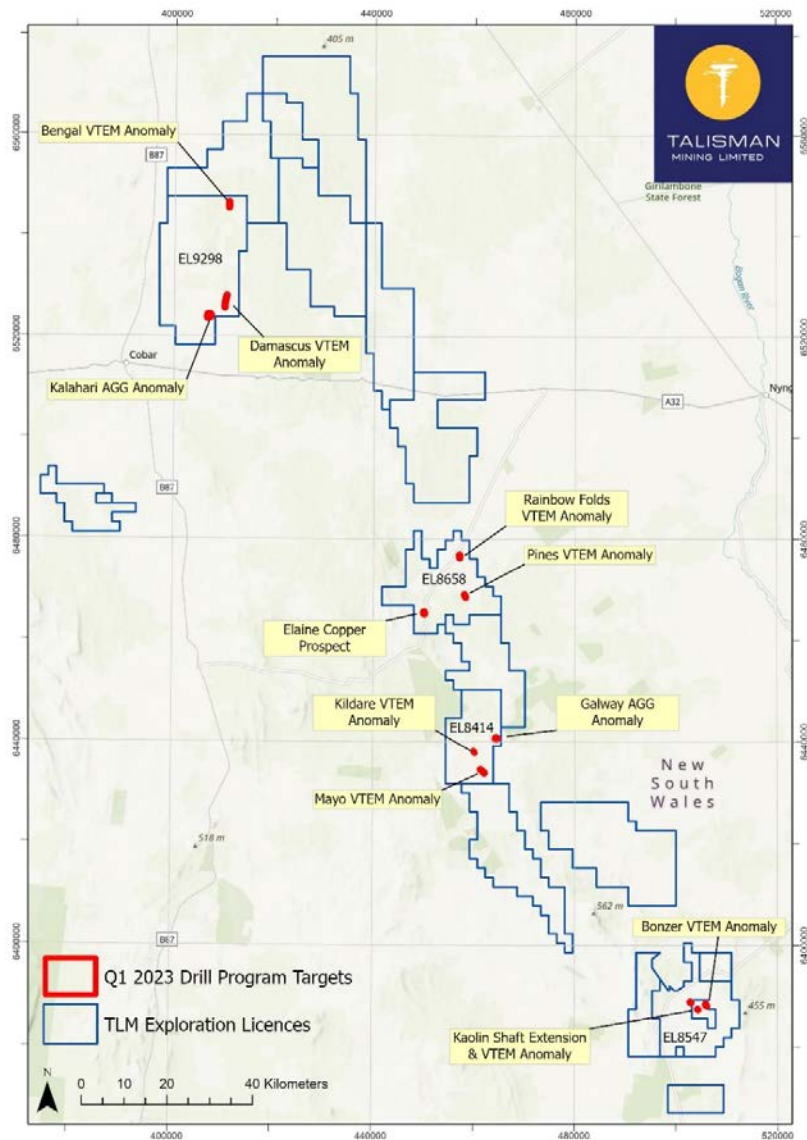


Figure 3 – Central Lachlan Project Quarter 1 2023 planned exploration drill targets.

⁴ Refer Talisman ASX Announcement dated 6 June 2022 for full details.

⁵ Refer Talisman ASX Announcement dated 16 November 2022 for full details.

With over 9,000m of Reverse Circulation and 600m of diamond drilling planned, this overall program is expected to be the largest single drilling program to be undertaken by Talisman on the Central Lachlan Project. Talisman has submitted and received approval for the majority of this program with remaining approvals anticipated to be received early in the first quarter of calendar 2023.

Talisman personnel conducted extensive stakeholder engagement with landholders affected by the planned program during the reporting period. The drill program commenced during January 2023² utilising Resolution Drilling Pty Ltd, a locally owned exploration drilling services provider based in Parkes, NSW, with drill crews well experienced in ground conditions and operational matters throughout Talisman’s tenure portfolio.

Concurrently with the above-mentioned drilling program, following completion of MLEM surveys over EL8615, the program scope aims to conduct a series MLEM and PDIP surveys across prospective areas identified from geological interpretation of Talisman’s airborne surveys on Exploration Licences 8414, 8571, 8658 and 8659 (Figure 4). The objective of the survey program is to define drill-ready targets from wider prospective areas to support Talisman’s exploration drive in the Central Lachlan Project.

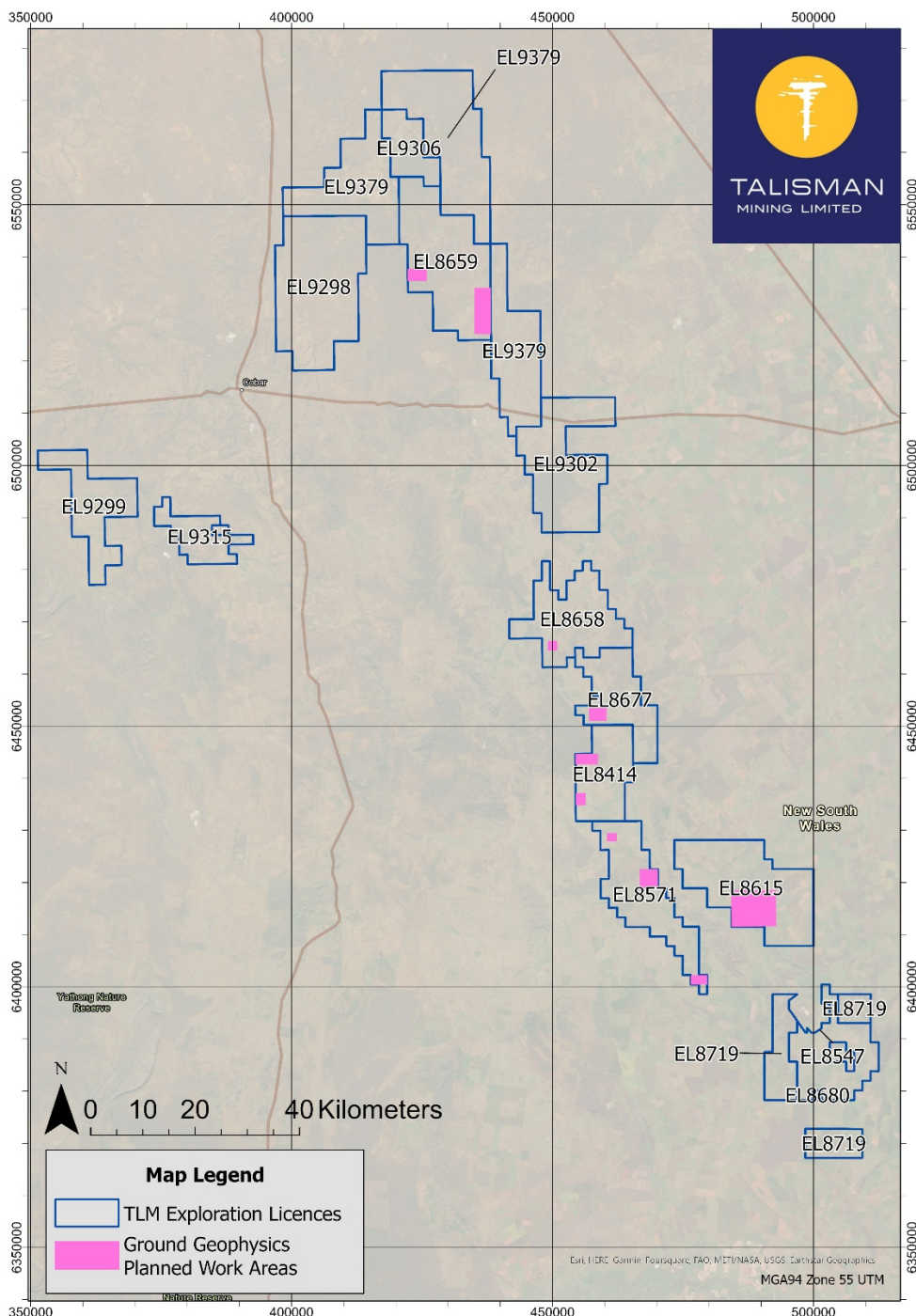


Figure 4 – Central Lachlan Project planned ground geophysics work areas, H1 2023.

Corporate

Royalties

As previously announced to the ASX⁶, Talisman holds an uncapped 1% gross revenue royalty on the sale of iron ore (and other minerals and metals) from Mineral Resources Limited's (ASX: MIN) (MRL) Wonmunna Iron Ore Mine (Wonmunna) located in the Pilbara region of Western Australia. Iron ore production commenced at Wonmunna in March 2021 and is currently operating at its designed production output of 5 million tonnes per annum (Mtpa). Additionally, MRL has announced that it has received the required approvals to potentially expand Wonmunna's production output up to 10Mtpa⁷.

During the reporting period Talisman received royalties from iron ore sales at Wonmunna totalling \$3.5 million.

New Project Opportunities

During the reporting period, Talisman's business development team continued to review potential base and precious metals growth opportunities in Australia and elsewhere with the aim of identifying quality assets with the potential to create long-term shareholder value.

Available growth opportunities (regardless of stage of development) in most commodities continue to remain fully valued, and Talisman is adopting a judicious approach to the review of opportunities to ensure only value accretive transactions that have the potential to create long-term shareholder value are pursued.

Competent Person's Statement

Information in this half year financial report that relates to Exploration Results and Exploration Targets is based on, and fairly represents information and supporting documentation compiled by Mr Russ Gregory, who is a member of the Australasian Institute of Geoscientists. Mr. Gregory is a full-time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Gregory consents to the inclusion in this report of all technical statements based on his information in the form and context in which they appear.

No new information that is considered material is included in this report. All information relating to exploration results has been previously released to the market and is appropriately referenced in this document. JORC tables are not considered necessary to accompany this report.

Forward-Looking Statements

This report may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on Talisman Mining Ltd.'s current expectations, estimates and assumptions about the industry in which Talisman Mining Ltd operates, and beliefs and assumptions regarding Talisman Mining Ltd.'s future performance. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of Talisman Mining Ltd. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Talisman Mining Ltd does not undertake any obligation to update or revise any information or any of the forward looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

⁶ Refer Talisman ASX announcements dated 01 October 2010, 17 February 2011, 15 April/21 May/30 July and 18 October 2021 for full details.

⁷ Refer MRL ASX announcement "FY21 Annual Report to shareholders" dated 8 October 2021.

Directors' Report

The Directors of Talisman Mining Limited (the Company) submit the financial report of the consolidated entity (referred to hereafter as the Group) for the half-year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mr Kerry Harmanis	Non-Executive Chairman
Mr Jeremy Kirkwood	Non-Executive Director
Mr Brian Dawes	Non-Executive Director
Mr Peter Benjamin	Non-Executive Director

Principal Activities

The principal activity of the Group during the course of the financial half-year was exploration for base and precious metals, including copper, copper-gold, gold and nickel.

Financial Performance and Financial Position

During the half-year the Group reported a Profit after tax of \$0.763 million (half-year to 31 December 2021: \$0.246 million). The Group spent \$1.426 million on exploration expenditure in New South Wales for continuing operations during the half-year (half-year to 31 December 2021: \$1.229 million).

As at 31 December 2022 the Group had net assets of \$11.153 million (30 June 2022: \$10.303 million) including \$9.589 million of cash and cash equivalents (30 June 2022: \$8.908 million).

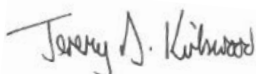
Rounding Off of Amounts

The Company has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and accordingly certain amounts included in this half-year report have been rounded off to the nearest \$1,000 (where rounding is applicable). The Company is an entity to which the legislative instrument applies.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on the following page and forms part of this Directors' Report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



.....
Jeremy Kirkwood
Non-Executive Director
17 February 2023



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Talisman Mining Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
17 February 2023

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

M R Ohm
Partner

hib.com.au

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Liability limited by a scheme approved Under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2022

	Note	31 Dec 22 \$ '000	31 Dec 21 \$ '000
Continuing operations			
Revenue	2	100	12
Other income	2	3,254	2,358
Employee benefits expense	2	(735)	(428)
Exploration expenditure expensed as incurred	4	(1,426)	(1,229)
Administrative expenses		(231)	(228)
Legal and corporate advisory expense		(100)	(148)
Finance costs		(6)	(4)
Occupancy expenses		(3)	(10)
Depreciation and amortisation expense		(90)	(77)
Profit before income tax expense		763	246
Income tax expense	3	-	-
Profit after tax from continuing operations		763	246
Net profit for the period		763	246
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the period		763	246

Earnings per share

Basic earnings per share (cents per share)	6	0.41	0.13
Diluted earnings per share (cents per share)	6	0.41	0.13

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 22 \$ '000	30 Jun 22 \$ '000
Assets			
Current Assets			
Cash and cash equivalents		9,589	8,908
Trade and other receivables		1,331	1,347
Inventories		28	-
Total Current Assets		10,948	10,255
Non-Current Assets			
Other receivables		13	13
Property, plant and equipment		598	398
Right-of-use assets	8	114	135
Total Non-Current Assets		725	546
Total Assets		11,673	10,801
Liabilities			
Current Liabilities			
Trade and other payables		361	356
Lease liabilities	9	74	66
Total Current Liabilities		435	422
Non-Current Liabilities			
Lease liabilities	9	46	76
Provisions		39	-
Total Non-Current Liabilities		85	76
Total Liabilities		520	498
Net Assets		11,153	10,303
Equity			
Issued capital	5	32,122	32,122
Reserves	5	173	413
Accumulated losses		(21,142)	(22,232)
Total Equity		11,153	10,303

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2022

	Issued Capital \$ `000	Accumulated Losses \$ `000	Share-based Payments Reserve \$ `000	Total Equity \$ `000
Balance at 1 July 2021	31,966	(21,450)	646	11,162
Profit for the period	-	246	-	246
Total comprehensive loss for the period	-	246	-	246
Shares issued during the period	156	-	-	156
Recognition of share-based payments	-	-	15	15
Unlisted options lapsed	-	372	(372)	-
Balance at 31 December 2021	32,122	(20,832)	289	11,579
Balance at 1 July 2022	32,122	(22,232)	413	10,303
Profit for the period	-	763	-	763
Total comprehensive loss for the period	-	763	-	763
Recognition of share-based payments	-	-	87	87
Unlisted options lapsed	-	327	(327)	-
Balance at 31 December 2022	32,122	(21,142)	173	11,153

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	Note	31 Dec 22 \$ `000	31 Dec 21 \$ `000
inflows/(outflows)			
Cash flows from operating activities			
Payments to suppliers and employees		(925)	(895)
Payments for exploration and evaluation		(1,516)	(1,532)
Transactions costs related to borrowings		(6)	(4)
Interest received		100	12
Royalty receipts		3,527	2,702
Net cash provided by operating activities		1,180	283
Cash flows from investing activities			
Payments for property, plant and equipment		(257)	(78)
Proceeds from issue of shares		-	156
Transfer to security deposits		(208)	-
Net cash (used in)/provided by investing activities		(465)	78
Cash flows from financing activities			
Repayment of lease liabilities		(34)	(39)
Net cash used in financing activities		(34)	(39)
Net increase in cash held		681	322
Cash and cash equivalents at the beginning of the period		8,908	9,900
Cash and cash equivalents at the end of the period		9,589	10,222

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2022

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The financial statements comprise the consolidated condensed half-year financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Legislative Instrument 2016/191. The Company is an entity to which the class order applies.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year reporting period except for the impact of the new Standards and Interpretations effective 1 July 2022 as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards

New Standards and Interpretations applicable for the half year ended 31 December 2022

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2022.

Statement of compliance

The interim financial statements were authorised for issue on 17 February 2023.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

2. REVENUE AND EXPENSES

Revenue	Half-year ended 31 Dec 22 \$ '000	Half -year ended 31 Dec 21 \$ '000
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Profit for the period includes the following revenue:

Bank interest	100	12
Total revenue	100	12

Other income	Half-year ended 31 Dec 22 \$ '000	Half -year ended 31 Dec 21 \$ '000
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Profit for the period includes the following other income:

Royalty income ⁽ⁱ⁾	3,248	2,353
Other income	6	5
Total other income	3,254	2,358

⁽ⁱ⁾ Royalty income represents the right to receive revenues from metals produced and sold by the operator of the mines in which the Group owns a royalty interest and are generally structured as a percentage of the gross revenue received by the producer for metals sold. The Group records revenue when control of the metals sold passes from the producer to the purchaser under the producers' relevant sales contracts.

Other Expenses	Half-year ended 31 Dec 22 \$ '000	Half -year ended 31 Dec 21 \$ '000
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Profit for the period includes the following expenses:

<i>Employee benefits</i>		
Other employee benefits	648	413
Non-cash share-based payment expenses	87	15
Total employee benefits	735	428

3. INCOME TAX EXPENSE

	Half-year ended 31 Dec 22 \$ '000	Half-year ended 31 Dec 21 \$ '000
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The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit before income tax	763	246
Income tax expense calculated at 30% (2021: 26%)	229	64
Non-Deductible Expenses	27	4
Tax losses and deferred tax balances not previously recognised	(256)	(68)
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

	31 Dec 22 \$ '000	30 Jun 22 \$ '000
Unrecognised deferred tax balances		
Deferred tax assets comprise of:		
Tax losses carried forward	5,008	5,361
Impairment of financial assets	45	45
Provisions	79	-
Other deferred tax balances	22	5
	5,154	5,411

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended 31 Dec 22 \$ '000	Year ended 30 Jun 22 \$ '000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of the period	-	-
Expenditure incurred	1,426	5,499
	1,426	5,499
Exploration expensed as incurred	(1,426)	(5,499)
Balance at end of the period	-	-

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

	31 Dec 22		31 Dec 21	
	Life to date project expenditure expensed \$ '000	Project Expenditure expensed in the period \$ '000	Life to date project expenditure expensed \$ '000	Project Expenditure expensed in the period \$ '000
Lachlan Copper-Gold	17,078	1,422	11,599	1,221
Lucknow Gold	1,066	17	1,051	8
Other Exploration Expenses	313	(13)	111	-
Continuing Operations	18,457	1,426	12,761	1,229

5. ISSUED CAPITAL

	Half-year ended 31 Dec 22 \$	Year ended 30 Jun 22 \$
Ordinary shares		
Issued and fully paid	32,122,454	32,122,454

	Half-year ended 31 Dec 22		Year ended 30 Jun 22	
	Number	\$	Number	\$
Movements in ordinary shares on issue				
Opening Balance	187,739,497	32,122,454	186,628,385	31,966,023
Issue of shares on exercise of options	-	-	1,111,112	156,431
Closing Balance	187,739,497	32,122,454	187,739,497	32,122,454

	Half-year ended 31 Dec 22		Year ended 30 Jun 22	
	Number	\$	Number	\$
Movements in options over ordinary shares on issue				
Opening Balance	12,549,436	412,837	14,996,668	645,544
Directors' and employees' remuneration	9,022,800	86,633	5,716,100	96,499
Unlisted options exercised	-	-	(1,111,112)	(44,520)
Unlisted options forfeited	(947,400)	(11,222)	-	-
Unlisted options lapsed	(6,833,336)	(315,695)	(7,052,220)	(284,686)
Closing Balance	13,791,500	172,553	12,549,436	412,837

Share options are exercisable at various exercise prices. The options expire between 18 August 2023 and 15 December 2026

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

December 2022 Options	Employee	Director ⁽ⁱⁱ⁾
	Option Tranche	Option Tranche
Inputs into model	1	1
Exercise price	\$0.201	\$0.201
Grant date share price	\$0.135	\$0.135
Fair value	\$0.083	\$0.083
Expected volatility	96.3%	96.3%
Risk-free interest rate	3.2%	3.2%
Dividend yield (%)	Nil	Nil
Vesting date	15-Dec-2025	15-Dec-2025
Expected life of options (years)	4	4

(ii) Director's options are subject to shareholder approval.

6. EARNINGS PER SHARE

Basic and diluted earnings per share

	Consolidated	
	Half-year ended 31 Dec 22	Half-year ended 31 Dec 21
	\$	\$
From continuing and discontinued operations		
Basic earnings per share (cents per share)	0.41	0.13
Diluted earnings per share (cents per share)	0.41	0.13

Earnings

	Half-year ended 31 Dec 22	Half-year ended 31 Dec 21
	\$'000	\$'000
Profit from continuing operations used in the calculation of basic earnings per share	763	246
Profit from continuing operations used in the calculation of basic earnings per share	763	246

Weighted average number of ordinary shares

The weighted average number of shares for the purposes of the calculation of basic and diluted earnings per share is as follows:

	Consolidated	
	Half-year ended 31 Dec 22 Number	Half-year ended 31 Dec 21 Number
Weighted average number of shares for the purpose of basic earnings per share	187,739,497	187,739,497
Weighted average number of shares for the purpose of diluted earnings per share	187,739,497	194,232,569

7. SEGMENT REPORTING

Segment Information

Talisman management has determined the operating segments based on the reports reviewed by the Board for strategic decision making. The Group operates in one geographical segment, being Australia and has identified the following continuing operating segment: Regional Exploration.

The Group's Exploration Manager is responsible for budgets and expenditures relating to the Group's Regional Exploration activities. Regional Exploration activities do not normally derive any income. Should a project generated by Regional Exploration activities commence generating income or lead to the development of a mining operation, that operation would then be disaggregated from Regional Exploration and become reportable in a different segment.

Segment Results

	Continuing Operations	Unallocated Items \$ `000	Consolidated \$ `000
	Regional Exploration \$ `000		
31 December 2022			
Segment revenues	-	3,354	3,354
Segment profit/(loss) before income tax expenses	(1,475)	2,238	763
Segment assets	1,517	10,156	11,673
Segment liabilities	(83)	(437)	(520)
31 December 2021			
Segment revenues	-	2,370	2,370
Segment profit/(loss) before income tax expenses	(1,295)	1,541	246
Segment assets	1,654	10,811	12,465
Segment liabilities	(678)	(208)	(886)

8. RIGHT OF USE ASSETS

Carrying Value

31 December 2022	Consolidated	
	Premises \$ `000	Total \$ `000
Cost	211	211
Accumulated depreciation	(97)	(97)
Carrying value as at 31 December 2022	114	114

Reconciliation

31 December 2022	Consolidated	
	Premises \$ `000	Total \$ `000
Balance at 1 July 2022	135	135
Additions	-	-
Remeasurements	11	11
Depreciation expense	(32)	(32)
Closing balance	114	114

9. LEASE LIABILITIES

	Consolidated	
	Premises \$ `000	Total \$ `000
Current liabilities	74	74
Non-current liabilities	46	46
Total	120	120

Reconciliation

	Consolidated	
	Premises \$ `000	Total \$ `000
Balance at 1 July 2022	142	142
Additions	-	-
Remeasurements	11	11
Principal repayments	(33)	(33)
Closing balance	120	120

The Group leases office premises in West Perth, Western Australia. The lease term is 3 years.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due		
	<1 year \$ `000	1-3 years \$ `000	Total \$ `000
Lease payments	78	47	125
Interest	(4)	(1)	(5)
Net present values	74	46	120

Lease payments not recognised as a liability

Lease payments expensed during the period and not included in the measurement of the lease liability are as follows:

	Half-year ended 31 Dec 22 \$ `000	Half-year ended 31 Dec 21 \$ `000
Short term leases	8	14

At 31 December 2022, the Group had no short-term lease commitments.

Total cash outflow relating to leases for the period ended 31 December 2022 was \$37,482.

10. JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the relevant standards and interpretations applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

In November 2017, Haverford Holdings Pty Ltd ("Haverford"), a 100%-owned subsidiary of Talisman, entered into a Farm-In Agreement ("FIA") with Peel Mining Limited (ASX:PEX, "Peel") over Peel's Mt Walton (EL8414) and Michelago (EL8451) Projects (collectively the Peel Tenements) in the Cobar Basin region of New South Wales. On 11 September 2020, and in accordance with the terms of the FIA, Haverford earned a 75% interest in the Peel Tenements and formed an unincorporated joint venture (the "Mt Walton JV") with Peel. Haverford is the Joint Venture Manager. Subsequent to the formation of the Mt Walton JV, Peel elected to dilute part of its participating interest in the joint venture and both parties are now required to contribute funds to ongoing exploration activities on the Peel Tenements based on their participating interest (Haverford 87% and Peel 13%) in order to maintain their respective interests.

Additionally, in August 2019, Talisman B Pty Ltd ("TLMB"), a 100%-owned subsidiary of Talisman, entered into a Farm-In Agreement ("Agreement") with privately-owned Lucknow Gold Ltd ("LGL") over LGL's Lucknow Gold Project (EL6455) (Lucknow Project) in New South Wales. On 21 November 2020, and in accordance with the terms of the Agreement, TLMB earned a 51% interest in the Lucknow Project and formed an unincorporated joint venture (the "Lucknow Gold JV") with LGL. TLMB acts as manager of the joint venture. Both parties are now required to contribute funds to future activities on the Lucknow Project based on their participating interest (TLMB 51% and LGL 49%) in order to maintain their respective interests.

The Group is entitled to a proportionate share of the income received and bears a proportionate share of the operation's expenses for each joint venture.

The joint operation accounts, which are proportionately consolidated based on the above equity percentages in the consolidated financial statements, are disclosed as follows:

Joint Operation	Operator	31 Dec 22 Beneficial Interest	31 Dec 21 Beneficial Interest
Mt Walton JV	Haverford Holdings Pty Ltd	87%	87%
Lucknow Gold JV	Talisman B Pty Ltd	51%	51%

The Group's interests in the assets/liabilities employed in the above Joint Operations are detailed below. The amounts are included in the financial statements under their respective asset categories.

Mt Walton JV	31 Dec 22 \$'000	30 Jun 22 \$'000
Assets		
Cash and cash equivalents	146	306
Trade and other receivables	69	27
Total assets	215	333
Liabilities		
Trade and other payables	(12)	(1)
Total liabilities	(12)	(1)
Net assets	203	332
Carrying amount of interest in joint venture	203	332

Lucknow Gold JV	31 Dec 22 \$'000	30 Jun 22 \$'000
Assets		
Cash and cash equivalents	4	18
Trade and other receivables	-	1
Total assets	4	19
Liabilities		
Trade and other payables	(3)	-
Total liabilities	(3)	-
Net assets	1	19
Carrying amount of interest in joint venture	1	19

Commitments

The Joint Ventures have no contingent liabilities and capital commitments with the exception that in order to maintain current rights of tenure to exploration tenements, the Joint Ventures are required to perform exploration work to meet the activity obligation requirements specified by various State governments. These obligations are not provided for in the financial report and are payable as follows:

Mt Walton JV	31 Dec 22 \$'000	30 Jun 22 \$'000
Exploration expenditure		
Within one year	80	200
After one year but not more than five years	114	322
Greater than five years	-	-
	194	522

Lucknow Gold JV	31 Dec 22 \$'000	30 Jun 22 \$'000
Exploration expenditure		
Within one year	77	76
After one year but not more than five years	200	346
Greater than five years	-	-
	277	422

11. CONTINGENT LIABILITIES AND ASSETS

A Gross Royalty deed was executed where the Company was granted an uncapped and perpetual 1.0% gross royalty on all metals produced and sold from the Wonmunna Iron Ore project.

It is not possible (due to uncertain future production) to estimate the financial effect of the royalty described above.

In the opinion of the Directors, there are no other contingent liabilities or assets as at 31 December 2022 and no contingent liabilities or assets were identified in the interval between the period end and the date of this report other than those as described in Note 13.

12. FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

The Directors consider that the carrying amounts of current receivables and current payables are considered to be a reasonable approximation of their fair values.

13. EVENTS SUBSEQUENT TO REPORTING DATE

On 29 January 2023, Talisman entered a Sale and Purchase Agreement (**SPA**) with First Au Limited (**FAU**) to acquire a 100% interest in FAU's Mabel Creek iron oxide copper gold project in South Australia (the **Project**). The Project comprises three granted tenements covering an area of approximately 1,048km². Total purchase consideration for the Project of \$300,000 is payable as follows:

- \$100,000 in cash paid on execution of the SPA;
- within 5 business days of obtaining the necessary approval from the South Australian Department for Energy and Mining for the transfer of the Project Tenements (the **Deferred Consideration Date**):
 - pay FAU a further \$100,000 in cash; and
 - issue fully paid ordinary shares in TLM to the value of \$100,000, with the quantity being determined by an issue price equal to the greater of \$0.135 per share or the 5-day volume weighted average price traded on the ASX during the 5 trading day period ending the business day prior to the Deferred Consideration Date.

If the necessary approvals and registration of transfers in respect of a Project Tenement are not obtained within 4 months after the execution of the Agreement, either party may terminate the Agreement in respect of that Project Tenement. In that case, the transfer of that Project Tenement will not occur, the balance of the consideration applicable to that Project Tenement will not be paid, and one-third of the initial cash payment is refundable to Talisman.

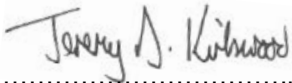
No other matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

Directors' Declaration

In the opinion of the directors of Talisman Mining Limited ('the Company'):

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



.....
Jeremy Kirkwood
Non-Executive Director
17 February 2023



INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Talisman Mining Limited

Report on the Condensed Interim Financial Report

Conclusion

We have reviewed the accompanying interim financial report of Talisman Mining Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Talisman Mining Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001*

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including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
17 February 2023

A handwritten signature in blue ink, appearing to read 'M R Ohm'.

M R Ohm
Partner