



**Talisman Mining Limited**

**ABN 71 079 536 495**

**Financial report for the half-year ended  
31 December 2014**

## **Corporate Directory**

### **Board of Directors**

Mr Alan Senior

Mr Gary Lethridge

Mr Brian Dawes

Ms Karen Gadsby

Non-Executive Chairman

Managing Director

Non-Executive Director

Non-Executive Director

### **Company Secretary**

Mr Daniel Madden (ICAEW and GAA)

### **Registered & Principal Office**

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Subiaco, Western Australia 6008

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Fax + 61 8 9382 8200

Website: [www.talismanmining.com.au](http://www.talismanmining.com.au)

### **Auditors**

HLB Mann Judd

Level 4, 130 Stirling Street

Perth, Western Australia 6000

### **Share Registry**

Link Market Services

Ground Floor, 178 St Georges Terrace

Perth, Western Australia 6000

Telephone + 1300 554 474

### **Securities Exchange Listing**

Australian Securities Exchange Limited

Level 8, Exchange Plaza

2 The Esplanade

Perth, Western Australia 6000

ASX Code: TLM

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## 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 2014. 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.

Alan Senior	Non-Executive Chairman
Gary Lethridge	Managing Director
** Graeme Cameron	Technical Director
Brian Dawes	Non-Executive Director
Karen Gadsby	Non-Executive Director

\*\* Graeme Cameron resigned as a Director effective 15 January 2015.

### Principle Activities

The principal activity of Talisman Mining Limited during the course of the financial half-year was the exploration for minerals, primarily base metals.

### Review of Operations

#### *Sinclair Nickel Project*

On 20 October 2014, Talisman Nickel Pty Ltd, a wholly owned subsidiary of Talisman Mining Limited, announced that it had entered into a binding Sale and Purchase Agreement with Xstrata Nickel Australasia Operations Pty Ltd (XNAO), a subsidiary of Glencore, to acquire 100% of the Sinclair Nickel Project.

The Sinclair Nickel Project is an advanced nickel sulphide project with numerous exploration and mining tenements and associated infrastructure. The project is currently on care and maintenance. Sinclair is located in the Agnew-Wiluna Greenstone Belt in WA's North-eastern Goldfields, a premier nickel province with over 9 million tonnes of reported contained nickel metal.

Consideration for the acquisition of the Sinclair Nickel Project consists of:

- a cash payment of \$8 million payable at completion of the transaction; and
- a deferred payment of \$2 million triggered by production recommencing within 6 years of transaction completion.

The acquisition was completed on 4 February 2015.

#### *Doolgunna Copper-Gold Projects (Farm-in JV with Sandfire Resources)*

In December 2013, Talisman signed a \$15M Joint Venture Farm-in Agreement with Sandfire Resources NL (ASX: SFR) enabling Sandfire to farm into Talisman's interests in the Springfield, Halloween and Halloween West Projects (Doolgunna Projects).



Under the terms of the letter agreement, Sandfire is committed to spend a minimum of \$5M on exploration within the first two years and can earn up to 70% of Talisman's interest in the Doolgunna Projects by spending a minimum of \$15M on exploration over 5½ years.

During the half year Sandfire undertook a variety of exploration campaigns at the Doolgunna Projects including the following:

- initial 1,099m diamond hole which confirmed that the Project hosts the interpreted extensions to the DeGrussa mine stratigraphy;
- aircore drilling across the Homer Trend, Monty trend and the Central Corridor;
- high-powered ground and down-hole electro-magnetic surveys ongoing across prospective sequences; and
- detailed low-level litho-chemical analysis of current and historical drill samples.

***Muddawerrie Gold Project (80% Talisman, 20% Zebina Minerals Pty Ltd)***

Desktop reviews to identify areas of interest for possible follow-up exploration activities continued during the half year.

***Livingstone Gold and Nickel Project (80% Talisman, 20% Zebina Minerals Pty Ltd)***

Desktop reviews to identify areas of interest for possible follow-up exploration activities continued during the half year.

***Shelby and Milgun Projects***

Following a technical review undertaken during the December Quarter, and in light of the recent Sinclair Nickel Project acquisition, the Shelby and Milgun Projects were interpreted to be of a lower commercial prospectivity and consequently of low priority to the Company.

Consistent with the Company's focus on minimising non-core expenditure the Shelby and Milgun tenements were relinquished in December 2014.

**Future developments**

Following completion of the acquisition of the Sinclair Nickel Project in February 2014 Talisman commenced the formal process of registering the transfer of the associated mining and exploration tenements with the Department of Mines and Petroleum and this process remains underway as at the date of this report.

In the meantime Talisman will continue to undertake a number of initial desktop exploration activities with regard to the Sinclair Nickel Project utilising available historical project data with a view to developing potential near-mine exploration drill targets.

The Company anticipates undertaking ground-based exploration activities at Sinclair during the second half of the financial year ending 30 June 2015 once the formal registration of the tenements has taken place with the Department of Mines and Petroleum.

Exploration of the Doolgunna Projects is anticipated to continue during the second half of the financial year under the Joint Venture agreement with Sandfire.

Disclosure of further information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is both confidential and speculative at this time and likely to result in unreasonable prejudice to the Company. Accordingly, further information has not been disclosed in this report.

## Subsequent Events

The Acquisition of the Sinclair Nickel Project from Xstrata Nickel Australasia Operations Pty Ltd was completed on 4 February 2015 following satisfaction of conditions precedent and payment by Talisman of \$8M in cash.

Graeme Cameron resigned as a Director on 15 January 2015.

## Financial Performance and Financial Position

During the half-year the Group reported an operating loss after tax of \$4,056,788 (half-year to 31 December 2013: loss after tax \$663,618).

As at 31 December 2014 the Group had net assets of \$42,270,169 (30 June 2014: \$46,431,979) including \$14,815,342 of cash and cash equivalents (30 June 2014: \$16,083,171).

The statement of financial position and net working capital position will provide adequate support for the Group's planned exploration and growth activities for the remainder of the financial year.

*Information in this Director Report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Graham Leaver, who is a member of the Australasian Institute of Geoscientists. Mr Graham Leaver 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 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Graham Leaver consents to the inclusion in this report of the matters based on information in the form and context in which it appear.*

## 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 interim 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 2014.

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.



Gary Lethridge  
Managing Director  
3 March 2015



Accountants | Business and Financial Advisers

## 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 2014, 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  
3 March 2015

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

M R W Ohm  
Partner



## Condensed Consolidated Statement of Comprehensive Income For the Half-Year Ended 31 December 2014

	Note	Half year to 31-Dec-14 \$	Half year to 31-Dec-13 \$
<b>Continuing operations</b>			
Other income	2	264,355	368,756
Employee benefits expense	2	(384,405)	(306,314)
Exploration expenditure expensed as incurred		(566,966)	(204,675)
Impairment of exploration expenditure		(4,117,985)	(243,463)
Administrative expenses		(319,996)	(267,846)
Depreciation and amortisation expense		(54,275)	(67,952)
Disposal of fixed assets		1,818	(29,955)
Impairment of available-for-sale financial assets		(426,000)	-
<b>Loss before income tax expense</b>		<b>(5,603,454)</b>	<b>(751,449)</b>
Income tax benefit		1,546,666	87,831
<b>Loss after tax from continuing operations</b>		<b>(4,056,788)</b>	<b>(663,618)</b>
<b>Net loss for the period</b>		<b>(4,056,788)</b>	<b>(663,618)</b>
<b>Other comprehensive income for the period, net of tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
Net change in the fair value of available-for-sale financial assets		(154,500)	1,173,500
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(154,500)</b>	<b>1,173,500</b>
<b>Total comprehensive (loss)/income for the period</b>		<b>(4,211,288)</b>	<b>509,882</b>

### Loss per share:

Basic loss per share (cents per share)	(3.08)	(0.50)
Diluted loss per share (cents per share)	n/a	n/a

The accompanying notes form part of these financial statements.



## Condensed Consolidated Statement of Financial Position As at 31 December 2014

	Note	31-Dec-14 \$	30-Jun-14 \$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		14,815,342	16,083,171
Trade and other receivables		305,999	370,086
<b>Total Current Assets</b>		<b>15,121,341</b>	<b>16,453,257</b>
<b>Non-Current Assets</b>			
Receivables		60,184	70,184
Other financial assets		132,500	713,000
Property, plant and equipment		206,819	261,096
Deferred exploration and evaluation expenditure	4	28,169,198	31,930,540
<b>Total Non-Current Assets</b>		<b>28,568,701</b>	<b>32,974,820</b>
<b>Total Assets</b>		<b>43,690,042</b>	<b>49,428,077</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		164,344	213,850
Employee benefits		53,373	33,428
<b>Total Current Liabilities</b>		<b>217,717</b>	<b>247,278</b>
<b>Non-Current Liabilities</b>			
Deferred tax liabilities		1,202,156	2,748,820
<b>Total Non-Current Liabilities</b>		<b>1,202,156</b>	<b>2,748,820</b>
<b>Total Liabilities</b>		<b>1,419,873</b>	<b>2,996,098</b>
<b>Net Assets</b>		<b>42,270,169</b>	<b>46,431,979</b>
<b>Equity</b>			
Issued capital	5	37,404,278	37,404,278
Reserves		276,878	1,923,900
Retained earnings		4,589,013	7,103,801
<b>Total Equity</b>		<b>42,270,169</b>	<b>46,431,979</b>

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2014

	Issued Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Share-based Payments Reserve \$	Total Equity \$
<b>Balance at 1 July 2013</b>	37,404,278	7,144,045	-	3,003,293	47,551,616
Loss for the period	-	(663,618)	-	-	(663,618)
Net change in fair value of available-for-sale financial assets	-	-	1,173,500	-	1,173,500
<b>Total comprehensive income/(loss) for the period</b>	-	(663,618)	1,173,500	-	509,882
Recognition of share-based payments	-	-	-	47,543	47,543
Unlisted options lapsing	-	1,284,000	-	(1,284,000)	-
<b>Balance at 31 December 2013</b>	<b>37,404,278</b>	<b>7,764,427</b>	<b>1,173,500</b>	<b>1,766,836</b>	<b>48,109,041</b>
<b>Balance at 1 July 2014</b>	37,404,278	7,103,801	177,500	1,746,400	46,431,979
Loss for the period	-	(4,056,788)	-	-	(4,056,788)
Net change in fair value of available-for-sale financial assets	-	-	(154,500)	-	(154,500)
<b>Total comprehensive income/(loss) for the period</b>	-	(4,056,788)	(154,500)	-	(4,211,288)
Recognition of share-based payments	-	-	-	49,478	49,478
Unlisted options lapsing	-	1,542,000	-	(1,542,000)	-
<b>Balance at 31 December 2014</b>	<b>37,404,278</b>	<b>4,589,013</b>	<b>23,000</b>	<b>253,878</b>	<b>42,270,169</b>

The accompanying notes form part of these financial statements.

## Condensed Consolidated Statement of Cash Flows For the Half-Year Ended 31 December 2014

	Half year to 31-Dec-14 \$	Half year to 31-Dec-13 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(687,174)	(552,732)
Interest received	329,517	399,514
<b>Net cash used in operating activities</b>	<b>(357,657)</b>	<b>(153,218)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(21,211)	-
Proceeds from sale of plant and equipment	1,818	(816)
Payments for exploration and evaluation expenditure	(890,779)	(1,967,780)
<b>Net cash used in investing activities</b>	<b>(910,172)</b>	<b>(1,968,596)</b>
<b>Cash flows from financing activities</b>		
Net cash provided by financing activities	-	-
Net decrease in cash held	(1,267,829)	(2,121,814)
Cash and cash equivalents at the beginning of the period	16,083,171	19,472,656
<b>Cash and cash equivalents at the end of the period</b>	<b>14,815,342</b>	<b>17,350,842</b>

The accompanying notes form part of these financial statements.



## Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2014

### 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

These interim 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'.

This condensed half-year 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 financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Talisman Mining Limited 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 interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. 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.

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

#### Accounting policies and methods of computation

In the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### 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.

Except as described below, 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 2014.

In the half-year ended 31 December 2014, management reassessed its estimates in respect of:

#### *Carrying value of exploration expenditure*

The Company performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or impaired. The Shelby and Milgun Projects were relinquished in December 2014 and \$4,117,985 of capitalised expenditure was accordingly written off. No other expenditure was determined by management review as being required to be impaired.

#### *Impairment of available-for-sale financial assets*

The Group follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. In accordance with AASB 139 for the half-year ending 31 December 2014 the Company has recognised a reduction in the fair value of available-for-sale financial assets held in the Asset Revaluation Reserve of \$154,500 and an impairment of available for sale-assets in the Statement of Comprehensive Income of \$426,000.



## Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2014

### 2. OTHER INCOME

	Half year to 31-Dec-14	Half year to 31-Dec-13
	\$	\$
Bank interest receivable	256,355	356,756
Other income	8,000	12,000
	264,355	368,756

### 3. EXPENSES

	Half year to 31-Dec-14	Half year to 31-Dec-13
	\$	\$
Loss for the half year includes the following expenses:		
Non-cash share based payment expense	49,478	47,543

### 4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half year to 31-Dec-14	Year to 30-Jun-14
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>		
Balance at beginning of period	31,930,540	30,245,441
Expenditure incurred	356,643	2,279,397
	32,287,183	32,524,838
Expenditure written off	(4,117,985)	(594,298)
	28,169,198	31,930,540

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

During the half year period the Company wrote off \$1,040,017 of historical costs carried forward on the Company's 100% owned Milgun Project and \$3,077,968 of historical costs carried forward on the Company's 100% owned Shelby Project following relinquishment of the tenements during the half year.

## Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2014

### 5. ISSUED CAPITAL

	31-Dec-14	30-Jun-14
	\$	\$
<b>Ordinary shares</b>		
Issued and fully paid	37,404,278	37,404,278

	Half year to 31-Dec-14		Year to 30-Jun-14	
	No.	\$	No.	\$
<b>Movements in ordinary shares on issue</b>				
Opening balance	131,538,627	37,404,278	131,538,627	37,404,278
Closing balance	131,538,627	37,404,278	131,538,627	37,404,278

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	Half year to 31-Dec-14		Year to 30-Jun-14	
	No.	\$	No.	\$
<b>Movements in options over ordinary shares on issue</b>				
Opening balance	8,750,000	1,746,400	8,800,000	3,003,293
Directors' remuneration	3,000,000	40,177	1,250,000	67,007
Employees' remuneration	-	9,301	1,000,000	26,500
Unlisted Options Lapsing	(5,500,000)	(1,542,000)	(2,300,000)	(1,350,400)
Closing balance	6,250,000	253,878	8,750,000	1,746,400

Share options are exercisable on a 1:1 basis at various exercise prices. The options expire between 31/07/2015 and 31/10/2017.

### 6. SHARE BASED PAYMENTS

In December 2014, 3,000,000 share options were granted to directors following approval by shareholders at the Company's Annual General Meeting.

The fair value of options granted was determined using a Black & Scholes pricing model. The following table lists the inputs to the model for options granted during the six months ended 31 December 2014:

Inputs into model	Option series			
	56	57	58	59
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	139%	139%	139%	139%
Risk-free interest rate (%)	2.56%	2.56%	2.56%	2.56%
Expected life of option (yrs)	3.0	3.0	3.0	3.0
Exercise price	\$ 0.41	\$ 0.49	\$ 0.56	\$ 0.64
Grant date share price	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.17
Fair value	\$ 0.11	\$ 0.10	\$ 0.10	\$ 0.10



## Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2014

### 7. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities

#### Fair values

The carrying value of the financial assets and financial liabilities are considered to approximate their fair values. In particular, the fair value of cash, trade and other receivables and payments is considered to approximate their carrying amount due to their short term maturity.

#### Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>December 2014</b>				
<b>Assets</b>				
Available-for-sale financial assets	132,500	-	-	132,500
<b>June 2014</b>				
<b>Assets</b>				
Available-for-sale financial assets	713,000	-	-	713,000

### 8. SEGMENT REPORTING

The Group continues to operate in one geographical segment, being Western Australia and in one operating category, being mineral exploration and evaluation.

The chief operating decision-maker has been identified as the Board of Talisman Mining Limited and information reported to the Board for the purpose of resource allocation and assessment of performance is focused on mineral exploration and evaluation within Western Australia. Consequently the Group reports within one segment.

### 9. CONTINGENT LIABILITIES

Consideration for the acquisition of the Sinclair Nickel Project includes a deferred payment of \$2 million triggered by production recommencing within 6 years of transaction completion.

In the opinion of the Directors there are no other contingent liabilities or assets as at 31 December 2014 and no other contingent liabilities or assets were incurred in the interval between the period end and the date of this report.

### 10. EVENTS SUBSEQUENT TO REPORTING DATE

The Acquisition of the Sinclair Nickel Project from Xstrata Nickel Australasia Operations Pty Ltd was completed on 4 February 2015 following satisfaction of conditions precedent and payment by Talisman of \$8M in cash.

Graeme Cameron resigned as a Director on 15 January 2015.

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 consolidated entity's financial position as at 31 December 2014 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.



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Gary Lethridge  
Managing Director

3 March 2015





Accountants | Business and Financial Advisers

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Talisman Mining Limited

### **Report on the Condensed Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Talisman Mining Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and 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 notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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*.



Accountants | Business and Financial Advisers

*Conclusion*

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

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

**M R W Ohm**  
**Partner**

**Perth, Western Australia**  
**3 March 2015**