



Talisman Mining Limited

ABN 71 079 536 495

Financial report for the half-year ended

31 December 2015

Corporate Directory

Board of Directors

Mr Alan Senior	Non-Executive Chairman
Mr Gary Lethridge	Managing Director
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director

Company Secretary

Mr Daniel Madden

Registered and Principal Office

Ground Floor, 6 Centro Avenue
Subiaco, Western Australia 6008
Tel: +61 8 9380 4230
Fax: +61 8 9382 8200
Website: 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
Tel: 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 2015. 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
Brian Dawes	Non-Executive Director
Karen Gadsby	Non-Executive Director

Principal 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

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

Joint Venture

In December 2013, Talisman signed a \$15 million Joint Venture Farm-in Agreement with Sandfire Resources NL (ASX: SFR) enabling Sandfire to farm into up to 70% of Talisman's interests in the Springfield, Halloween and Halloween West Projects (Doolgunna Projects).

As at 31 December 2015, Sandfire had sole funded expenditure of \$15 million on the Doolgunna Projects under the terms of the Joint Venture Farm-in Agreement and accordingly earned its 70% interest in Talisman's interests in the Doolgunna Projects.

As at 31 December 2015 Talisman had formally transferred 51% of the 70% interest to Sandfire with the final 19% transfer being subject to completion of satisfactory audit by Talisman of the final tranche of earn-in expenditure incurred by Sandfire.

Talisman contributed \$724,063 to the Joint Venture during the half year representing the initial Joint Venture cash call for the month of December 2015.

Exploration Activities

The primary focus of exploration activities undertaken during the half year has been on exploration and resource definition drilling at the Monty Deposit, a significant high-grade VMS copper-gold discovery within the Springfield Project which is located approximately 10km east of the DeGrussa Copper Mine.

Drilling undertaken at Monty during the half year has indicated the presence of high grade mineralisation (including the identification of ultra-high grade bornite mineralisation).

Resource definition drilling of Monty commenced during the half year and was ongoing as at 31 December 2015.

Other exploration activities commenced during the half year to actively target potential additional accumulations of mineralisation along the 5km Monty trend and also within the broader Springfield Project.

During the half-year 17,274 metres of diamond drilling, 14,825 metres of RC drilling and 80,523 metres of air core drilling were undertaken at the Doolgunna Projects by Sandfire in accordance with the Joint Venture Farm-in Agreement (and subsequently as part of the Joint Venture).

In addition to the exploration activities noted above, the Joint Venture also commenced initial study assessments during the half year.

Sinclair Nickel Project

In the first quarter of the half year, Talisman continued a regional exploration targeting exercise to identify priority exploration targets at Sinclair.

As a result of the regional targeting exercise, and following a high powered fixed loop electromagnetic (FLEM) survey at the Delphi Prospect, Talisman commenced its maiden exploration drill program at Sinclair in September 2015.

Five diamond drill-holes were completed across three prospects at Delphi North, Cody Well and Fly Bore for a total of 1,053 metres of diamond drilling and 1,960 metres of RC drilling.

Encouraging results were received in the first hole completed at Delphi North. Detailed interpretation of results from this campaign will continue towards advancing the Talisman's geological understanding of the prospects tested during the campaign and the prospectivity of the broader Sinclair Nickel Project.

Future developments

Doolgunna Projects Joint Venture

Resource drilling at the Monty Deposit is expected to continue into the second half of the financial year with a maiden Mineral Resource estimate for Monty expected to be delivered by the Joint Venture in late March/April 2016.

Other Joint Venture exploration activities for the second half of the financial year are anticipated to include exploration activities along the 5km long Monty trend and also within the broader Springfield Project.

In addition to the exploration activities undertaken by the Joint Venture at Springfield, it is anticipated that feasibility related activities at the Monty Deposit may commence once an initial Mineral Resource estimate is prepared.

Sinclair Project - 100% Owned

A number of targets within the Sinclair Nickel Project remain to be tested at numerous prospects including Fly Bore and Delphi.

Detailed interpretation of the drill-holes completed in the exploration program undertaken in the first half of the year will continue during the second half of the financial year and is expected to provide further information towards greater definition and re-evaluation of exploration targets across the project.

Subsequent Events

Formal transfer of Sandfire's final 19% interest in Talisman's interest in the tenements subject to the Doolgunna Projects Joint Venture was completed on 9 February 2016 following the satisfactory audit of the final \$5 million tranche of the \$15 million total sole funded exploration expenditure by Sandfire at Talisman's Doolgunna Projects.

Financial Performance and Financial Position

During the half-year the Group reported an operating loss after tax of \$4,218,989 (half-year to 31 December 2014: loss after tax: \$4,056,788).

As at 31 December 2015 the Group had net assets of \$43,123,992 (30 June 2015: \$39,583,007) including \$9,825,270 of cash and cash equivalents (30 June 2015: \$4,865,632).

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's 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 appears.

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 2015.

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 2016



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 2015, 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.

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

Perth, Western Australia
3 March 2016

M R W Ohm
Partner

Condensed Consolidated Statement of Comprehensive Income For the Half-Year Ended 31 December 2015

	Note	Half-year ended	
		31 Dec 15 \$	31 Dec 14 \$
Continuing operations			
Other income	2	143,087	264,355
Employee benefits expense	3	(387,587)	(384,405)
Exploration expenditure expensed as incurred		(146,613)	(566,966)
Impairment of exploration expenditure	4	(3,248,716)	(4,117,985)
Occupancy expenses	3	(83,325)	(90,480)
Administrative expenses		(411,592)	(229,516)
Finance costs		(120,688)	-
Depreciation and amortisation expense		(31,004)	(54,275)
Disposal of fixed assets		-	1,818
Impairment of available-for-sale financial assets		(3,000)	(426,000)
Loss before income tax expense		(4,289,438)	(5,603,454)
Income tax benefit		70,449	1,546,666
Loss after tax from continuing operations		(4,218,989)	(4,056,788)
Net loss for the period		(4,218,989)	(4,056,788)
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Net change in the fair value of available-for-sale financial assets		(7,000)	(154,500)
Other comprehensive income for the period, net of tax		(7,000)	(154,500)
Total comprehensive loss for the period		(4,225,989)	(4,211,288)
Loss per share:			
Basic loss per share (cents per share)		(2.87)	(3.08)
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 2015

	Note	31 Dec 15 \$	30 Jun 15 \$
Assets			
Current Assets			
Cash and cash equivalents		9,825,270	4,865,632
Trade and other receivables		290,567	200,627
Total Current Assets		10,115,837	5,066,259
Non-Current Assets			
Receivables		60,184	60,184
Other financial assets		120,700	130,700
Property, plant and equipment		2,801,834	2,810,786
Deferred exploration and evaluation expenditure	4	39,332,680	40,084,747
Total Non-Current Assets		42,315,398	43,086,417
Total Assets		52,431,235	48,152,676
Liabilities			
Current Liabilities			
Trade and other payables		1,033,878	380,886
Employee benefits		106,843	72,500
Total Current Liabilities		1,140,721	453,386
Non-Current Liabilities			
Deferred tax liabilities		-	70,449
Provisions		8,166,522	8,045,834
Total Non-Current Liabilities		8,166,522	8,116,283
Total Liabilities		9,307,243	8,569,669
Net Assets		43,123,992	39,583,007
Equity			
Issued capital	5	45,004,278	37,404,278
Reserves		461,555	469,831
(Accumulated Losses) / Retained earnings		(2,341,841)	1,708,898
Total Equity		43,123,992	39,583,007

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2015

	Issued Capital \$	(Accumulated Losses) / Retained Earnings \$	Asset Revaluation Reserve \$	Share-based Payments Reserve \$	Total Equity \$
Balance at 1 July 2014	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)
Total comprehensive income/(loss) for the period	-	(4,056,788)	(154,500)	-	(4,211,288)
Shares issued during the year	-	-	-	-	-
Recognition of share-based payments	-	-	-	49,478	49,478
Transfer on exercise of options	-	-	-	-	-
Unlisted options lapsing	-	1,542,000	-	(1,542,000)	-
Balance at 31 December 2014	37,404,278	4,589,013	23,000	253,878	42,270,169
Balance at 1 July 2015	37,404,278	1,708,898	21,200	448,631	39,583,007
Loss for the period	-	(4,218,989)	-	-	(4,218,989)
Net change in fair value of available-for-sale financial assets	-	-	(7,000)	-	(7,000)
Total comprehensive income/(loss) for the period	-	(4,218,989)	(7,000)	-	(4,225,989)
Shares issued during the year	7,600,000	-	-	-	7,600,000
Recognition of share-based payments	-	-	-	166,974	166,974
Transfer on exercise of options	-	-	-	-	-
Unlisted options lapsing	-	168,250	-	(168,250)	-
Balance at 31 December 2015	45,004,278	(2,341,841)	14,200	447,355	43,123,992

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows For the Half-Year Ended 31 December 2015

	Half-year ended	
	31 Dec 15 \$	31 Dec 14 \$
	inflows/(outflows)	
Cash flows from operating activities		
Payments to suppliers and employees	(692,963)	(687,174)
Interest received	115,404	329,517
Interest paid	-	-
Net cash used in operating activities	(577,559)	(357,657)
Cash flows from investing activities		
Payments for exploration projects	-	-
Payments for property, plant and equipment	(26,263)	(21,211)
Proceeds from sale of plant and equipment	-	1,818
Payments for exploration and evaluation expenditure	(2,036,540)	(890,779)
Net cash used in investing activities	(2,062,803)	(910,172)
Cash flows from financing activities		
Proceeds from issue of shares	8,000,000	-
Payment for share issue costs	(400,000)	-
Net cash provided by financing activities	7,600,000	-
Net decrease in cash held	4,959,638	(1,267,829)
Cash and cash equivalents at the beginning of the period	4,865,632	16,083,171
Cash and cash equivalents at the end of the period	9,825,270	14,815,342

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2015

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 2015 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 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2015.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to 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 2015.

In the half-year ended 31 December 2015, management reassessed its estimates in respect of:

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 2015 the Company has recognised a reduction in the fair value of available-for-sale financial assets held in the Asset Revaluation Reserve of \$7,000 and an Impairment of available for sale-assets in the Statement of Comprehensive Income of \$3,000.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Carrying value of exploration expenditure

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. These costs may be carried forward in respect of an area that has not at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. In conducting the review, the directors also consider whether facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. These facts and circumstances include:

- (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (ii) exploration expenditure on further exploration for and evaluation of mineral resources in, or relating to, the area of interest is neither budgeted nor planned; and
- (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.

The ultimate recoupment of the costs carried forward is dependent upon the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

As a result of this review, \$3,248,716 of expenditure in relation to the Halloween Project area of interest was impaired and written off to profit & loss (refer Note 4).

2. OTHER INCOME

	Half-year ended	
	31 Dec 15	31 Dec 14
	\$	\$
Bank interest received and receivable	143,087	256,355
Other income	-	8,000
	143,087	264,355

3. EXPENSES

	Half-year ended	
	31 Dec 15	31 Dec 14
	\$	\$
Loss for the year includes the following expenses:		
Operating lease rental expense	83,325	90,480
Non-cash share based payment expense	166,974	49,478

NB: Non-cash share based payment expense is included in total employee benefits expense of \$387,587 (2014: \$384,405)

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended 31 Dec 15	Year ended 30 Jun 15
	\$	\$

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost

Balance at beginning of period	40,084,747	31,930,540
Expenditure incurred	2,496,649	1,468,882
Acquisition of projects	-	14,000,000
	42,581,396	47,399,422
Expenditure written off	(3,248,716)	(7,314,675)
	39,332,680	40,084,747

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 the Group wrote off \$3,248,716 of historical costs carried forward on the Halloween Project as the tenement expires in March 2016 and will be relinquished at that time.

5. ISSUED CAPITAL

	31 Dec 15	30 Jun 15
	\$	\$

Ordinary shares

Issued and fully paid	45,004,278	37,404,278
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	Half-year ended 31 Dec 15		Year ended 30 Jun 15	
	Number	\$	Number	\$

Movements in ordinary shares on issue

Opening balance	131,538,627	37,404,278	131,538,627	37,404,278
Share placement at 47 cents	17,021,277	8,000,000	-	-
Share issue costs	-	(400,000)	-	-
Closing balance	148,559,904	45,004,278	131,538,627	37,404,278

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

	Half-year ended 31 Dec 15		Year ended 30 Jun 15	
	Number	\$	Number	\$

Movements in options over ordinary shares on issue

Opening balance	7,250,000	448,631	8,750,000	1,746,400
Directors' remuneration	-	76,976	3,000,000	193,982
Employees' remuneration	150,000	89,998	1,000,000	50,249
Unlisted Options Lapsing	(1,000,000)	(168,250)	(5,500,000)	(1,542,000)
Closing balance	6,400,000	447,355	7,250,000	448,631

Share options are exercisable on a 1:1 basis at various exercise prices. The options expire between 31 October 2016 and 1 March 2018.

6. SHARE BASED PAYMENTS

On 11 August 2015, 150,000 share options were granted to an employee under the terms of the Company's Employee Share Option Plan (ESOP).

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 half-year ended 31 December 2015:

Inputs into model	Option series
	1
Dividend yield (%)	Nil
Expected volatility (%)	150%
Risk-free interest rate (%)	1.945%
Expected life of option (years)	1.9
Exercise price	\$ 0.90
Grant date share price	\$ 0.59
Fair value	\$ 0.37

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 2015 and 30 June 2015.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2015				
Assets				
Available-for-sale financial assets	120,700	-	-	120,700
30 June 2015				
Assets				
Available-for-sale financial assets	130,700	-	-	130,700

8. SEGMENT REPORTING

(i) Description

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The function of the chief operating decision maker is performed by the Board of Talisman Mining collectively, Information reported to the Board for the purposes of resource allocation and assessment of performance is focused broadly on the Group's diversified activities across different sectors.

The Group's reportable segments under AASB 8 are therefore as follows:

- Mineral Exploration - Sinclair Nickel Project
- Mineral Exploration - Doolgunna Copper-Gold Projects (Farm-in JV with Sandfire Resources)
- Other

'Other' is the aggregation of the Group's other operating segments that are not separately reportable including mineral exploration at sites other than at the Sinclair Nickel and Doolgunna Copper-Gold Projects.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(ii) Segment revenues and results

	Revenue		Segment profit	
	Half-year ended		Year ended	
	31 Dec 15	31 Dec 14	31 Dec 15	31 Dec 14
	\$	\$	\$	\$
Continuing operations				
Mineral Exploration:				
Sinclair Nickel Project	-	-	(120,688)	-
Doolgunna Copper-Gold Projects	-	-	(3,248,716)	-
Other	-	-	(146,613)	(4,684,951)
	-	-	(3,516,017)	(4,684,951)
Investment revenue	143,087	264,355	143,087	264,355
Share based payment expense	-	-	(166,974)	(49,478)
Central administration and directors' salaries	-	-	(749,534)	(1,133,380)
Other	-	-	-	-
Loss before tax (continuing operations)			(4,289,438)	(5,603,454)

(iii) Segment assets

The following is an analysis of the Group's assets by reportable operating segment:

	Half-year ended	Year ended
	31 Dec 15	30 Jun 15
	\$	\$
Continuing operations		
Mineral Exploration:		
Sinclair Nickel Project	19,615,262	17,827,633
Doolgunna Copper-Gold Projects	23,256,542	24,995,426
Other	-	1
Total segment assets	42,871,804	42,823,061
Unallocated assets	9,559,431	5,329,615
Total assets	52,431,235	48,152,676

9. JOINT OPERATION

In December 2013, the Group entered into a Farm-In Letter Agreement with Sandfire Resources NL for Sandfire to farm-in to the Doolgunna Copper-Gold Projects. Under the terms of the agreement, Sandfire had the right to earn up to 70% of Talisman's interest in the Doolgunna Copper-Gold Projects through total expenditure of \$15,000,000 over a 5 1/2 year term. Sandfire was also appointed as manager of the Doolgunna Copper-Gold Project tenements.

In December 2015, Sandfire formally notified the Group that it had sole-funded \$15,000,000 of farm-in expenditure on the Doolgunna Projects and accordingly a Joint Venture was formed. As such as at 31 December 2015, the Group's share in the joint operation is 30% with Sandfire holding the remaining 70%.

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

	31 Dec 15	30 Jun 15
	\$	\$
Assets		
Cash and cash equivalents	2,413,527	-
Receivables	184,965	-
Deferred exploration and evaluation expenditure	2,034,611	-
Total assets	4,633,103	-
Liabilities		
Other payables	2,219,576	-
Total liabilities	2,219,576	-
Net assets	2,413,527	-
Groups ownership share of net assets	30.00%	
Carrying amount of interest in joint venture	724,058	-

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

	31 Dec 15	30 Jun 15
	\$	\$
Exploration expenditure		
Within one year	235,683	-
After one year but not more than five years	656,874	-
Greater than five years	-	-
	892,557	-
Group's share of commitments	30.00%	
	267,767	-

In addition to the minimum expenditure commitments noted above, the Joint Venture had a \$7.5 million exploration budget for the three months commencing 1 December 2015 (on a 100% basis). The Group's share of this budget is approximately \$2.25 million of which an initial cash call of \$724,063 was paid at 31 December 2015.

10. 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 2015 and no other contingent liabilities or assets were incurred in the interval between the period end and the date of this report.

11. EVENTS SUBSEQUENT TO REPORTING DATE

Formal transfer of Sandfire's final 19% interest in Talisman's interest in the tenements subject to the Doolgunna Projects Joint Venture was completed on 9 February 2016 following the satisfactory audit of the final \$5 million tranche of the total \$15 million sole funded exploration expenditure by Sandfire at Talisman's Doolgunna Copper-Gold Projects under the terms of the Farm-In Letter Agreement.

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 2015 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.
- 3.

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.



.....
Gary Lethridge
Managing Director
3 March 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Talisman Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Talisman Mining Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed 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 Group 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 Group's financial position as at 31 December 2015 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*.



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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 Group's financial position as at 31 December 2015 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 2016