TALISMAN MINING LTD

Annual Report 2016

CORPORATE DIRECTORY

DIRECTORS

Mr Jeremy Kirkwood	Non-Executive Chairman
Mr Daniel Madden	Managing Director
Mr Alan Senior	Non-Executive Director
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director

COMPANY SECRETARY

Mr Shaun Vokes
Mr Alex Neuling

REGISTERED & PRINCIPAL OFFICE

Ground Floor, 6 Centro Avenue
Subiaco, Western Australia 6008
Telephone +61 8 9380 4230
Facsimile +61 8 9382 8200
Website: www.talismanmining.com.au

AUDITORS

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia 6000
Telephone +61 8 9227 7500
Facsimile +61 8 9227 7533

SHARE REGISTRY

Link Market Services
Level 4, Central Park
152 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

CONTENTS

LETTER FROM THE CHAIRMAN

Dear Shareholder,

The 2016 financial year has been an active and progressive year for Talisman delivering a maiden copper-gold mineral resource together with the continuation of focused exploration programs in a challenging global base metals price environment.

In April 2016 Talisman's partner in the Springfield Joint Venture, Sandfire Resources NL, reported the maiden mineral resource estimate for the high-grade Monty Copper Gold Deposit. The rapid delineation of this outstanding deposit containing almost 100,000 tonnes of copper and 55,000 ounces of gold within nine months of its discovery is an excellent result and marked a significant milestone for the Springfield Joint Venture and an important breakthrough for the Doolgunna region.

With 99% of the Mineral Resource tonnage classified in the Indicated category, project development studies on the Monty Deposit have progressed rapidly. The Joint Venture partners have commenced a feasibility study that aims to maximise the value of the deposit through optimising the development pathway. This study is scheduled for completion early in calendar 2017, and depending on results, a subsequent decision to progress with development will be made in due course.

With an average resource grade of 9.4% Cu and 1.6g/t Au, the Monty deposit stands out as one of the highest grade copper deposits discovered globally in decades and provides Talisman with confidence in the exceptional exploration potential of the Doolgunna region. Exploration activities on the Springfield Joint Venture tenements have moved beyond the immediate Monty Deposit to focus both along the 5km long Monty Trend and more broadly within the Homer and Southern Volcanics prospects. Together with Sandfire, we look forward to advancing these work programs and achieving continued exploration success.

Over the last twelve months we have also been progressing both on-ground and desktop exploration activities on our Sinclair Nickel Project. Re-interpretation of historic data and geophysical surveys were completed which identified a number of regional targets. In keeping with the subdued global nickel price outlook, Talisman undertook a focused, targeted exploration drill campaign on several targets, successfully intersecting massive nickel sulphides at the Delphi prospect.

These encouraging results of our maiden campaign at Sinclair, support our belief that this region hosts a fertile mineralised environment that has the potential to contain significant nickel mineralisation. On this basis, we have developed a program of phased, results driven, on-ground exploration activities which builds on our previous success. These activities commenced in August 2016 and in combination with continued interpretive work of historic data, will assist us to unlock the value of Sinclair.

Whilst we continue to operate in a challenging base metals market for junior resource companies, it was pleasing to see strong shareholder support for our March 2016 capital raising. We successfully raised $16.7 million in a heavily oversubscribed placement that introduced a new substantial shareholder in Talisman. At financial year end, our cash resources of $20.2 million have placed us in a strong position to fund both continued exploration at the Springfield Joint Venture and potential near-term development of the Monty Deposit, progress our phased exploration programs at Sinclair and continue to pursue quality opportunities.

We have also seen a number of Board and management changes during the year. Alan Senior served the Company excellently as Chairman for eight years and stepped down from that role in April this year but remains a Non-Executive Director. On behalf of shareholders, I thank him sincerely for his contribution as Chairman. Gary Lethridge resigned as Managing Director on the 31 March after seven years in the role. Gary led the Company successfully through significant changes and challenges and on behalf of the Company, I thank him for his service. I joined the Board on 1 April this year and was elected Chairman and Daniel Madden, previously Talisman's CFO and Company Secretary, was appointed as Managing Director in July 2016. I welcome Dan to the Board and look forward to working with the Board as we continue our next phase of growth.

On behalf of the Board, I would like to thank the Company's dedicated team of staff and consultants for their efforts and achievements during the year and we look forward to their continued hard work and enthusiasm in the new financial year.

Finally, I would also like to acknowledge the continued support of all our shareholders. Your Company is in a strong financial position as we move forward to grow our business and extract value from our outstanding asset base.

Yours faithfully

Jeremy D. Kirkwood

Jeremy Kirkwood
Chairman

REVIEW OF OPERATIONS

OVERVIEW

The past twelve months have seen significant advancement of the Company's Doolgunna Cu-Au Projects including the formalisation of a Joint Venture with Sandfire Resources NL, and the release of a maiden JORC 2012 Indicated and Inferred mineral resource for the Monty Deposit in April 2016. The Monty Deposit maiden resource was **1.05 million tonnes grading 9.4% copper and 1.6g/t gold**[1] for 99,000 tonnes of contained copper and 55,000 ounces of contained gold. Talisman has also completed a detailed, comprehensive review and targeting process and an initial on-ground exploration campaign at its 100% owned Sinclair Nickel Project ("Sinclair") (Figure 1).

Talisman Mining Ltd and Sandfire Resources NL ("Sandfire", ASX: SFR) formed a 30:70 Joint Venture over the Doolgunna Cu-Au Projects (the "Joint Venture") in December 2015, following Sandfire's sole funded expenditure of $15 million on the Doolgunna Cu-Au Projects.

Following the early discovery of high-grade copper mineralisation by Sandfire, in the third diamond hole completed as part of the farm-in agreement in early 2015, the majority of the on-ground exploration work at the Springfield Project was aimed at fast-tracking this exceptionally high grade copper-gold discovery towards a JORC 2012 Mineral Resource. Exploration activities outside of the current resource envelope at the Monty Copper-Gold Deposit ("Monty") have been limited to regional first-pass air-core drilling aimed at identifying prospective stratigraphy, and a number of discrete isolated reverse circulation ("RC") drill holes to test geochemical anomalies and stratigraphic positions.

Following completion of a regional targeting review process early in the financial year, the Company undertook its maiden on-ground exploration program at its 100% owned Sinclair Nickel Project. During the second half of the financial year the Company undertook a review and remodelling of remnant and extension nickel mineralisation proximal to the Sinclair Mine, along with a reassessment of historic drilling information from near mine and other regional targets. The outcome of this work has led to a greater understanding of the geological controls and mineralising environment at Sinclair, and the identification of a number of additional stratigraphic target horizons for future testing.

Figure 1: Talisman Project Locations

1 For details relating to the Monty JORC Mineral Resource see Sandfire Resources NL ASX announcement dated 13 April 2016, available on the Sandfire and ASX websites.

REVIEW OF OPERATIONS

DOOLGUNNA CU-AU PROJECTS (JV WITH SANDFIRE RESOURCES NL)

The Doolgunna Cu-Au Projects Joint Venture is between the Company and Sandfire, with Sandfire acting as Joint Venture Manager. The Joint Venture encompasses the Springfield and Halloween West Projects which are high quality Volcanogenic Massive Sulphide ("VMS") exploration projects in the emerging world class Bryah Basin region of Western Australia (Figure 2).

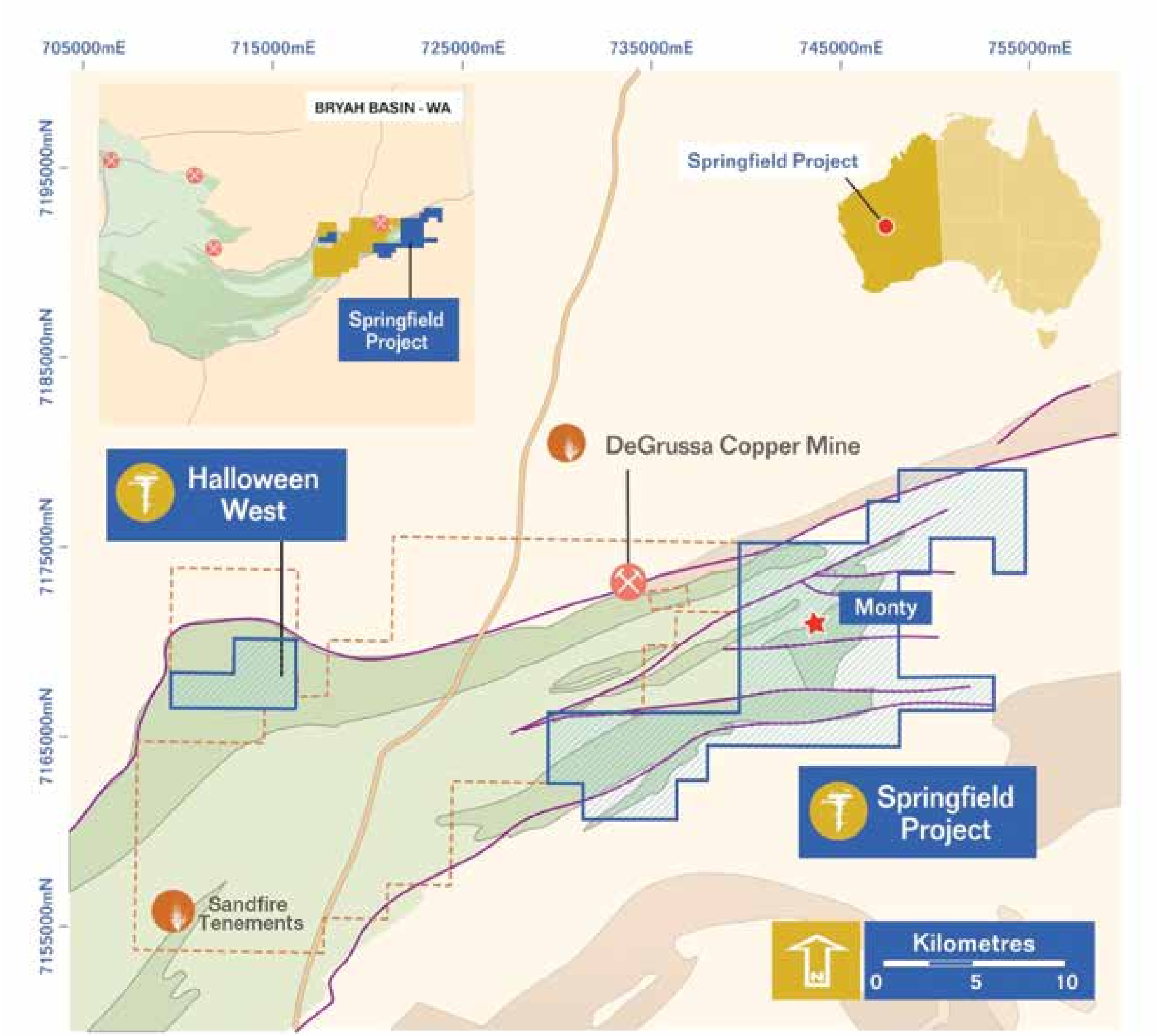

Figure 2: Doolgunna Cu-Au Project Joint Venture – Springfield and Halloween West Project Locations

The discovery of exceptionally high grade copper-gold mineralisation and the subsequent maiden JORC 2012 Mineral Resource estimate of 99,000 tonnes of contained copper at Monty, confirmed the significant exploration potential of the Doolgunna Region.

In September 2015, Sandfire provided notice that it had sole-funded $10 million of exploration expenditure to earn an initial 51% interest in Talisman's Doolgunna Cu-Au Projects. During the December 2015 quarter, Sandfire provided further notice that it had sole-funded a further $5 million of exploration expenditure in order to earn an additional 19% interest in the Doolgunna Cu-Au Projects. Under the terms of the Joint Venture, Sandfire and Talisman now contribute toward exploration expenditure on a 70:30 pro-rata basis.

REVIEW OF OPERATIONS

SPRINGFIELD PROJECT

(30% Talisman Mining Ltd – Joint Venture with Sandfire Resources NL)

The Springfield Project comprises a 174km² ground package located approximately 150km north-east of Meekatharra in the northern Murchison Goldfields region of Western Australia.

Springfield is 4km directly along strike, to the east from Sandfire's DeGrussa Copper-Gold mine and hosts the high-grade Monty deposit, within one of four corridors that are prospective for VMS style mineralisation. These VMS corridors are Monty Trend, Homer Trend, Central Corridor and Southern Volcanics (Figure 3).

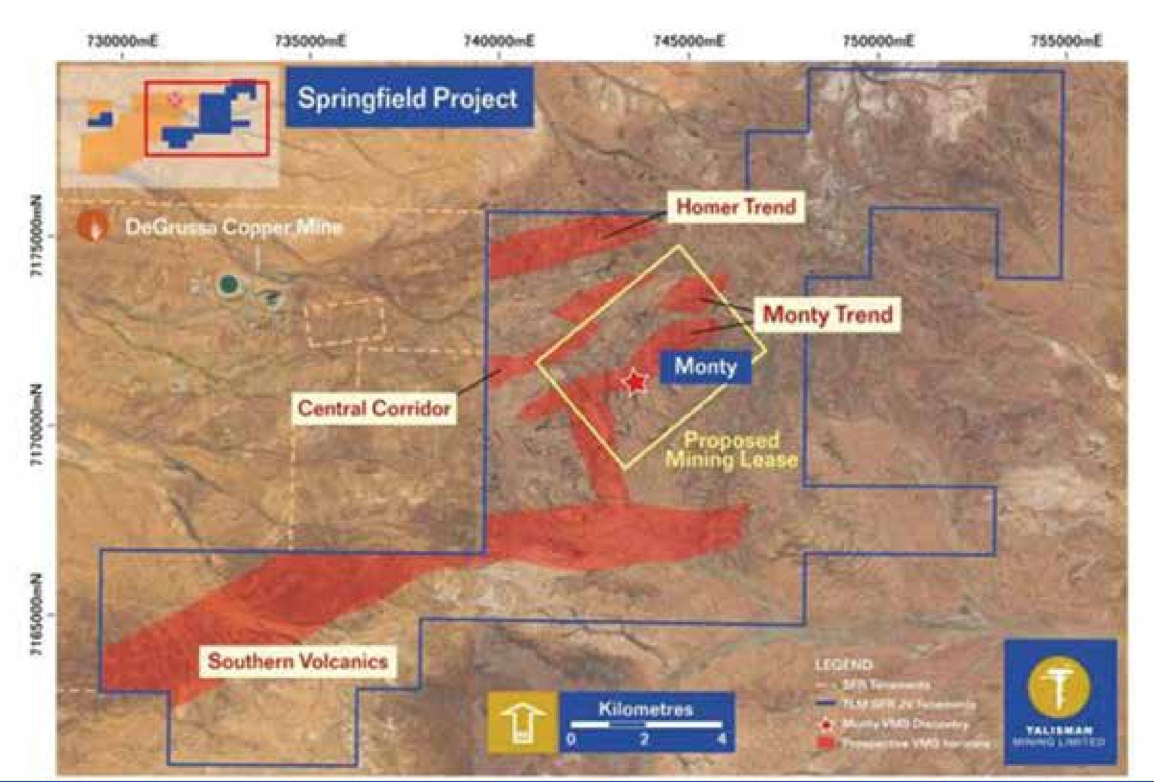

Figure 3: Talisman Springfield Project

Field based exploration activities undertaken as part of the farm-in joint venture on the Springfield Project were dominated by the resource definition drilling and associated works at Monty and included:

- air-core, RC and diamond drilling;
- down-hole and surface geophysical surveys; and
- geological studies.

Drilling across the Springfield Project area comprised:

Springfield Project Drilling Statistics

Hole Type	Number of Holes	Total Meters
Air-Core	1,447	120,745
RC	54	15,498
Diamond	140	45,392
Total:	1,641	181,635

Table 1: Springfield Project drilling statistics 1 July 2015 – 30 June 2016

REVIEW OF OPERATIONS

Monty

The Monty deposit, is located approximately 10km from Sandfire's DeGrussa Copper-Gold Mine in what was originally identified by Talisman as a prospective corridor of volcanic and sedimentary rock sequences with the potential to contain DeGrussa style VMS mineralisation.

Key milestones achieved during the year were:

- Completion of resource definition drilling;
- Announcement of a maiden JORC Indicated and Inferred Mineral Resource;
- Completion of a high level mining study;
- Lodgement of a Mining Lease Application ("MLA") for the Monty Copper-Gold Project; and
- Commencement of a feasibility study by the Joint Venture.

Since the discovery of high grade copper-gold mineralisation in drill hole TLDD0004A in early 2015, the delineation of the Monty deposit has been the main focus for the Joint Venture. Throughout resource definition drilling, Monty continued to return exceptionally high grade copper/gold results, with some of the better intersections including:

- TLDD0005 **9.2m @ 11.8% Cu & 2.9g/t Au** from 417.0m down-hole;
- TLDD0010 **10.5m @ 18.9% Cu & 3.1g/t Au** from 359.7m down-hole; and
  4.7m @ 12.8% Cu and 2.5g/t Au from 373.6m down-hole;
- TLDD0026 **7.3 metres grading 6.2% Cu and 2.8g/t Au** from 325.6m down-hole; and
  21.6 metres grading 34.4% Cu and 0.4g/t Au from 339.4m down-hole;
- TLDD0061 **25.8 metres grading 24.1% Cu and 0.5g/t Au** from 299.0m down-hole including a bornite rich zone of **8.5 metres grading 41.8% Cu and 0.5 g/t Au** from 315.4m down-hole.

On the 13th of April 2016, Sandfire and Talisman jointly announced a JORC Indicated and Inferred Mineral Resource of **1.05 million tonnes grading 9.4% copper and 1.6g/t gold**[2]**.** This includes a high-grade massive sulphide component of **763,000t grading 12.1% Cu and 2.1g/t Au for 92,000t of contained copper and 52,000oz of contained gold**[2]**.** The Monty Mineral Resource estimate is set out in Table 2.

The mineralisation interpretation is supported by a total of 127 fully logged and validated diamond drill holes for some 42,351 meters, defining the current limit of the Monty Resource; 82 of which (on a nominal 40m x 30m spacing), intersected massive sulphide mineralisation and have been used to inform the Mineral Resource estimate (Figure 4).

Drill spacing is such that 99% of the Mineral Resource (97,000t of contained Cu and 54,000oz of contained Au), has been classified by Sandfire into the JORC 2012 Indicated category, and as such is available for conversion to mineral reserve status.

Type	Mineral Resource Category	Tonnes	Grade	Contained	Grade	Contained
			Cu (%)	Cu (t)	Au (g/t)	Gold (oz)
Massive Sulphide	Indicated	754,000	12.0	91,000	2.1	51,000
	Inferred	9,000	20.7	2,000	2.7	1,000
	Total	**763,000**	**12.1**	**92,000**	**2.1**	52,000
Halo	Indicated	287,000	2.2	6,000	0.3	3,000
	Inferred	–	–	–	–	–
	Total	**287,000**	**2.2**	**6,000**	**0.3**	**3,000**
Total	Indicated	1,041,000	9.3	97,000	1.6	54,000
	Inferred	9,000	20.7	2,000	2.7	1,000
	Total	**1,050,000**	**9.4**	**99,000**	**1.6**	55,000

Table 2: Monty Mineral Resource[3] – 31 March 2016

2 For details relating to the Monty JORC Mineral Resource, see Sandfire Resources NL ASX announcement dated 13 April 2016, available on the Sandfire and ASX websites.

3 Numbers as presented at a 1.0% Cu cut-off grade. Calculations have been rounded to the nearest 1000t, 0.1 % copper grade and 1000t copper metal, 0.1 g/t gold grade, 1000oz gold metal, differences may occur due to rounding.

REVIEW OF OPERATIONS

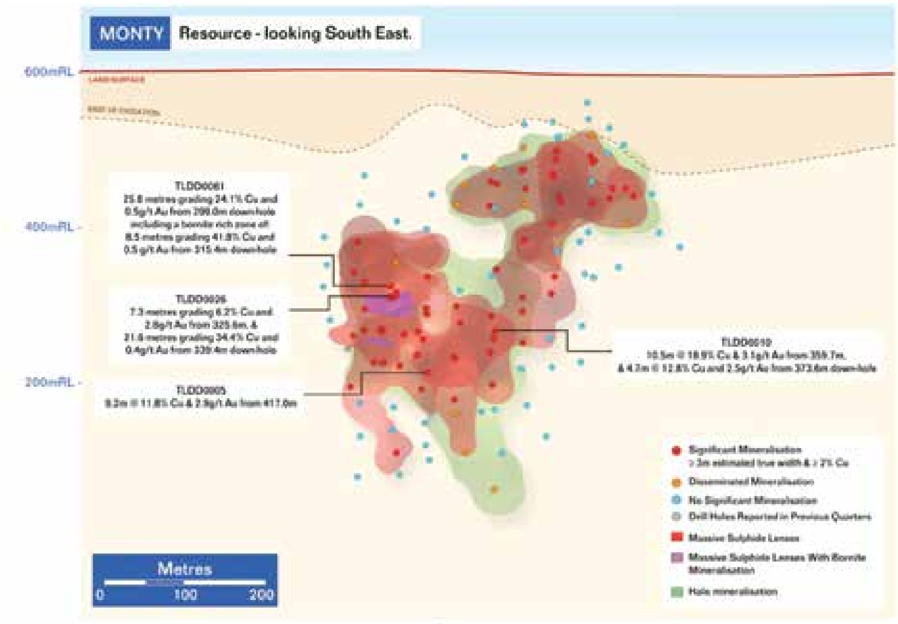

Figure 4: Diagrammatic Vertical Longitudinal Projection[4] of the Monty resource wireframes and selected significant intersections.

Monty Deposit Geology

Copper and gold mineralisation at Monty is hosted in a sequence of sediments (siltstone, sandstones and conglomerates) and basaltic rocks. Mineralisation occurs in a series of massive sulphide lenses that are interpreted to have been deposited at different stratigraphic levels within the sedimentary package.

The modelled mineralisation at Monty is contained within seven stacked lenses of massive sulphide (Figure 4) that encapsulate the massive sulphide mineralisation. Over 87% of the contained metal is within two main lenses.

Adjacent to these massive sulphide lenses, the host sequence shows moderate to strong chlorite alteration with disseminated and/or blebby sulphides throughout. This zone of altered, sulphidic host rock is known as 'halo mineralisation' which has been modelled both internal to the main massive sulphide lenses and as an external skin that sits directly adjacent to the high-grade massive sulphides.

Two separate lenses of high-grade bornite mineralisation have been modelled by Sandfire within the two main massive sulphide lenses. Mineralisation in these bornite-containing zones (Figure 5) is of significantly higher tenor than that in the normal (i.e. non-bornite containing) massive sulphide zones. Based on drill-hole geometry and core observations, the bornite zones are interpreted by Sandfire to be approximately orthogonal to lithological layering.

Figure 5: Large diameter (PQ) metallurgical drill core from Monty Copper-Gold deposit.

4 Vertical Longitudinal Projection and simplified interpretation, by Talisman, of the Monty discovery with drill-hole pierce points at the top of the interpreted primary intercept. All intercepts are shown as down-hole widths.

REVIEW OF OPERATIONS

Monty Development Studies

A high-level study assessing potential for mining the Monty deposit was completed by the Joint Venture during the June quarter of 2016. The purpose of the study was to identify any fatal flaws and to investigate optionality of various facets of Monty development including surface infrastructure location, site access, applicable mining methods and permitting and approval pathways.

Results of the preliminary study work were positive with no fatal flaws identified and the Joint Venture subsequently approved and commenced the Monty feasibility study with a budget of A$3.9M (100% basis).The following feasibility study work streams commenced in June 2016:

- Metallurgical test work with a specific focus on comminution and flotation;
- Geotechnical and structural geology studies;
- Mine design engineering including stoping, ore access and ventilation work; and
- Evaluation of a proposed haul road route between Sandfire's DeGrussa Copper-Gold mine and Monty.

Subsequent to the end of the financial year, on 14 July 2016, the Joint Venture Manager submitted a MLA to the Department of Mines and Petroleum of Western Australia, on behalf of the Joint Venture over the Monty Copper-Gold Project (Figure 3), (see ASX release "Monty Mining Lease Application").

The area of the MLA is 16.42km^2 and covers the footprint of the known mineralisation of the Monty deposit as well as the surrounding area which will be required for the box-cut and decline portal and other supporting mine infrastructure. The MLA process will be progressed in parallel with consultations and negotiations with relevant stakeholders and preparations for future mining activities.

Springfield Exploration

The exploration strategy employed by the Joint Venture at the Springfield Project in the search for new deposits leverages off existing data sets from Talisman and Sandfire's activities and follows a staged and systematic process aimed at building geological, geochemical and structural understanding. This process involves the collection and integration of data collected from the following:

- Air-Core drilling is used to build both geological and geochemical information, with infill drilling used to further refine initial interpretations.
- Air-Core drill data is evaluated through a series of elemental ratios which aids in the identification of specific target exhalative stratigraphic horizons.
- Defined horizons are then tested via a Down Hole Electro-Magnetic (DHEM) geophysical survey, which involves drilling a deeper RC drill hole to act as a platform for the DHEM survey aimed at identifying conductive sulphide mineralisation in the immediate vicinity of the surveyed drill hole.
- Following DHEM data collection and interpretation, a diamond drilling program may be developed to test discrete DHEM anomalies identified in the survey.
- Integration of the new information is undertaken to further develop and refine the geological interpretation.

This process is iterative, and commonly involves multiple phases of testing, interpretation and retesting as new information is gathered through the process that challenges previous interpretations.

Drilling of regional stratigraphic target horizons during the financial year was restricted to first pass testing at Homer and to the north-east of the Monty deposit which intersected the interpreted host stratigraphy along both trends.

Systematic air-core drilling across the Southern Volcanics and the wider regional Springfield Project area was also undertaken to accurately delineate the interpreted VMS horizon along the prospective host horizon.

Future Activities

Consistent with the strategy employed by the Joint Venture, continued exploration activity will be focussed on identifying and testing stratigraphic packages across Joint Venture tenements. Additionally, further testing in the near Monty environment is expected including the potential for down-dip extensions to the Monty deposit.

REVIEW OF OPERATIONS

HALLOWEEN WEST

(18.8% Talisman Mining Ltd – Joint Venture with Sandfire Resources NL)

The Halloween West Joint Venture Project is located immediately to the west of the Halloween Project and approximately 20km west south-west of Sandfire's DeGrussa Copper-Gold Mine.

The Halloween West Joint Venture was formed in 2012 when Talisman reached agreement with Chrysalis Resources Limited (ASX: CYS) to farm into the Halloween West Copper-Gold Project.

In October 2014, Sandfire Resources acquired the interest held by Chrysalis Resources and the Joint Venture is now between Talisman and Sandfire.

Exploration work by Sandfire (acting as the Joint Venture Manager) has been limited to desktop studies and a review of historic work completed over the project. With the focus of on-ground exploration moving away from resource definition at Monty to a more regional focus, it is anticipated that Sandfire will conduct on-ground exploration to test the various targets that have been identified.

HALLOWEEN

(30% Talisman Mining Ltd – Joint Venture with Sandfire Resources NL)

The Halloween Project is located approximately 17km west south-west of Sandfire's DeGrussa Copper-Gold Mine. The Halloween Project covers the interpreted western extension of the Narracoota Volcanic Formation that locally hosts the DeGrussa Deposit.

Tenement P52/1241 was surrendered by the Joint Venture during the reporting period.

SINCLAIR NICKEL PROJECT

(100% Talisman Mining Ltd)

Sinclair is located in the world-class Agnew-Wiluna Greenstone Belt in WA's North-eastern Goldfields. The Sinclair Nickel Project, developed and commissioned in 2008 and operated successfully before being placed on care and maintenance in August 2013, produced approximately 38,500 tonnes of nickel at an average life-of-mine head grade of 2.44% Ni. Sinclair has extensive infrastructure and includes a substantial 290km^2 tenement package covering more than 80km strike of prospective ultramafic contact within a 35km radius of the existing processing plant and infrastructure (Figure 6).

During the year Talisman undertook its maiden exploration program at Sinclair including surface geophysics and diamond and RC drilling at selected regional locations across the project. Successful intersection of nickel sulphide mineralisation at the Delphi Prospect (2.2m @ 1.9% Ni from 396.6m down hole) supports the prospectivity of Sinclair for the discovery of a new nickel sulphide mineralisation.

Talisman continued to develop and advance its understanding of Sinclair throughout the year with a regional exploration review and targeting process undertaken in the first half of the financial year. This review of the near mine environment focused primarily on the Sinclair Trend, an 8km strike of ultramafic/basal contact running from the Sinclair deposit to the Delphi Prospect. In the second half of the financial year, drilling activities included a limited program on high priority regional targets. A follow-up program of DHEM surveys, RC and diamond drilling was commenced in August 2016.

REVIEW OF OPERATIONS

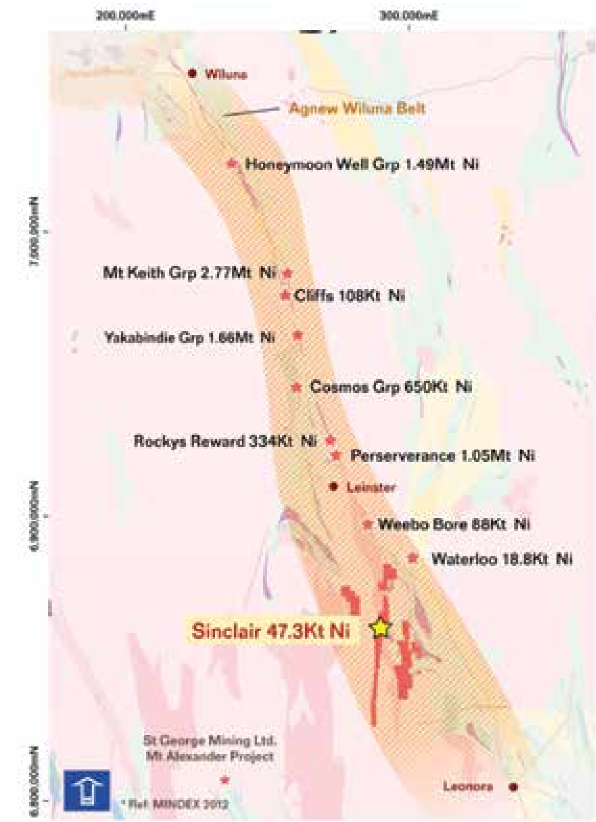

Figure 6: The Sinclair Nickel Project showing regional geology nickel production centres and reported contained nickel* of the Agnew-Wiluna Belt (*MINDEX 2012)

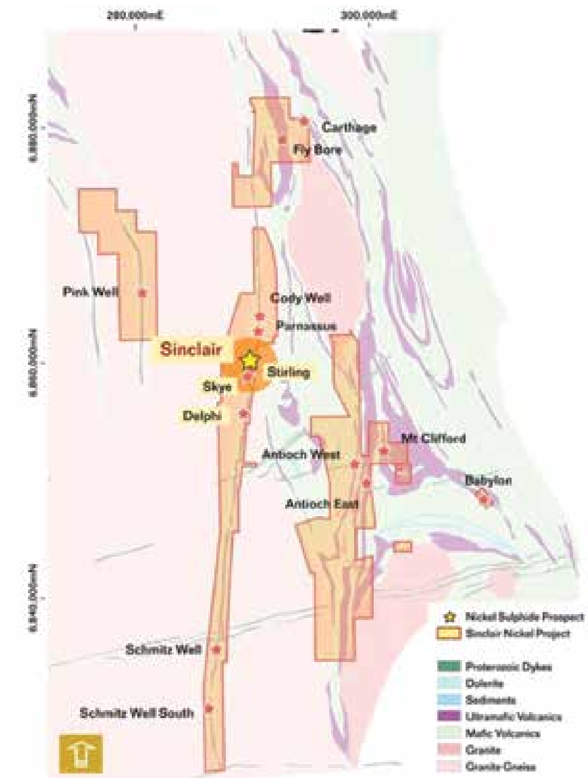

Figure 7: Sinclair Project – Prospect Locations.

REVIEW OF OPERATIONS

Delphi Prospect

The Delphi Prospect is located between 4-10km south of the Sinclair mine (Figure 7), covering approximately 6km of prospective ultramafic stratigraphy where drilling in the first half of the financial year returned 2.2m @ 1.9% Ni from 396.6m down hole in one of two holes drilled as part of the Company's maiden exploration program.

In August 2015, Talisman completed a surface Moving Loop Electro-Magnetic (MLEM) survey across approximately six strike kilometres of prospective ultramafic stratigraphy at the Delphi Prospect that had not been subject to any modern geophysics. Talisman employed modern surface geophysical techniques utilising a high-powered geophysical transmitter and B-field SQUID sensor in a moving loop configuration to ensure the best possible EM coverage of the area.

Assessment of the results of the MLEM surveys identified five high priority EM anomalies, three anomalies at Delphi North (constituting one target area) and two anomalies at Delphi (Figure 8).

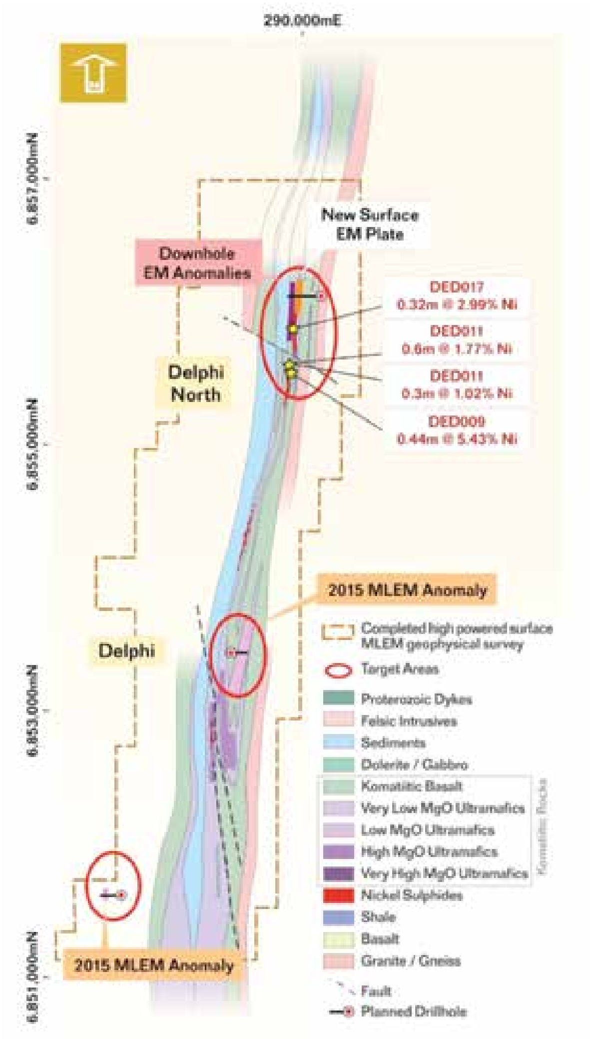

Figure 8: Delphi prospect showing geophysical anomalies identified from MLEM geophysics.

Historic drill intersections of nickel sulphides in the vicinity of the geophysical anomalies identified at Delphi North provided a target that was drill tested with two diamond drill-holes as part of a broader campaign during the first half of the financial year. Drill-hole **SND001** (Figure 10), which targeted the interpreted MLEM anomaly, intersected a number of massive, matrix and breccia sulphide horizons in a deformed sequence of host ultramafic and basaltic rock units.

REVIEW OF OPERATIONS

Assay results returned an overall intercept of:

- **2.2m at 1.9% Ni from 396.9m** down-hole.

Narrow zones of massive nickel sulphides (Figure 9) within this overall intersection returned assay results including:

- **0.6m at 2.19% Ni from 396.9m** down-hole; and
- **0.5m at 2.94% Ni from 398.6m** down-hole.

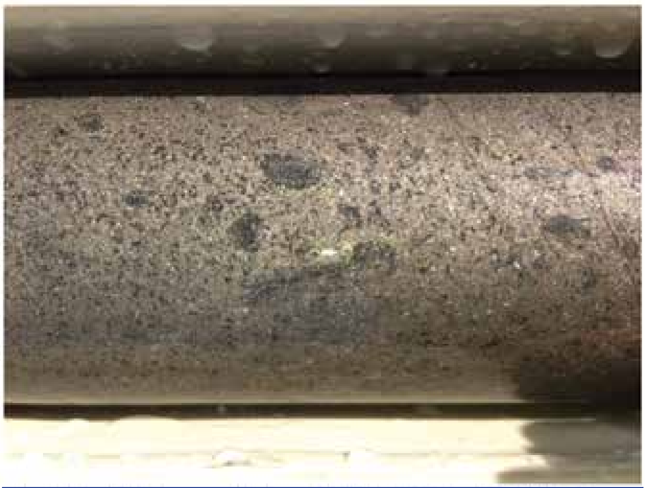

Figure 9: Photograph of massive nickel sulphides intersected in diamond drill-hole SND001 at the Delphi North Prospect.

The main sulphide intersection within the hole is represented by **a total of 1.4 metres of massive, matrix and breccia sulphides within a 2.2 metre interval**, with narrow zones of strongly foliated basaltic rocks from 396.9m to 399.1m down. The vertical depth of this intersection is approximately 348m below surface.

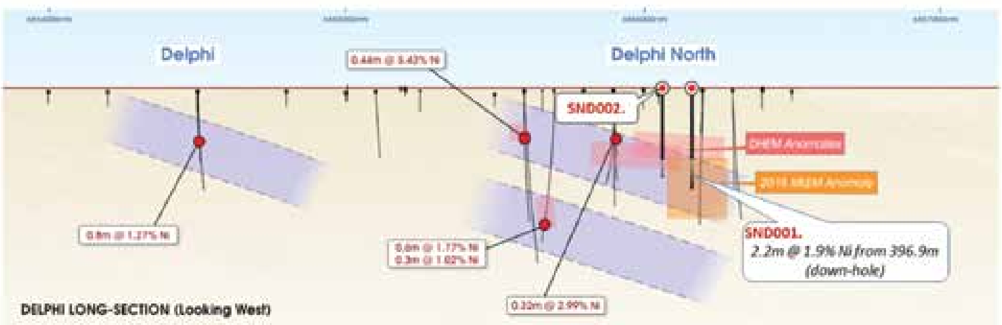

Figure 10: Interpretive longitudinal section of the Delphi – Delphi North Prospects (looking west) showing priority surface and down-hole geophysical EM anomalies; historical drilling and significant mineralised intersections; and recent drilling by Talisman.

Drill-hole SND002, (Figure 10) which was completed approximately 100m south of SND001, intersected a narrow zone of stringer sulphides within a highly deformed, complex sequence of ultramafic, basaltic and sedimentary rock units. While the stringer sulphides intersected by this hole are not interpreted to host significant mineralisation, the hole demonstrates the continuity of the fertile ultramafic horizon at Delphi North.

In conjunction with historical intersections at Delphi North, the recent drilling has now defined **nickel sulphide mineralisation over a strike length of 600m** and follow up RC and diamond drilling commenced in September 2016 to test this potential.

Cody Well

The Cody Well Prospect is located approximately 3km north of the Sinclair mine (Figure 7).

As part of Talisman's maiden drilling program in the first half of the year, one diamond drill-hole (SND003) was completed at Cody Well to target a priority EM anomaly interpreted to lie in a favorable stratigraphic position along strike from the Sinclair deposit and an associated coincident geochemical anomaly.

REVIEW OF OPERATIONS

This hole intersected narrow stringer sulphides in the stratigraphic hanging wall position and a narrow ultramafic unit which is interpreted to represent the extension of the fertile Sinclair ultramafic unit. Visual inspection of the mineralisation identified pyrrhotite as the dominant nickel-bearing sulphide mineral with accessory pyrite and chalcopyrite.

Although no significant assay results were returned from this drill-hole, Talisman considers the identification of the fertile Sinclair ultramafic unit at Cody Well to represent a significant advance in early stage exploration of this area.

A DHEM survey will be completed at a later date and is expected to provide greater definition for the source of the previously identified Fixed Loop Electro-Magnetic anomaly.

Sinclair Trend

Late in the financial year Talisman commenced a review of the near-mine geological environment, specifically assessing lithological, geochemical and supporting geophysical data to better understand the controls on mineralisation within the Sinclair Trend and refine the targeting model for Sinclair-style deposits.

Figure 11: Oblique projection of the Sinclair Ultramafic trend.

The remodelling of the ultramafic/basal contact in the near mine environment identified multiple mineralised positions, reaffirming the high prospectivity of the Sinclair Trend including the Delphi North Prospect (Figure 11).

A campaign of on-ground exploration at Delphi North commenced in early September 2016 to follow up these results.

Future Activities

The start of planned on-ground exploration in September 2016 signals the commencement of an efficient, staged and ongoing exploration focus at Sinclair. As a result of the extensive regional exploration review undertaken in 2015 and the recent re-modelling of the ultramafic contact along the Sinclair Trend, multiple targets have been identified that remain to be tested. These targets will be subject to further review and prioritisation during the financial year ending 30 June 2017 as on-ground exploration activities at Sinclair progress.

The current program of exploration activities represents the first stage of on-ground work at Sinclair. Subsequent work within the Sinclair Trend will be focused on further defining potential targets for proposed future on-ground exploration testing, with work to potentially include:

- Re-modelling of the Stirling and Skye mineralised positions;
- Review of newly identified parallel structures to east & west of Sinclair;
- Re-modelling of the Sinclair mine extensions;
- Re-modelling of Sinclair mine remnants;
- Re-conditioning and DHEM of historic drill holes adjacent to the existing Sinclair mine;
- Re-logging of historic drill core;
- Detailed geology sectional interpretations;
- Geological mapping;
- Surface SQUID EM surveys; and
- RC/diamond and Air-Core drilling campaigns.

Competent Person's Statement

Information in this report that relates to Exploration Results and Exploration Targets is based on information completed by Mr Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway 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 Mineral Resources and Ore Reserves". Mr Greenaway consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

TENEMENT SCHEDULE
As at date of report

Project	Tenement	Blocks (Area)	Talisman Equity (%)	JV Partner	Expiry	Annual Commit-ment	Comments
Halloween West / Doolgunna West	E52/2275	6.0	18.8%	Sandfire Resources NL	8/02/19	$ 50,000	
Springfield	E52/2282	70.0	30.0%	Sandfire Resources NL	24/11/19	$ 140,000	
	E52/2313	14.0	30.0%	Sandfire Resources NL	24/11/19	$ 50,000	
	E52/2466	14.0	30.0%	Sandfire Resources NL	5/04/20	$ 50,000	
	E52/3424*	1.0					Application
	E52/3425*	6.0					Application
Sinclair	E36/0650	16.0	100.0%		15/10/18	$ 50,000	
	E37/1231	3.0					Application
	E37/0903	13.0	100.0%		21/09/18	$ 50,000	
	L36/0198	103.1 HA	100.0%		19/04/28	$ –	
	L37/0175	83.9 HA	100.0%		19/04/28	$ –	
	M36/0444	568.0 HA	100.0%		27/03/29	$ 56,800	
	M36/0445	973.0 HA	100.0%		27/03/29	$ 97,300	
	M36/0446	843.0 HA	100.0%		27/03/29	$ 84,300	
	M37/1063	604.0 HA	100.0%		27/03/29	$ 60,400	
	M37/1089	574.0 HA	100.0%		22/04/29	$ 57,400	
	M37/1090	478.0 HA	100.0%		22/04/29	$ 47,800	
	M37/1126	603.0 HA	100.0%		27/03/29	$ 60,300	
	M37/1127	603.0 HA	100.0%		27/03/29	$ 60,300	
	M37/1136	986.0 HA	100.0%		27/03/29	$ 98,600	
	M37/1137	850.0 HA	100.0%		27/03/29	$ 85,000	
	M37/1148	44.7 HA	100.0%		27/03/29	$ 10,000	
	M37/1168	190.0 HA	100.0%		27/03/29	$ 19,000	
	M37/1223	675.0 HA	100.0%		27/03/29	$ 67,500	
	M37/1275	1961.0 HA	100.0%		29/07/28	$ 196,100	
	M37/0362	981.5 HA	100.0%		20/05/34	$ 98,200	
	M37/0383	841.7 HA	100.0%		28/01/35	$ 84,200	
	M37/0384	536.7 HA	100.0%		28/01/35	$ 53,700	
	M37/0385	926.8 HA	100.0%		28/01/35	$ 92,700	
	M37/0386	983.8 HA	100.0%		28/01/35	$ 98,400	
	M37/0424	891.0 HA	100.0%		3/02/36	$ 89,100	
	M37/0426	505.0 HA	100.0%		3/02/36	$ 50,500	
	M37/0427	821.0 HA	100.0%		3/02/36	$ 82,100	
	M37/0590	120.0 HA	100.0%		27/03/29	$ 12,100	
	M37/0692	136.0 HA	100.0%		27/03/29	$ 13,600	
	M37/0735	959.0 HA	100.0%		27/03/29	$ 95,900	
	M37/0816	818.4 HA	100.0%		27/03/29	$ 81,900	
	M37/0818	806.5 HA	100.0%		27/03/29	$ 80,700	
	M37/0819	380.1 HA	100.0%		28/08/29	$ 38,100	
	P37/7228	61.5 HA	100.0%		21/09/16	$ 2,480	
	P37/7233	116.0 HA	100.0%		21/09/16	$ 4,680	

* These tenements have been applied for jointly as part of the Company's Doolgunna Cu-Au Projects Joint Venture with Sandfire Resources NL.

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement can be found on the Company's website at www.talismanmining.com.au/about-us/corporate-governance.html under the heading marked "Corporate Governance Statement".

The following governance-related documents can also be found on the Company's website:

Charters

- Board
- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Committee

Constitution

- Constitution of Talisman Mining Limited

Board

- Code of Conduct – summary
- Policy and Procedure for the Selection and (Re)Appointment of Directors
- Process for Performance Evaluation

Compliance, Controls and Policies

- Risk Management Policy – summary
- Continuous Disclosure Policy – summary
- Securities Trading Policy
- Diversity Policy
- Remuneration Policy

Shareholder Communication

- Shareholder Communication and Investor Relations Policy

DIRECTORS' REPORT

Your Directors submit herewith the annual financial report of the consolidated entity (referred to hereafter as the Group) consisting of Talisman Mining Ltd and the entities it controlled during the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about directors

The names and particulars of the directors who held office during or since the end of the financial year are:

Name	Particulars
Jeremy Kirkwood BCom ANU Non-Executive Chairman 1 April 2016 – current	**Chairman (Non-Executive/Independent)** Jeremy Kirkwood joined Talisman in April 2016 and has extensive experience in corporate strategy, investment banking and global capital market and provides invaluable strategic input and guidance to the Company's board and management team. Mr Kirkwood is a principal of Pilot Advisory Group and was previously a Managing Director at Credit Suisse, Morgan Stanley and Austock. He has primarily worked in public markets, undertaking merger and acquisitions and capital raisings for companies principally in the metals and mining, energy and infrastructure sectors. He is a Director of BGD Corporation, Chair of Geelong Grammar School and a Director of Independent Schools Victoria. Jeremy serves on the Company's Audit, Nomination and Remuneration Committees. With extensive industry experience and being financially literate, Jeremy is considered qualified to hold these responsibilities.
Daniel Madden BComACC, ACA, Governance Institute of Australia Managing Director 1 July 2016 – current	**Managing Director (Executive/Non-Independent)** Dan Madden was appointed as acting CEO in April 2016 and has been with Talisman since 2009 in his previous role as Chief Financial Officer and Company Secretary. Dan has more than 15 years' experience in the resource sector, including as General Manager – Finance for Xstrata Nickel Australasia and Financial Controller for Jubilee Mines NL. He graduated from the University of Birmingham with a degree in Commerce and Accounting before joining Deloitte in the UK and Australia. He is an Associate Member of the Institute of Chartered Accountants of England and Wales and a member of the Governance Institute of Australia. On the 1st of July 2016, Mr Madden was appointed as the Managing Director of Talisman Mining Ltd.
Alan Senior Asscshp Mech Eng, FIEAUST, FAusIMM Non-Executive Director 7 November 2007 – current Non-Executive Chairman 7 November 2007 – 31 March 2016	**Non-Executive Director (Independent)** Alan graduated from the West Australian Institute of Technology (Curtin University) with an Associateship in Mechanical Engineering in 1968. He is an engineer with extensive experience in design and project development, mainly associated with the mining and mineral processing industry in Australia. Prior to joining Talisman, Alan operated as an independent consultant servicing the mineral processing industry. Before joining the board of Jubilee in 2003 he led the team which completed the feasibility study for the Cosmos Nickel project and its successful implementation, followed three years later by the transition from open cut to underground mining. Alan was a non-executive Director of Jubilee Mines NL up until its purchase by Xstrata. Alan was the Chairman of Talisman for over eight years. He serves on the Company's Audit, Nomination and Remuneration Committees. With extensive industry experience and being financially literate, Alan is considered qualified to hold these responsibilities.

DIRECTORS' REPORT

Name	Particulars
Brian Dawes B. Sc. Mining, MAusIMM Non-Executive Director 17 June 2009 – current	**Non-Executive Director (Independent)** Brian is a mining engineer with extensive international mining industry experience. He holds a BSc in Mining from the University of Leeds UK, and is Member of the Australasian Institute of Mining and Metallurgy. He has worked in the UK, Africa, the Middle East and across Australia and holds several First Class Mine Managers' Certificates of Competency. Brian's diverse expertise covers all key industry aspects from exploration through the discovery, feasibility, funding, approvals, project construction, commissioning, operations, optimisation, logistics, marketing, and closure phases. This includes site management and corporate responsibilities in a diversity of challenging and successful underground and open pit operations across many commodities and geographies; mainly in copper, nickel, gold, zinc, lead, iron ore, graphite. and coal. Prior to joining Talisman, Brian held senior positions with Jubilee Mines NL, Western Areas, LionOre Australia, WMC, Normandy Mining, and Aberfoyle. Brian serves on the Company's Audit, Nomination and Remuneration Committees. With extensive industry experience and being financially literate, Brian is considered qualified to hold these responsibilities.
Karen Gadsby B Comm, FCA, MAICD Non-Executive Director 3 April 2008 – current	**Non-Executive Director (Independent)** Karen is a professional Non-Executive Director with over 30 years' finance and commercial experience across several sectors. She worked as an Executive for North Ltd throughout Australia for 13 years including at Robe River Iron Associates and Energy Resources of Australia Ltd. She has held a number of directorships in Western Australia and is currently the Chair of Strategen Environmental Consulting Pty Ltd. Karen is the Chair of the Audit Committee and a member of the Nomination and Remuneration Committees. With her extensive experience in finance and having chaired a number of Audit Committees, Karen is considered qualified to hold these responsibilities.
Gary Lethridge B. Comm, CA, FCIS, FGIA, MAICD Managing Director 2 February 2009 – 31 March 2016	**Former Managing Director (Executive/Non-Independent)** Gary is an experienced executive whose industry involvement has included exposure to all phases of mineral resources projects; from exploration, discovery, feasibility, development and through to operations. Prior to joining Talisman in early 2009, Gary held the position of Executive General Manager-Corporate and Chief Financial Officer at Jubilee Mines NL, where he was part of the senior executive management team from 2003 until that company's acquisition by Xstrata in early 2008. Before that, Gary held senior executive positions with LionOre Mining International Limited in Australia (now Norilsk Nickel) and has also previously acted as a Non-Executive Director of two Australian listed resources companies.

The above named directors held office for the entire period unless otherwise noted.

DIRECTORS' REPORT

Directorships of other listed companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Appointed	Resigned
Alan Senior	Amex Resources Limited	Jul-12	May-15

Directors' shareholdings

The following table sets out each Director's relevant interest in shares, and rights or options in shares of the Company or a related body corporate as at the date of this report:

Directors	Fully paid ordinary shares Number	Share Options Number
Jeremy Kirkwood	119,000	–
Daniel Madden	–	1,000,000
Alan Senior	116,666	750,000
Brian Dawes	353,333	500,000
Karen Gadsby	311,334	500,000

Remuneration of key management personnel

Information about the remuneration of Directors and senior management is set out in the Remuneration Report of this Directors' Report.

Share options granted to key management personnel

During and since the end of the financial year, an aggregate of 500,000 share options were granted to the following directors and senior management as part of their remuneration:

Directors and senior management	Number of options granted	Issuing Entity	Number of ordinary shares under option
Anthony Greenaway (i)	500,000	Talisman Mining Ltd	500,000

(i) 125,000 vest on 30 September 2016; 125,000 options vest 31 March 2017; 125,000 options vest 30 September 2017; and 125,000 vest 31 March 2018.

DIRECTORS' REPORT

Company Secretaries

Shaun Vokes, BBus, CPA

Appointed 1 May 2016

Shaun joined Talisman in February 2016. He is a finance professional with over 25 years' experience in the metalliferous resources industry gained predominantly in senior operational and management roles within Australia and Africa.

Prior to joining Talisman, Shaun spent five years as Manager, Business Services/CFO for Kabanga Nickel Company Ltd in Tanzania. Shaun's experience includes project evaluation and financing, business development, contract negotiation, metals marketing, risk management and corporate and financial governance for both private and ASX-listed entities across a range of base and precious metals.

Shaun is a graduate of Curtin University and holds a Bachelor of Business degree and is a member of the Australian Society of Certified Practicing Accountants.

Alex Neuling, BSc, FCA (ICAEW), ACIS

Appointed 1 May 2016

Alex Neuling is a Chartered Accountant and Chartered Secretary with extensive corporate and financial experience including as Director, Chief Financial Officer and/or Company Secretary of various ASX-listed companies in the mining, mineral exploration, oil & gas and other sectors.

Prior to those roles, Alex worked at Deloitte in London and Perth. Alex also holds an honours degree in Chemistry from the University of Leeds in the United Kingdom and is principal of Erasmus Consulting which provides company secretarial and financial management consultancy services to a variety of ASX-listed and other companies.

Principal activities

The principal activity of Talisman Mining Limited during the course of the financial year was exploration for, and development of, base metals and other minerals, including copper, copper-gold, gold and nickel.

Review of operations and future developments

A detailed review of operations during the financial year and commentary on future developments is set out in the section titled "Review of Operations" in this Annual Report.

Financial performance and financial position

Financial performance

During the financial year the Group reported an operating loss after tax of $8,010,457 (2015: loss after tax $3,769,482).

Revenue for the year of $348,355 (2015: $367,760) consisted primarily of bank interest earned on the Group's short-term deposits held during the year.

During the year, the Group adopted a voluntary change in accounting policy whereby exploration and evaluation expenditure (other than expenditure related to the acquisition of exploration rights or expenditure incurred to determine the technical feasibility and commercial viability of extraction of a mineral deposit) is expensed as incurred rather than capitalised. This change in accounting policy has been adopted retrospectively, and hence prior year's reported figures in this financial report may differ from figures reported in last years' financial report.

Financial position

As at 30 June 2016 the Group had net assets of $29,265,537 (2015: $13,568,709) including $20,243,616 of cash and cash equivalents (2015: $4,865,632).

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year other than as set out in this report.

DIRECTORS' REPORT

Subsequent events

The following management changes were effective 1 July 2016:

- Mr Daniel Madden was appointed as Managing Director
- Mr Shaun Vokes was appointed as Chief Financial Officer

There has not been any other matter or circumstance occurring subsequent to end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Environmental regulations

The Group's environmental obligations are regulated under both State and Federal legislation. Performance with respect to environmental obligations is monitored by the Board of Directors and subjected from time to time to government agency audits and site inspections. No significant or material environmental breaches have been notified by any government agency during the year ended 30 June 2016.

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made.

Share options

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of options	Expiry date of options
Talisman Mining Limited	150,000	Ordinary	$0.40	30-Sep-16
Talisman Mining Limited	175,000	Ordinary	$0.50	30-Sep-16
Talisman Mining Limited	175,000	Ordinary	$0.60	30-Sep-16
Talisman Mining Limited	562,500	Ordinary	$0.43	31-Oct-16
Talisman Mining Limited	562,500	Ordinary	$0.51	31-Oct-16
Talisman Mining Limited	562,500	Ordinary	$0.60	31-Oct-16
Talisman Mining Limited	562,500	Ordinary	$0.69	31-Oct-16
Talisman Mining Limited	150,000	Ordinary	$0.90	30-Jun-17
Talisman Mining Limited	750,000	Ordinary	$0.41	31-Oct-17
Talisman Mining Limited	750,000	Ordinary	$0.49	31-Oct-17
Talisman Mining Limited	125,000	Ordinary	$0.56	31-Oct-17
Talisman Mining Limited	125,000	Ordinary	$0.64	31-Oct-17
Talisman Mining Limited	125,000	Ordinary	$0.40	1-Mar-18
Talisman Mining Limited	125,000	Ordinary	$0.50	1-Mar-18
Talisman Mining Limited	125,000	Ordinary	$0.60	1-Mar-18
Talisman Mining Limited	125,000	Ordinary	$0.70	1-Mar-18
Talisman Mining Limited	125,000	Ordinary	$0.80	31-Mar-19
Talisman Mining Limited	125,000	Ordinary	$0.90	31-Mar-19
Talisman Mining Limited	125,000	Ordinary	$0.95	31-Mar-19
Talisman Mining Limited	125,000	Ordinary	$1.00	31-Mar-19

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

DIRECTORS' REPORT

Shares issued on exercise of options

There were no shares or interests issued during or since the end of the financial year as a result of the exercise of options.

Options that expired/lapsed

Details of employee options that expired or lapsed during or since the end of the financial year are:

Issuing entity	Number of options expired/lapsed	Class of shares	Exercise price of options	Expiry date of options
Talisman Mining Limited	(250,000)	Ordinary	$1.02	31-Jul-15
Talisman Mining Limited	(250,000)	Ordinary	$1.13	31-Jul-15
Talisman Mining Limited	(250,000)	Ordinary	$1.41	31-Jul-15
Talisman Mining Limited	(250,000)	Ordinary	$1.53	31-Jul-15
Talisman Mining Limited	(25,000)	Ordinary	$0.44	31-Aug-15
Talisman Mining Limited	(25,000)	Ordinary	$0.47	31-Aug-15
Talisman Mining Limited	(25,000)	Ordinary	$0.49	31-Aug-15
Talisman Mining Limited	(25,000)	Ordinary	$0.52	31-Aug-15
Talisman Mining Limited	(25,000)	Ordinary	$0.44	31-Oct-15
Talisman Mining Limited	(25,000)	Ordinary	$0.47	31-Oct-15
Talisman Mining Limited	(25,000)	Ordinary	$0.49	31-Oct-15
Talisman Mining Limited	(25,000)	Ordinary	$0.52	31-Oct-15
Talisman Mining Limited	(625,000)	Ordinary	$0.56	31-Mar-16
Talisman Mining Limited	(625,000)	Ordinary	$0.64	31-Mar-16

Indemnification of officers and auditors

During the financial year, the Company entered into a contract insuring the Directors and executive officers of the Company and of any related body corporate against a liability incurred as a Director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or related body corporate against a liability incurred as an officer or auditor.

DIRECTORS' REPORT

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each Director (while they were a director or committee member). During the financial year, 11 board meetings, 2 audit committee meetings, 1 remuneration committee meeting and 2 nomination committee meeting were held.

Directors	Board of directors		Audit committee		Remuneration committee		Nomination committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Jeremy Kirkwood	4	4	–	–	1	1	2	2
Alan Senior	11	11	2	1	1	1	2	2
Gary Lethridge	6	6	1	1	–	–	–	–
Brian Dawes	11	11	2	2	1	1	2	2
Karen Gadsby	11	10	2	2	1	1	2	2

Note: Executive Directors attending committee meetings during the year attended all or part of the meeting by invitation of the relevant Committee.

Proceedings on behalf of the Company

No persons have applied for leave pursuant to s.237 of the Corporation Act 2001 to bring, or intervene in, proceedings on behalf of Talisman Mining Limited.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 29 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110: Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Auditor 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 audit of the annual report. This Independence Declaration is set out on page 33 and forms part of this Directors' report for the year ended 30 June 2016.

REMUNERATION REPORT

This Remuneration Report, which forms part of the Directors' report, sets out information about the remuneration of the key management personnel of Talisman Mining Limited (the "Company") for the financial year ended 30 June 2016. The information in the remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

The prescribed details for each person covered by this report are detailed below under the following headings:

(a) key management personnel details;
(b) remuneration policy and relationship between the remuneration policy and Company performance;
(c) key terms of employment contracts; and
(d) remuneration of key management personnel.

(a) Key management personnel details

The key management personnel of Talisman Mining Limited during the year were:

Jeremy Kirkwood	Non-Executive Chairman	(Appointed 1 April 2016)
Alan Senior	Non-Executive Director	
Brian Dawes	Non-Executive Director	
Karen Gadsby	Non-Executive Director	
Gary Lethridge	Managing Director	(Resigned 31 March 2016)
Daniel Madden	Chief Financial Officer to Acting Chief Executive Officer	(Appointed 1 April 2016)
Shaun Vokes	Commercial Manager/ Company Secretary	(Appointed 29 February 2016)
Anthony Greenaway	General Manager – Geology	(Appointed 15 March 2016)
Ben Wilson	General Manager – Project Development	

(b) Remuneration policy and relationship between the remuneration policy and Company performance

Key management personnel (excluding Non-Executive Directors)

The Board is responsible for determining the remuneration policies for the Group, including those affecting Executive Directors and other key management personnel. The Board may seek appropriate external advice to assist in its decision making.

The Company's remuneration policy for executive directors and key management personnel is designed to promote superior performance and long term commitment to the Company. The main principles of the policy when considering remuneration are as follows:

- executive directors and key management personnel are motivated to pursue long term growth and success of the Company within an appropriate control framework;
- interests of key leadership are aligned with the long-term interests of the Company's shareholders; and
- there is a clear correlation between performance and remuneration.

The remuneration policy for executive directors and other key management personnel has three main components, fixed remuneration, long term incentive and a potential discretionary bonus.

Fixed remuneration

Executive Directors and other key management personnel receive fixed remuneration in the form of a base salary (plus statutory superannuation) which is reviewed annually by the Remuneration Committee. The review process includes a review of companywide and individual performance, comparative compensation in the market and internally, and, if appropriate, external advice to assist in its decision making.

REMUNERATION REPORT

Long term incentives

To align the interests of key management personnel with the long term objectives of the Group and its shareholders, the Group's policy, having regard to the stage of development of its assets, is to issue share options under the shareholder approved 'Executive and Employee Option Plan' (EEOP) and at the discretion of the Board, subject to shareholder approval for directors. The issue of share options as remuneration represents cost effective consideration to Directors and key management personnel for their commitment and contribution to the Group and are used as a strategic tool to recruit and retain high calibre personnel. Options issued during the year vest at various periods during the life of the options and value is only realised by directors and key management personnel upon growth at various premiums to the Company's 5-day volume weighted share price from the date of grant and subsequent vesting of the options.

Vesting conditions relating to the performance of the Group are not considered appropriate having regard to the stage of development of the Group's assets.

Potential discretionary bonus

A potential discretionary bonus may be paid to executive directors and other key management personnel. Any potential bonus paid is at the discretion of the Remuneration Committee and will typically be made in recognition of contribution to the Company's performance and other significant efforts of Executive Directors and other key management personnel in applicable and appropriate circumstances. There were no discretionary bonuses paid during or with regard to the financial years ended 30 June 2015 or 30 June 2016.

Non-Executive Directors

The Group's Non-Executive Directors receive fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Group's Non-Executive Directors reflect the demands on, and responsibilities of, the directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to Non-Executive Directors with reference to market standards.

Non-Executive Directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Group's development. Such options vest across the life of the option and are primarily designed to provide an incentive to Non-Executive Directors to remain with the Group. Options issued to Non-Executive Directors are subject to shareholder approval.

A Non-Executive Directors' fee pool limit of $300,000 per annum was approved by the shareholders at the General Meeting on 19 May 2008 and was utilised to a level of $178,000 (inclusive of superannuation) for the financial year ended 30 June 2016. The fee paid for the 2016 financial year to the Chairman was $74,506 per annum and $45,900 per annum for the Non-Executive Directors (excluding statutory superannuation).

(c) Key terms of employment contracts

Remuneration and other terms of employment for executive directors are formalised in a letter agreement. The Acting CEO, Daniel Madden's remuneration and other terms are formalised by way of a letter agreement that is ongoing. The notice period for Mr. Madden is three months and payment of a termination benefit on early termination by the Group (other than for gross misconduct) at the end of the notice period, is three months' base salary. Where the Group elects to dispense with the notice period and terminate employment, six months' base salary applies.

Remuneration and other terms of employment for Mr Vokes, Mr Wilson, and Mr Greenaway are formalised by way of letter agreements which are ongoing. The notice period for Mr Vokes is three months and a termination benefit payable on early termination by the Group (other than for gross misconduct) is equal to three months' base salary and the notice period for Mr Wilson and Mr Greenaway is four weeks and a termination benefit payable on early termination by the Group (other than for gross misconduct) is equal to four weeks' base salary.

Remuneration for executive directors and key management personnel consists of a base salary, superannuation and performance incentives. Long term performance incentives may include options granted at the discretion of the Board subject to obtaining the relevant approvals. The remuneration of the Managing Director is recommended to the Board by the Remuneration Committee. Remuneration of key management personnel (excluding Non-Executive Directors) is recommended annually by the Remuneration Committee in consultation with the Managing Director or equivalent.

REMUNERATION REPORT

(d) Remuneration of key management personnel

Details of the nature and amount of each element of the remuneration for key management personnel during the year are set out in the following tables:

	Short-term employee benefits employment benefits				Post-employment benefits	Other long-term employee benefits $	Share-based payment Options (ix) $	Total $	% of compensation linked to performance %
	Salary & fees $	Bonus $	Non-monetary $	Other $	Superannuation $				
2016									
Directors									
Jeremy Kirkwood (i)	20,000	–	–	–	1,900	–	–	21,900	0.00%
Alan Senior (ii)	65,981	–	–	–	6,268	–	1,299	73,548	1.77%
Gary Lethridge (iii)	281,242	–	13,327	–	30,688	41,792	25,748	392,797	6.56%
Brian Dawes	45,900	–	–	–	4,361	–	866	51,127	1.69%
Karen Gadsby	45,900	–	–	–	4,361	–	18,721	68,982	27.14%
Executives									
Daniel Madden (iv)	252,962	–	4,330	–	24,031	–	1,732	283,055	0.61%
Shaun Vokes (v)	58,513	–	–	–	5,559	–	–	64,072	0.00%
Ben Wilson	180,000	–	–	–	17,100	–	16,407	213,507	7.68%
Anthony Greenaway (vi)	54,000	–	–	–	5,130	–	18,674	77,804	24.00%
	1,004,498	–	17,657	–	99,398	41,792	83,447	1,246,792	
2015									
Directors									
Alan Senior	72,675	–	–	–	6,904	–	10,339	89,918	11.50%
Gary Lethridge	281,138	–	14,729	–	26,708	–	147,292	469,867	31.35%
Brian Dawes	45,900	–	–	–	4,361	–	6,893	57,154	12.06%
Karen Gadsby	45,900	–	–	–	4,361	–	29,458	79,719	36.95%
Graeme Cameron (vii)	202,053	–	–	–	22,697	–	–	224,750	0.00%
Executives									
Daniel Madden	216,000	–	–	–	20,520	–	13,785	250,305	5.51%
Graham Leaver	75,096	–	–	–	7,134	–	17,734	99,964	17.74%
Peter Cash (viii)	152,017	–	–	–	12,207	–	–	164,224	0.00%
	1,090,779	–	14,729	–	104,892	–	225,501	1,435,901	

(i) Jeremy Kirkwood was appointed 1 April 2016 as Non-Executive Chairman.

(ii) Alan Senior was Non-Executive Chairman from 1 July 2015 to 31 March 2016 and Non-Executive Director 31 March 2016 to 30 June 2016.

REMUNERATION REPORT

(iii) Gary Lethridge resigned on 31 March 2016 and salaries and fees detailed above include long service leave and annual leave entitlements paid on termination.
(iv) Daniel Madden was appointed Acting Chief Executive Officer from 1 April 2016.
(v) Shaun Vokes was appointed from 29 February 2016.
(vi) Anthony Greenaway was appointed from 15 March 2016.
(vii) Graeme Cameron resigned on 15 January 2015 and salaries and fees detailed above include annual leave entitlements paid on termination.
(viii)Peter Cash was made redundant on the 5 November 2015.
(ix) The value of share based payments shown in the table are non-cash values based on an accounting valuation calculated under the Black Scholes option pricing method.

Incentive share based payment arrangements in existence during the financial year

During the financial year the following incentive share based payment arrangements for key management personnel were in existence:

Options Series	Number	Grant date	Expiry date	Vesting date	Exercise price $	Fair value per option at grant date (i) $
1	250,000	15-Mar-12	31-Jul-15	13-Sep-12	$1.02	$0.18
2	250,000	15-Mar-12	31-Jul-15	15-Mar-13	$1.13	$0.18
3	250,000	15-Mar-12	31-Jul-15	13-Sep-13	$1.41	$0.16
4	250,000	15-Mar-12	31-Jul-15	15-Mar-14	$1.53	$0.16
5	562,500	25-Nov-13	31-Oct-16	26-May-14	$0.43	$0.04
6	562,500	25-Nov-13	31-Oct-16	25-Nov-14	$0.51	$0.04
7	562,500	25-Nov-13	31-Oct-16	26-May-15	$0.60	$0.04
8	562,500	25-Nov-13	31-Oct-16	25-Nov-15	$0.69	$0.03
9	750,000	5-Dec-14	31-Oct-17	25-May-15	$0.41	$0.11
10	750,000	5-Dec-14	31-Oct-17	24-Nov-15	$0.49	$0.10
11	750,000	5-Dec-14	31-Oct-17	24-May-16	$0.56	$0.10
12	750,000	5-Dec-14	31-Oct-17	24-Nov-16	$0.64	$0.10
13	125,000	4-Mar-15	1-Mar-18	1-Sep-15	$0.40	$0.11
14	125,000	4-Mar-15	1-Mar-18	1-Mar-16	$0.50	$0.10
15	125,000	4-Mar-15	1-Mar-18	1-Sep-16	$0.60	$0.10
16	125,000	4-Mar-15	1-Mar-18	1-Mar-17	$0.70	$0.09
17	150,000	5-Mar-15	30-Sep-16	11-Jul-15	$0.40	$0.07
18	175,000	5-Mar-15	30-Sep-16	12-Oct-15	$0.50	$0.06
19	175,000	5-Mar-15	30-Sep-16	12-Jun-16	$0.60	$0.06
20	150,000	11-Aug-15	30-Jun-17	31-Dec-15	$0.90	$0.37
21	125,000	4-Apr-16	31-Mar-19	30-Sep-16	$0.80	$0.02
22	125,000	4-Apr-16	31-Mar-19	31-Mar-17	$0.90	$0.14
23	125,000	4-Apr-16	31-Mar-19	30-Sep-17	$0.95	$0.13
24	125,000	4-Apr-16	31-Mar-19	31-Mar-18	$1.00	$0.13

(i) The fair value per option at grant date is not the exercise price but the non-cash inferred value based upon the Black Scholes option pricing model.

REMUNERATION REPORT

Potential value at the vesting date of options currently granted to directors and key management personnel is only realised by those optionholders upon increases in the Company's share price at a certain premium to the 5-day volume weighted share price at the date of grant of the options and the optionholder subsequently exercising those options. This represents a performance criterion directly related to substantial share price increases prior to realisation of potential value. Optionholders must also be either a director or employee at the time of vesting for granted options to vest. Other than the above, there are no other performance criteria that need to be met in relation to options granted under series 1 to 24 before the beneficial interest vests in the recipient.

The following grants of share based payment compensation were made to key management personnel during the current financial year.

Directors and senior management	Number of options granted	Issuing Entity	Number of ordinary shares under option
Anthony Greenaway	500,000	Talisman Mining Ltd	500,000

The primary purpose of the grant of share based payment compensation to key management personnel is to provide cost effective consideration for their ongoing retention, commitment and contribution to the Company. The determined fair values of share based payments contained within this Remuneration Report are non-cash, inferred values and realisation of any value from the options requires significant growth in the share price between the date of grant of the options and the vesting date of the options in addition to the options then being exercised. The vesting dates of options granted as share based payments are structured to encourage and potentially reward longevity of service to the Company and realisation of value to shareholders.

Options granted to Executive and Non-Executive Directors are approved by shareholders at general meetings of the Company.

The assessed fair value at the grant date of options granted to individuals is allocated equally over the period from the grant date to the vesting date, and the amount is included in the remuneration tables in this remuneration report. Fair values at grant date are determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date, the expected price volatility of the underlying share and the risk free rate for the term of the option.

Inputs into model	20	21	22	23	24
Exercise price	$ 0.90	$ 0.80	$ 0.90	$ 0.95	$ 1.00
Grant date share price (5 day VWAP)	$ 0.590	$ 0.465	$ 0.465	$ 0.465	$ 0.465
Expected volatility	150%	68%	68%	68%	68%
Risk-free interest rate	1.95%	1.95%	1.95%	1.95%	1.95%
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	1.64	3.30	3.30	3.30	3.30

During the year, no key management personnel exercised options that were granted to them as part of their compensation in that year.

REMUNERATION REPORT

Value of options issued to directors and executives

The following table summarises the value of options granted, exercised or lapsed during the annual reporting period to the identified directors or executives.

Name	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse (ii) $	Total $
Directors				
Jeremy Kirkwood	–	–	–	–
Alan Senior	–	–	–	–
Gary Lethridge	–	–	(121,938)	(121,938)
Brian Dawes	–	–	–	–
Karen Gadsby	–	–	–	–
Executives				
Daniel Madden	–	–	–	–
Shaun Vokes	–	–	–	–
Ben Wilson	–	–	–	–
Anthony Greenaway	68,293	–	–	68,293

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) The value of options lapsing during the period reflects the total fair value determined at issue date.

(e) Other transactions with key management personnel

During the year ended 30 June 2016 the Group paid $13,628 to Ailie Services Pty Ltd, a related party of Mr Brian Dawes, for consultancy services provided over a nine day period which were deemed to be provided outside the ordinary requirements of Non-Executive Director duties. This transaction was made on the Company's normal commercial terms and conditions.

The Group also paid $2,325 to Natalie Madden, a related party of Mr Daniel Madden, for financial consultancy services provided over a 2 month period January to February 2016. This transaction was made on the Company's normal commercial terms and conditions.

There were no other transactions with key management personnel of the Group during the 2016 and 2015 financial years.

REMUNERATION REPORT

(f) Shareholdings of key management personnel

	Opening bal at 1 July	Balance at date appointment	Shares received on exercise of options	Net other change	Balance on resignation	Balance at 30 June
	Number	Number	Number	Number	Number	Number
2016						
Directors						
Jeremy Kirkwood	N/A	119,000	–	–	N/A	119,000
Alan Senior	116,666	N/A	–	–	N/A	116,666
Gary Lethridge	1,666,667	N/A	–	–	1,666,667	–
Brian Dawes	353,333	N/A	–	–	N/A	353,333
Karen Gadsby	311,334	N/A	–	–	N/A	311,334
Executives						
Daniel Madden	–	N/A	–	–	N/A	–
Shaun Vokes	–	N/A	–	–	N/A	–
Ben Wilson	–	N/A	–	8,000	N/A	8,000
Anthony Greenaway	–	N/A	–	–	N/A	–
	2,448,000	119,000	–	8,000	1,666,667	908,333
2015						
Directors						
Alan Senior	116,666	N/A	–	–	N/A	116,666
Gary Lethridge	1,666,667	N/A	–	–	N/A	1,666,667
Brian Dawes	353,333	N/A	–	–	N/A	353,333
Karen Gadsby	311,334	N/A	–	–	N/A	311,334
Graeme Cameron	–	N/A	–	–	–	N/A
Executives						
Daniel Madden	–	N/A	–	–	N/A	–
Graham Leaver	–	–	–	–	N/A	–
Peter Cash	495,000	N/A	–	–	495,000	–
	2,943,000	–	–	–	495,000	2,448,000

REMUNERATION REPORT

(g) Option holdings of key management personnel

	Opening balance at 1 July	Granted as remun-eration	Options Exerc-ised	Net other change	Balance on resig-nation	Closing balance at 30 June	Vested but not exerc-isable	Vested during the year	Vested and exerc-isable at 30 June
	Number	Number	Number	Number	Number	Number	Number	Number	Number
2016									
Directors									
Jeremy Kirkwood	N/A	–	–	–	N/A	–	–	–	–
Alan Senior	750,000	–	–	–	N/A	750,000	–	187,500	750,000
Gary Lethridge	2,500,000	–	–	(1,250,000)	1,250,000	1,250,000	–	625,000	1,250,000
Brian Dawes	500,000	–	–	–	N/A	500,000	–	125,000	500,000
Karen Gadsby	500,000	–	–	–	N/A	500,000	–	250,000	375,000
Executives									
Daniel Madden	1,000,000	–	–	–	N/A	1,000,000	–	250,000	1,000,000
Shaun Vokes	N/A	–	–	–	N/A	–	–	–	–
Ben Wilson	500,000	–	–	–	N/A	500,000	–	500,000	500,000
Anthony Greenaway	N/A	500,000	–	–	N/A	500,000	–	–	–
	5,750,000	500,000	–	(1,250,000)	1,250,000	5,000,000	–	1,937,500	4,375,000
2015									
Directors									
Alan Senior	750,000	–	–	–	N/A	750,000	–	375,000	562,500
Gary Lethridge	3,000,000	2,500,000	–	(3,000,000)	N/A	2,500,000	–	625,000	625,000
Brian Dawes	500,000	–	–	–	N/A	500,000	–	250,000	375,000
Karen Gadsby	500,000	500,000	–	(500,000)	N/A	500,000	–	125,000	125,000
Graeme Cameron	2,000,000	–	–	(1,000,000)	1,000,000	N/A	–	–	N/A
Executives									
Daniel Madden	1,000,000	–	–	–	N/A	1,000,000	–	500,000	750,000
Graham Leaver	–	500,000	–	–	N/A	500,000	–	–	–
Peter Cash	1,000,000	–	–	(1,000,000)	–	N/A	–	–	–
	8,750,000	3,500,000	–	(5,500,000)	1,000,000	5,750,000	–	1,875,000	2,437,500

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Daniel Madden
Managing Director

Perth, 30 September 2016

AUDITOR'S INDEPENDENCE DECLARATION

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Talisman Mining Limited for the year ended 30 June 2016, 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**M R W Ohm**
30 September 2016	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
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INDEPENDENT AUDITOR'S REPORT

HLB Mann Judd
Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Talisman Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Talisman Mining Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2(a), the directors also state that, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au
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INDEPENDENT AUDITOR'S REPORT

HLB Mann Judd

Auditor's opinion

In our opinion:

(a) the financial report of Talisman Mining Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Talisman Mining Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R W Ohm
Partner

Perth, Western Australia
30 September 2016

INDEX TO THE FINANCIAL REPORT

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(b) in the directors' opinion, the attached financial statements, notes and additional disclosures of the consolidated entity are in accordance with the Corporations Act 2001, including:

  ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

  iii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and performance for the year then ended.

(c) in the directors' opinion the attached financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

Daniel Madden,
Managing Director

Perth, 30 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 Jun 16 $	Restated* 30 Jun 15 $
Continuing operations			
Other income	4	348,355	367,760
Employee benefits expense	5	(813,267)	(876,454)
Exploration expenditure expensed as incurred	6	(5,809,259)	(1,975,597)
Care and Maintenance expense		(431,236)	(104,232)
Occupancy expenses	5	(170,355)	(169,386)
Administrative expenses		(830,568)	(496,768)
Unwinding of discount on provisions	15	(241,375)	–
Depreciation and amortisation expense		(59,752)	(90,623)
Disposal of fixed assets		–	1,818
Impairment of available-for-sale financial assets	10	(3,000)	(426,000)
Loss before income tax expense		**(8,010,457)**	**(3,769,482)**
Income tax benefit	7	–	–
Loss after tax from continuing operations		**(8,010,457)**	**(3,769,482)**
Net loss for the period		**(8,010,457)**	**(3,769,482)**
Other comprehensive income for the period, net of tax			
Items that may be reclassified to profit or loss			
Net change in the fair value of available-for-sale financial assets	10	(7,000)	(156,300)
Other comprehensive income for the period, net of tax		**(7,000)**	**(156,300)**
Total comprehensive loss for the period		**(8,017,457)**	**(3,925,782)**
Loss per share:			
Basic loss per share (cents per share)	18	(5.06)	(2.87)
Diluted loss per share (cents per share)	18	n/a	n/a

The accompanying notes form part of these financial statements.

* Refer to Note 3 for details about restatements for the voluntary change in accounting policy.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	30 Jun 16 $	Restated* 30 Jun 15 $	Restated* 1 Jul 14 $
Assets				
Current Assets				
Cash and cash equivalents	8	20,243,616	4,865,632	16,083,171
Trade and other receivables	9	257,490	200,627	370,086
Total Current Assets		20,501,106	5,066,259	16,453,257
Non-Current Assets				
Receivables	9	60,184	60,184	70,184
Other financial assets	10	120,700	130,700	713,000
Property, plant and equipment	11	2,788,756	2,810,786	261,096
Deferred exploration and evaluation expenditure	12	14,544,635	14,000,000	–
Total Non-Current Assets		17,514,275	17,001,670	1,044,280
Total Assets		**38,015,381**	**22,067,929**	**17,497,537**
Liabilities				
Current Liabilities				
Trade and other payables	13	362,219	380,886	213,850
Employee benefits	14	100,416	72,500	33,428
Total Current Liabilities		462,635	453,386	247,278
Non-Current Liabilities				
Deferred tax liabilities	7	–	–	–
Provisions	15	8,287,209	8,045,834	–
Total Non-Current Liabilities		8,287,209	8,045,834	–
Total Liabilities		**8,749,844**	**8,499,220**	**247,278**
Net Assets		**29,265,537**	**13,568,709**	**17,250,259**
Equity				
Issued capital	16	60,881,617	37,404,278	37,404,278
Reserves	17	409,589	469,832	1,923,900
Accumulated losses	17	(32,025,669)	(24,305,401)	(22,077,919)
Total Equity		**29,265,537**	**13,568,709**	**17,250,259**

The accompanying notes form part of these financial statements.

* Refer to Note 3 for details about restatements for the voluntary change in accounting policy.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Issued Capital $	Accumulated Losses $	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
Change in accounting policy (note 3(b))	–	(29,181,720)	–	–	(29,181,720)
Restated Total Equity at 1 July 2014	**37,404,278**	**(22,077,919)**	**177,500**	**1,746,400**	**17,250,259**
Loss for the period	–	(3,769,482)	–	–	(3,769,482)
Net change in fair value of available-for-sale financial assets	–	–	(156,300)	–	(156,300)
Total comprehensive income/(loss) for the period	–	(3,769,482)	(156,300)	–	(3,925,782)
Recognition of share-based payments	–	–	–	244,232	244,232
Unlisted options lapsing	–	1,542,000	–	(1,542,000)	–
Balance at 30 June 2015	**37,404,278**	**(24,305,401)**	**21,200**	**448,632**	**13,568,709**
Balance at 1 July 2015	37,404,278	(24,305,401)	21,200	448,632	13,568,709
Loss for the period	–	(8,010,457)	–	–	(8,010,457)
Net change in fair value of available-for-sale financial assets	–	–	(7,000)	–	(7,000)
Total comprehensive income/(loss) for the period	–	(8,010,457)	(7,000)	–	(8,017,457)
Shares issued during the year	23,477,339	–	–	–	23,477,339
Recognition of share-based payments	–	–	–	236,946	236,946
Unlisted options lapsing	–	290,189	–	(290,189)	–
Balance at 30 June 2016	**60,881,617**	**(32,025,669)**	**14,200**	**395,389**	**29,265,537**

The accompanying notes form part of these financial statements.

* Refer to Note 3 for details about restatements for the voluntary change in accounting policy.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	30 Jun 16 $	Restated 30 Jun 15 $
		inflows/(outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(1,584,750)	(1,264,360)
Payments for exploration and evaluation		(6,172,670)	(1,784,376)
Interest received		242,132	440,982
Interest paid		–	(225)
Net cash used in operating activities	8	(7,515,288)	(2,607,979)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(544,634)	(5,954,165)
Payments for property, plant and equipment		(39,433)	(2,657,213)
Proceeds from sale of plant and equipment		–	1,818
Net cash used in investing activities		(584,067)	(8,609,560)
Cash flows from financing activities			
Proceeds from issue of shares		24,712,989	–
Payments for share issue costs		(1,235,650)	–
Net cash provided by financing activities		23,477,339	–
Net increase /(decrease) in cash held		15,377,984	(11,217,539)
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	8	**20,243,616**	**4,865,632**

The accompanying notes form part of these financial statements.

* Refer to Note 3 for details about restatements for the voluntary change in accounting policy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Talisman Mining Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the symbol "TLM") and operating in Australia.

Talisman Mining Limited's Registered Office and its principal place of business are as follows:

Registered Office	**Principal place of business**
6 Centro Avenue	6 Centro Avenue
Subiaco	Subiaco
Western Australia 6008	Western Australia 6008

The nature of the operations and principal activities of the Company are described in the Directors' Report.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and to comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Talisman Mining Limited and its subsidiaries. The financial report comprises the consolidated financial statements for the Group for the year ended 30 June 2016. The Company is a for-profit entity for the purposes of preparing the consolidated financial statements.

The financial statements have been prepared on a historical cost basis, except for available-for-sale investments which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial report is presented in Australian dollars.

(i) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2016

In the year ended 30 June 2016, 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 annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

(ii) Statement of compliance

The financial report was authorised for issue on 30 September 2016.

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

(iii) Significant accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by utilising a Black and Scholes model, using the assumptions detailed in Note 21.

Exploration and evaluation expenditure carried forward

The recoverability of the carrying amount of exploration and evaluation expenditure carried forward has been reviewed by the Directors. The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

The Group reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

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 judgement. In making this judgement, 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.

Provision for mine closure

The provision for mine closure is based on the present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. Significant estimates and assumptions are made in determining the provision for rehabilitation of the mine as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over the investee to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including,

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(d) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

(e) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

The Company and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

The Company recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

(f) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Impairment of tangible and intangible assets other than goodwill

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(h) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any other category. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method.

(j) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Loans and receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Interests in 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.

(l) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Mine site plant and equipment	Units of Production
Office furniture and equipment	2-6 years
Motor vehicles	8-10 years
Leasehold improvements	10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(m) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditure is expensed to the profit or loss as incurred except in the following circumstances in which case the expenditure may be capitalised:

- The existence of a mineral deposit has been established however additional expenditure is required to determine the technical feasibility and commercial viability of extraction and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
- The exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in the statement of comprehensive income.

Upon approval for the commercial development of an area of interest, exploration and evaluation assets are tested for impairment and transferred to 'Mine properties in development'. No amortisation is charged during the exploration and evaluation phase.

(n) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(q) Provision for mine closure

A provision for mine closure is recognised when there is a present obligation as a result of development activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of abandoning sites, removing facilities and restoring the affected areas.

The provision for mine closure costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the balance date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each balance date.

The initial estimate of the mine closure provision is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

(r) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

(s) Share-based payment transactions

Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 21.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share, refer Note 18.

Equity-settled share-based payments are measured at fair value at the date of grant by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the entity's estimate of shares that will eventually vest.

(t) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(u) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The Group does not report diluted earnings per share on incurring an operating loss for the financial year.

(v) Parent entity financial information

The financial information for the parent entity, Talisman Mining Limited, disclosed in Note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, and joint venture entities are accounted for at cost in the parent entity's financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. VOLUNTARY CHANGE IN ACCOUNTING POLICY

(a) Exploration and Evaluation Accounting Policy

The financial report has been prepared on the basis of a retrospectively applied voluntary change in accounting policy related to exploration and evaluation expenditure.

The new accounting policy is to expense exploration and evaluation expenditure to the profit or loss as incurred except in the following circumstances in which case the expenditure may be capitalised:

- The existence of a mineral deposit has been established however additional expenditure is required to determine the technical feasibility and commercial viability of extraction and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
- The exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.

The previous accounting policy was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when rights to tenure of the area of interest were current and costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

Management believes that this change in policy will result in more relevant and reliable information in the financial report. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent balance sheet and profit or loss. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with those of many other exploration and mining companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. VOLUNTARY CHANGE IN ACCOUNTING POLICY (CONTINUED)

(b) Impact on Financial Statements

As a result of the change in the accounting policy for exploration and evaluation expenditure, prior year financial statements had to be restated. The amounts disclosed for the 2015 reporting period and in the balance sheets as at 1 July 2014 and 30 June 2015 are after the change in accounting policy for exploration and evaluation expenditure.

Consolidated statement of profit or loss and other comprehensive income

	Prior year restatement		
	Previously stated 30 Jun 15 $	Profit Increase/ (Decrease) $	Restated* 30 Jun 15 $
Continuing operations			
Other income	367,760	–	367,760
Employee benefits expense	(876,454)	–	(876,454)
Exploration expenditure expensed as incurred	(506,716)	(1,468,881)	(1,975,597)
Impairment of exploration expenditure	(7,314,675)	7,314,675	–
Care and Maintenance expense	(104,232)	–	(104,232)
Occupancy expenses	(169,386)	–	(169,386)
Administrative expenses	(496,768)	–	(496,768)
Depreciation and amortisation expense	(90,623)	–	(90,623)
Disposal of fixed assets	1,818	–	1,818
Impairment of available-for-sale financial assets	(426,000)	–	(426,000)
Loss before income tax expense	**(9,615,276)**	**5,845,794**	**(3,769,482)**
Income tax benefit	2,678,373	(2,678,373)	–
Loss after tax from continuing operations	**(6,936,903)**	**3,167,421**	**(3,769,482)**
Net loss for the period	**(6,936,903)**	**3,167,421**	**(3,769,482)**
Other comprehensive income for the period, net of tax			
Items that may be reclassified to profit or loss			
Net change in the fair value of available-for-sale financial assets	(156,300)	–	(156,300)
Other comprehensive income for the period, net of tax	**(156,300)**	**–**	**(156,300)**
Total comprehensive loss for the period	**(7,093,203)**	**3,167,421**	**(3,925,782)**
Loss per share:			
Basic loss per share (cents per share)	(5.27)		(2.87)
Diluted loss per share (cents per share)	n/a		n/a

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. VOLUNTARY CHANGE IN ACCOUNTING POLICY (CONTINUED)

Balance sheet

	Previously stated 30 Jun 15 $	Increase/ (Decrease) $	Restated 30 Jun 15 $	Previously stated 1 Jul 14 $	Increase/ (Decrease) $	Restated 1 Jul 14 $
Assets						
Current Assets						
Cash and cash equivalents	4,865,632	–	4,865,632	16,083,171	–	16,083,171
Trade and other receivables	200,627	–	200,627	370,086	–	370,086
Total Current Assets	**5,066,259**	**–**	**5,066,259**	**16,453,257**	**–**	**16,453,257**
Non-Current Assets						
Receivables	60,184	–	60,184	70,184	–	70,184
Other financial assets	130,700	–	130,700	713,000	–	713,000
Property, plant and equipment	2,810,786	–	2,810,786	261,096	–	261,096
Deferred exploration and evaluation expenditure	40,084,747	(26,084,747)	14,000,000	31,930,540	(31,930,540)	–
Total Non-Current Assets	43,086,417	(26,084,747)	17,001,670	32,974,820	(31,930,540)	1,044,280
Total Assets	**48,152,676**	**(26,084,747)**	**22,067,929**	**49,428,077**	**(31,930,540)**	**17,497,537**
Liabilities						
Current Liabilities						
Trade and other payables	380,886	–	380,886	213,850	–	213,850
Employee benefits	72,500	–	72,500	33,428	–	33,428
Total Current Liabilities	**453,386**	**–**	**453,386**	**247,278**	**–**	**247,278**
Non-Current Liabilities						
Deferred tax liabilities	70,449	(70,449)	–	2,748,820	(2,748,820)	–
Provisions	8,045,834	–	8,045,834	–	–	–
Total Non-Current Liabilities	8,116,283	(70,449)	8,045,834	2,748,820	(2,748,820)	–
Total Liabilities	**8,569,669**	**(70,449)**	**8,499,220**	**2,996,098**	**(2,748,820)**	**247,278**
Net Assets	**39,583,007**	**(26,014,298)**	**13,568,709**	**46,431,979**	**(29,181,720)**	**17,250,259**
Equity						
Issued capital	37,404,278	–	37,404,278	37,404,278	–	37,404,278
Reserves	469,831	–	469,832	1,923,900	–	1,923,900
Retained earnings	1,708,898	(26,014,299)	(24,305,401)	7,103,801	(29,181,720)	(22,077,919)
Total Equity	**39,583,007**	**(26,014,299)**	**13,568,709**	**46,431,979**	**(29,181,720)**	**17,250,259**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. VOLUNTARY CHANGE IN ACCOUNTING POLICY (CONTINUED)

Consolidated statement of cash flows

Exploration and evaluation expenditure that is expensed is included as part of cash flows from operating activities whereas exploration and evaluation expenditure that is capitalised is included as part of cash flows from investing activities. This has resulted in additional cash outflows from operating activities of $1,784,376 for the year ended 30 June 2015. This has also resulted in a corresponding reduction of $1,784,376 being reflected in the net cash outflows from investing activities for the same reporting period

4. OTHER INCOME

	30 Jun 16 $	30 Jun 15 $
Bank interest received and receivable	348,355	359,760
Other income	–	8,000
	348,355	367,760

5. EXPENSES

	30 Jun 16 $	30 Jun 15 $
Loss for the year includes the following expenses:		
Non-cash share based payment expense	236,946	244,231
Other employee benefits	576,321	632,223
Operating lease rental expense	170,355	169,386

6. EXPLORATION EXPENDITURE EXPENSED AS INCURRED

	Project Expenditure expensed in the period	Life to date project expenditure previously expensed	Project Expenditure expensed in the period	Restated* Life to date project expenditure previously expensed
	30 Jun 16 $		30 Jun 15 $	
Sinclair	2,424,580	1,351,071	1,351,071	–
Springfield	3,376,499	21,159,727	1,862	21,157,865
Halloween West JV	3,817	586,983	5,046	581,937
Halloween(i)	–	3,248,716	511	3,248,205
Murchison Exploration Projects(ii)	–	–	617,107	6,942,534
Other Exploration Expenses	4,363	–	–	–
	5,809,259	26,346,497	1,975,597	31,930,541

(i) The Halloween Project was surrendered during the reporting period.

(ii) The Murchison Exploration Projects were relinquished during the financial year ended 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX

	30 Jun 16 $	Restated 30 Jun 15 $
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting loss before income tax	(8,010,457)	(3,769,482)
Income tax benefit calculated at 30% (2015: 30%)	(2,403,137)	(1,130,845)
Non-deductible expenses	72,541	73,270
Tax losses and deferred tax balances not recognised.	2,330,596	1,057,575
Income tax benefit reported in the statement of comprehensive income	–	–

	30 Jun 16 $	Restated 30 Jun 15 $
Unrecognised deferred tax balances		
Deferred tax assets compromise of:		
Tax losses carried forward	11,284,733	9,927,377
Impairment of financial assets	2,150,550	2,149,650
Other deferred tax balances	405,345	26,953
	13,840,628	12,103,980
Deferred tax liabilities comprise of:		
Exploration expenditure capitalised	1,366,250	177,050
Other deferred tax balances	36,711	4,686
	1,402,961	181,736
Income tax expense not recognised directly in equity during the year	370,695	–

Deferred tax assets have not been recognised in respect of these items because it is not probable that future profits will be available against which the Group can utilize the benefits thereof.

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

	30 Jun 16 $	30 Jun 15 $
Cash at bank and on hand	1,235,325	348,229
Short-term deposits	19,008,291	4,517,403
	20,243,616	4,865,632

(b) Reconciliation of loss for the year to net cash flow from operating activities

	30 Jun 16 $	Restated 30 Jun 15 $
Loss for the year after tax	(8,010,457)	(3,769,482)
Impairment of available-for-sale financial assets	3,000	426,000
Depreciation and amortisation	59,752	90,623
Disposal of fixed assets	–	(1,818)
Unwinding discount rate on mine closure provision	241,375	–
Equity settled share-based payments	236,946	244,231
Changes in net assets and liabilties		
(Increase)/decrease in assets:		
Trade and other receivables	(56,255)	179,160
Increase/(decrease) in liabilities:		
Trade and other payables	(17,565)	184,235
Provisions	27,916	39,072
Net cash used in operating activities	(7,515,288)	(2,607,979)

(c) Non-cash financing and investing activities

There were no non-cash financing and investing activities during the current or prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	30 Jun 16 $	30 Jun 15 $
Current		
Goods and services tax recoverable	65,043	22,970
Other debtors	969	35,598
Other debtors – security bonds	–	–
Prepayments and accrued income	191,478	142,059
	257,490	200,627
Non-Current		
Other debtors – security bonds	60,184	60,184

Due to the nature of the Group's receivables, no ageing is presented.

10. OTHER FINANCIAL ASSETS

	30 Jun 16 $	30 Jun 15 $
Non-Current		
Available-for-sale listed investments carried at fair value	120,700	130,700

Available-for-sale investments consist of investments in ordinary shares, and therefore have no fixed maturity date or coupon rate. The carrying amount of financial assets recorded in the financial statements represents their net fair values, determined in accordance with the accounting policies disclosed in Note 2.

At year end, an assessment of the fair value of all available for sale investments resulted in an impairment charge of $3,000 (2015: $426,000) and a loss of $7,000 (2015: loss of $156,300) being recognised in the statement of comprehensive income in the line item "Net change in the fair value of available-for-sale financial assets". The Group's assessment of the fair value was made in accordance with AASB 139 and was based on the share price of the investment below cost as quoted by the Australian Securities Exchange.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Year ended 30 June 2016					
At 1 July 2015, net of accumulated depreciation	53,466	6,314	2,636,002	115,004	2,810,786
Additions	37,722	–	–	–	37,722
Disposals	–	–	–	–	–
Depreciation charge for the year	(27,046)	(4,758)	–	(27,948)	(59,752)
	64,142	1,556	2,636,002	87,056	2,788,756
Year ended 30 June 2015					
At 1 July 2014, net of accumulated depreciation	102,600	11,177	–	147,319	261,096
Additions	4,311	–	2,636,002	–	2,640,313
Disposals	–	–	–	–	–
Depreciation charge for the year	(53,445)	(4,863)	–	(32,315)	(90,623)
	53,466	6,314	2,636,002	115,004	2,810,786
At 30 June 2016					
Cost or fair value	599,899	25,438	2,636,002	276,426	3,537,765
Accumulated depreciation	(535,757)	(23,882)	–	(189,370)	(749,009)
Net carrying amount	64,142	1,556	2,636,002	87,056	2,788,756
At 30 June 2015					
Cost or fair value	562,177	25,438	2,636,002	276,426	3,500,043
Accumulated depreciation	(508,711)	(19,124)	–	(161,422)	(689,257)
Net carrying amount	53,466	6,314	2,636,002	115,004	2,810,786

The carrying value of plant and equipment held under finance lease and hire purchase contracts as at 30 June 2016 is nil (2015: nil).

Plant and equipment at a value of $2,636,002 was acquired during last year as part of the acquisition of the Sinclair Nickel Project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

	30 Jun 16 $	Restated 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	14,000,000	–
Expenditure capitalised	544,635	–
Acquisition of projects	–	14,000,000
	14,544,635	14,000,000

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.

13. TRADE AND OTHER PAYABLES

	30 Jun 16 $	30 Jun 15 $
Current		
Trade payables	308,279	73,056
Accruals	5,871	273,142
Other payables	48,069	34,688
	362,219	380,886

Trade payables are non-interest bearing and are normally settled on 30 day terms.

14. EMPLOYEE BENEFITS

	30 Jun 16 $	30 Jun 15 $
Current		
Employee benefits	100,416	72,500

Employee benefits relate to annual leave and long service leave entitlements accrued to employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. PROVISIONS

	30 Jun 16 $	30 Jun 15 $
Non-Current		
Provision for mine closure	8,287,209	8,045,834
Balance at the beginning of the year	8,045,834	–
Acquisition of Project	–	8,045,834
Unwinding of discount rate adjustment	241,375	–
Balance at the end of year	8,287,209	8,045,834

Provision for mine closure is the estimated present value of the mine closure and rehabilitation costs of the Sinclair mine. The provision represents the best estimate of the present value of the expenditure required to settle the restoration obligations at the reporting date. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the provision for mine closure at each reporting date.

16. ISSUED CAPITAL

	30 Jun 16 $	30 Jun 15 $
Ordinary shares		
Issued and fully paid	60,881,617	37,404,278

	30 Jun 16		30 Jun 15	
	Number	$	Number	$
Movements in ordinary shares on issue				
At 1 July	131,538,627	37,404,278	131,538,627	37,404,278
Share placement at 47c cents	17,021,277	8,000,000	–	–
Share placement at 45c cents	37,139,975	16,712,989		
Share issue costs	–	1,235,650	–	–
At 30 June	185,699,879	60,881,617	131,538,627	37,404,278

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

	30 Jun 16		30 Jun 15	
	Number	$	Number	$
Movements in options over ordinary shares on issue				
At 1 July	7,250,000	448,632	8,750,000	1,746,400
Directors' remuneration	–	116,221	3,000,000	193,982
Employees' remuneration	650,000	120,725	1,000,000	50,250
Transfer on exercise of unlisted options	–	–	–	–
Unlisted Options Lapsing	(2,250,000)	(290,189)	(5,500,000)	(1,542,000)
At 30 June	5,650,000	395,389	7,250,000	448,632

Share options are exercisable on a 1:1 basis at various exercise prices. The options expire between 30 September 2016 to 31 March 2019. Further details of options granted to directors and employees are contained in Note 21 to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. ACCUMULATED LOSSES

	30 Jun 16 $	Restated 30 Jun 15 $
Accumulated Losses		
Balance at beginning financial year	(24,305,401)	(22,077,919)
Net loss for the year	(8,010,457)	(3,769,482)
Transfer on expiry of unexercised options	290,189	1,542,000
Balance at end of financial year	(32,025,669)	(24,305,401)
Reserves		
Asset revaluation reserve	14,200	21,200
Share based payment reserve	395,389	448,632
Balance at end of financial year	409,589	469,832

Asset revaluation reserve

The asset revaluation reserve is used to record temporary fluctuations between the market value of available-for-sale investments and the acquisition price.

Share based payment reserve

The share based payment reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 21 for further details.

18. EARNINGS PER SHARE

Basic loss per share

	30 Jun 16 cents	Restated 30 Jun 15 cents
Basic loss per share	(5.06)	(2.87)
	$	**$**
Net loss for the period	(8,010,457)	(3,769,482)
	Number	**Number**
Weighted average number of ordinary shares for the purpose of basic loss per share	158,424,209	131,538,627

Diluted loss per share

Diluted loss per share was not calculated for the years ended 30 June 2016 and 30 June 2015 as the Company was in a loss making situation which did not increase the loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. COMMITMENTS AND CONTINGENCIES

In order to maintain current rights of tenure to exploration tenements, the Group 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:

	30 Jun 16 $	30 Jun 15 $
Exploration expenditure		
Within one year	2,367,628	2,374,865
After one year but not more than five years	8,637,277	9,080,766
Greater than five years	19,116,976	21,088,976
	30,121,881	32,544,607

If the Group decides to relinquish certain exploration leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Operating leases

Operating lease arrangements comprise an agreement for the rental of office space with a lease term of 2 years; storage facilities with a lease term of 1 year and a motor vehicle operating lease with a term of 2 years. Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 Jun 16 $	30 Jun 15 $
Non-cancellable operating lease commitments		
Within one year	131,263	139,914
After one year but not more than five years	23,269	23,269
Greater than five years	–	–
	154,532	163,183

20. FINANCIAL INSTRUMENTS

(a) Introduction

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Capital risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this note and the financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's aim is to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments

	30 Jun 16 $	30 Jun 15 $
Financial assets		
Cash and cash equivalents	20,243,616	4,865,632
Receivables	317,674	260,811
Available-for-sale investments	120,700	130,700
	20,681,990	5,257,143
Financial liabilities		
Trade and other payables	362,218	380,886
Other financial liabilities	100,416	72,500
	462,634	453,386

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 2.

During the year, an assessment of the fair value of available-for-sale investments resulted in a loss of $7,000 (2015: loss of $156,300) recognised in the statement of comprehensive income in the line item "Net change in the fair value of available-for-sale financial assets" and an impairment of $3,000 (2015: $426,000) in the statement of comprehensive income.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

(c) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Risk Management Committee annually.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

20. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table details the Company's and the Group's expected contractual maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay. The tables include both interest and principal cash flows.

	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	5+ years $	No fixed term $	Total $
2016							
Financial Assets							
Non-interest bearing	66,025	–	–	–	–	–	66,025
Variable interest rate	1,235,310	–	–	–	–	–	1,235,310
Fixed interest rate	18,360,217	585,706	–	163,550	–	–	19,109,473
	19,661,552	585,706	–	163,550	–	–	20,410,808
Financial Liabilities							
Non-interest bearing	362,219	–	100,416	–	–	–	462,635
Fixed interest rate	–	–	–	–	–	–	–
	362,219	–	100,416	–	–	–	462,635
2015							
Financial Assets							
Non-interest bearing	22,995	–	–	–	–	–	22,995
Variable interest rate	348,204	–	–	–	–	–	348,204
Fixed interest rate	1,001,907	3,379,254	–	162,000	–	–	4,543,161
	1,373,106	3,379,254	–	162,000	–	–	4,914,360
Financial Liabilities							
Non-interest bearing	380,886	–	72,500	–	–	–	453,386
Fixed interest rate	–	–	–	–	–	–	–
	380,886	–	72,500	–	–	–	453,386

(e) Interest rate risk

The Group is not exposed to interest rate risk as it has not borrowed funds at fixed/variable interest rates.

Some of the Group's assets are subject to interest rate risk but the Group is not dependent on this income.

Interest rate sensitivity analysis

The sensitivity analysis of the Group's exposure to interest rate risk at the reporting date has been determined based on a change of 50 basis points in interest rates taking place at the beginning of the financial year and held constant throughout the year.

At reporting date, if interest rates had been 50 basis points higher and all other variables were constant, the Group's net loss would have reduced by $6,177 (2014: net loss reduced by $1,741).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity only, comprising issued capital and reserves, net of accumulated losses. The Group's policy is to use capital market issues to meet the funding requirements of the Group.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

(g) Fair value of financial instruments

AASB 7 Financial Instruments: Disclosures which require disclosure of fair value measurements by level of 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 30 June 2016 and 30 June 2015.

	Level 1 $	Level 2 $	Level 3 $	Total $
2016				
Assets				
Available-for-sale financial assets	120,700	–	–	120,700
2015				
Assets				
Available-for-sale financial assets	130,700	–	–	130,700

21. SHARE-BASED PAYMENTS

The Group has an Employee Share Option Plan ("ESOP") for executives and employees of the Group. In accordance with the provisions of the ESOP, as approved by shareholders at a previous annual general meeting, executives and employees may be granted options at the discretion of the Directors.

Each employee share option converts into one ordinary share of Talisman Mining Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is at the sole discretion of the Directors subject to the total number of outstanding options being issued under the ESOP not exceeding 5% of the Company's issued capital at any one time.

Options issued to Directors are not issued under the ESOP but are subject to approval by shareholders and attach vesting conditions as appropriate.

There are no cash settlement alternatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENTS (CONTINUED)

The following share-based payment arrangements were in place during the current and prior periods:

Options Series	Number	Grant date	Expiry date	Vesting date	Exercise price $	Fair value per option at grant date $
1	250,000	15-Mar-12	31-Jul-15	13-Sep-12	$1.02	$0.18
2	250,000	15-Mar-12	31-Jul-15	15-Mar-13	$1.13	$0.18
3	250,000	15-Mar-12	31-Jul-15	13-Sep-13	$1.41	$0.16
4	250,000	15-Mar-12	31-Jul-15	15-Mar-14	$1.53	$0.16
5	562,500	25-Nov-13	31-Oct-16	26-May-14	$0.43	$0.04
6	562,500	25-Nov-13	31-Oct-16	25-Nov-14	$0.51	$0.04
7	562,500	25-Nov-13	31-Oct-16	26-May-15	$0.60	$0.04
8	562,500	25-Nov-13	31-Oct-16	25-Nov-15	$0.69	$0.03
9	750,000	5-Dec-14	31-Oct-17	25-May-15	$0.41	$0.11
10	750,000	5-Dec-14	31-Oct-17	24-Nov-15	$0.49	$0.10
11	750,000	5-Dec-14	31-Oct-17	24-May-16	$0.56	$0.10
12	750,000	5-Dec-14	31-Oct-17	24-Nov-16	$0.64	$0.10
13	125,000	4-Mar-15	1-Mar-18	1-Sep-15	$0.40	$0.11
14	125,000	4-Mar-15	1-Mar-18	1-Mar-16	$0.50	$0.10
15	125,000	4-Mar-15	1-Mar-18	1-Sep-16	$0.60	$0.10
16	125,000	4-Mar-15	1-Mar-18	1-Mar-17	$0.70	$0.09
17	150,000	5-Mar-15	30-Sep-16	11-Jul-15	$0.40	$0.07
18	175,000	5-Mar-15	30-Sep-16	12-Oct-15	$0.50	$0.06
19	175,000	5-Mar-15	30-Sep-16	12-Jun-16	$0.60	$0.06
20	150,000	11-Aug-15	30-Jun-17	31-Dec-15	$0.90	$0.37
21	125,000	4-Apr-16	31-Mar-19	30-Sep-16	$0.80	$0.02
22	125,000	4-Apr-16	31-Mar-19	31-Mar-17	$0.90	$0.14
23	125,000	4-Apr-16	31-Mar-19	30-Sep-17	$0.95	$0.13
24	125,000	4-Apr-16	31-Mar-19	31-Mar-18	$1.00	$0.13

There has been no alteration of the terms and conditions of the above share-based payment arrangement since grant date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. SHARE-BASED PAYMENTS (CONTINUED)

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options issued during the year:

	2016		2015	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Outstanding at the beginning of year	7,250,000	0.64	8,750,000	0.84
Granted during the year	650,000	0.91	4,000,000	0.53
Exercised during the year	–		–	–
Expired during the year	(2,250,000)	0.90	(5,500,000)	0.87
Outstanding at the end of year	5,650,000	0.57	7,250,000	0.64
Exercisable at the end of year	4,775,000	0.52	3,437,500	0.71

No share options were exercised during the period.

The share options outstanding at the end of the year had an exercise price of $0.57 (2015: $0.64) and a weighted average remaining contractual life of 361 days (2015: 610 days). The range of exercise price of option outstanding range from $0.40 to $1.00 (2015:$ 0.40 to $1.53)

The weighted average fair value of options granted during the year was $123,987 (2015: $383,969)

The fair value of the equity-settled share options granted under the option plans 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.

Inputs into model	20	21	22	23	24
Exercise price	$ 0.90	$ 0.80	$ 0.90	$ 0.95	$ 1.00
Grant date share price (5 day VWAP)	$ 0.590	$ 0.465	$ 0.465	$ 0.465	$ 0.465
Expected volatility	150%	68%	68%	68%	68%
Risk-free interest rate	1.95%	1.95%	1.95%	1.95%	1.95%
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	1.64	3.30	3.30	3.30	3.30

The fair value of the equity-settled share options granted under the option plans 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.

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The carrying amount of the liability relating to the cash-settled share-based payment at 30 June 2016 is $395,388 (2015: $448,631).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of key management personnel

The key management personnel of Talisman Mining Limited during the year were:

Directors

Jeremy Kirkwood	Non-Executive Chairman	(Appointed 1 April 2016)
Alan Senior	Non-Executive Director	
Brian Dawes	Non-Executive Director	
Karen Gadsby	Non-Executive Director	
Gary Lethridge	Managing Director	(Resigned 31 March 2016)

Executives

Daniel Madden	Chief Financial Officer to Acting Chief Executive Officer	(Appointed 1 April 2016)
Shaun Vokes	Commercial Manager/ Company Secretary	(Appointed 29 February 2016)
Anthony Greenaway	General Manager – Geology	(Appointed 15 March 2016)
Ben Wilson	General Manager – Project Development	

Key management personnel compensation is disclosed in the Remuneration Report which forms part of the Directors' Report and has been audited.

The total remuneration paid to key management personnel of the Company and the Group during the year was as follows:

	30 Jun 16 $	30 Jun 15 $
Short-term employee benefits	1,022,155	1,105,508
Post-employment benefits	99,398	104,892
Other long-term benefits	41,792	–
Share-based payments (i)	83,447	225,501
Total key management personnel compensation	1,246,792	1,435,901

(i) The value of share-based payments shown in the table are non-cash values based on an accounting valuation calculated under the Black Scholes option pricing method.

Other transactions with key management personnel

During the year ended 30 June 2016 the Group paid $13,628 to Ailie Services Pty Ltd, a related party of Mr. Brian Dawes, for consultancy services provided over a 9 day period which were deemed to be provided outside the ordinary requirements of Non-Executive Director duties. This transaction was made on normal terms and conditions.

The Group also paid $2,325 to Natalie Madden, a related party of Mr. Daniel Madden, for consultancy services provided over a month. This transaction was made on normal terms and conditions.

There were no other transactions with key management personnel of the Group during the 2016 financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. JOINT OPERATION

In December 2013, the Company entered into a $15 million exploration Farm-In and Joint Venture Agreement ("Agreement") with Sandfire Resources NL (ASX: SFR, "Sandfire") over its Doolgunna Cu-Au Projects located approximately 150km north-east of Meekatharra in the northern Murchinson Goldfields region of Western Australia. These projects comprise the Springfield, Halloween and Halloween West Projects which abut Sandfire's DeGrussa-Doolgunna tenements. During the year Sandfire reached the $15 million farm-in expenditure threshold (project-to-date), which marked the end of its sole-funding stage and the formation of an unincorporated joint venture with Sandfire acting as Joint Venture Manager. Joint venture expenditure is now funded jointly by the Group and Sandfire on a 30:70 basis in accordance with the Agreement.

As a result of the above Agreement, the Group's interest in the Halloween West Joint Venture was reduced to 18.8% (2015: 62.9%). The Halloween West Joint Venture was originally formed in 2012 when the Company reached agreement with Chrysalis Resources Ltd ("Chrysalis") to farm into the Halloween West Copper-Gold Project. In October 2014 Sandfire acquired the interest held by Chrysalis and agreed with the Company to farm-into the Halloween West Project under the terms of the Doolgunna Cu-Au Projects Agreement. Sandfire acts as the Joint Venture Manager of the Halloween West Joint Venture.

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

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	Jun 2016 Benefical Interest	Jun 2015 Benefical Interest
Doolgunna	Sandfire Resources	30%	100%
Halloween West	Sandfire Resources	19%	63%

The Group's interests in the assets/liabilities and income/expenditure employed in the above joint venture operations are detailed below. The amounts are included in the financial statements under their respective asset categories.

	30 Jun 16 $	30 Jun 15 $
Assets		
Cash and cash equivalents	414,740	31,826
Receivables	19,535	502
Exploration and Evaluation	544,634	588,940
Total assets	978,909	621,268
Liabilities		
Trade and other payables	234,411	39,438
Total liabilities	234,411	39,438
Net assets	744,498	581,830
Carrying amount of interest in joint venture	744,498	581,830

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. JOINT OPERATION (CONTINUED)

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:

Commitments for expenditure

	30 Jun 16 $	30 Jun 15 $
Exploration expenditure		
Within one year	70,000	50,000
After one year but not more than five years	112,767	130,548
Greater than five years	–	–
	182,767	180,548

24. 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.

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability exists for a deferred consideration payment of $2 million for the Sinclair Nickel Project, to be paid six months following the receipt of the first payment for the sale of nickel product should production recommence within six years of transaction completion. This contingent consideration is dependent on a number of factors that are unknown at the date of this financial report which include amongst others, material future exploration success and future nickel prices.

In the opinion of the Directors there are no other contingent liabilities or assets as at 30 June 2016 and no contingent liabilities or assets were incurred in the interval between the period end and the date of this financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. PARENT ENTITY DISCLOSURES

Disclosures as at 30 June 2016 and for the year then ended in relation to Talisman Mining Limited as a single entity are noted below.

	30 Jun 16 $	Restated 30 Jun 15 $
Assets		
Current assets	20,066,820	5,034,421
Non-current assets	331,037	356,667
Total assets	20,397,857	5,391,088
Liabilities		
Current liabilities	228,225	189,658
Non-current liabilities	–	–
Total liabilities	228,225	189,658
Net assets	20,169,632	5,201,430
Equity		
Issued capital	60,881,617	37,404,278
Reserves		
Asset revaluation reserve	14,200	21,200
Share based payment reserve	395,388	448,631
Retained earnings	(41,121,573)	(32,663,679)
Total equity	20,169,632	5,210,430

	Year ended	
	30 Jun 16 $	Restated 30 Jun 15 $
Loss for the year	(8,748,083)	(2,421,342)
Net change in the fair value of available for sale financial assets	(7,000)	(156,300)
Total comprehensive loss	(8,755,083)	(2,577,642)

	30 Jun 16 $	30 Jun 15 $
Exploration expenditure		
Within one year	184,000	–
After one year but not more than five years	460,071	–
Greater than five years	–	–
	644,071	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Talisman Mining Limited and the subsidiaries listed in the following table:

Name	Country of Incorporation	Equity Interest		Investment	
		2016 %	2015 %	2016 $	2015 $
Talisman A Pty Ltd	Australia	100	100	10	10
Talisman Nickel Pty Ltd	Australia	100	100	1	1
Haverford Holdings Pty Ltd	Australia	100	100	68,000	68,000

Talisman Mining Limited is the ultimate parent entity and ultimate parent of the Group.

28. ACQUISITION OF ASSETS

On 18 October 2014 Talisman Nickel Pty Ltd, a wholly owned subsidiary of Talisman Mining Limited, entered into an agreement with Xstrata Nickel Australasia Operations Pty Ltd. (XNAO), a subsidiary of Glencore plc to acquire 100% of the wholly owned Sinclair Nickel Project from XNAO.

On acquisition at 5 February 2015 Talisman Nickel Pty Ltd assumed all environmental liabilities and obligations, and made the following payments for the acquisition;

- a cash payment of $7,950,000;
- $130,996 of transaction costs;
- $509,173 relating to stamp duty; and
- a contingent deferred payment of $2 million dependent on production being recommenced within six years of transaction completion.[1]

The fair value of the identifiable assets and liabilities of the Sinclair Project Nickel Project as at the date of acquisition are:

$	Recognised on acquisition
Deferred exploration and evaluation expenditure (Note 12)	14,000,000
Property, plant and equipment (Note 11)	2,636,002
Provision for mine closure (Note 15)	(8,045,834)
Fair value of identifiable net assets	8,590,168
Cost of the acquisition	
Cash payment	7,950,000
Transaction costs	130,996
Stamp duty	509,172
Total cost of the acquisition	8,590,168
Cash payments associated with acquisition	
Payments for exploration projects	5,954,166
Payments for property, plant and equipment	2,636,002
	8,590,168

[1]The contingent consideration is dependent on a number of factors that were unknown at the time of acquisition and remain unknown at this time, which include amongst others, material future exploration success and future nickel prices.

Accordingly given the inherent uncertainty of the contingent payment being realised it does not form part of the recognised purchase consideration for valuation purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. REMUNERATION OF AUDITORS

The auditor of Talisman Mining Limited is HLB Mann Judd.

	30 Jun 16 $	30 Jun 15 $
Agreed upon procedures and reporting thereon in relation to Sandfire Resource NL farm in spend on Springfield JV.	15,500	–
Audit or review of the financial report	34,500	34,500
Total Remuneration of Auditors	50,000	34,500

30. EVENTS SUBSEQUENT TO REPORTING DATE

The following management changes were effective 1 July 2016:

- Mr Daniel Madden was appointed as Managing Director
- Mr Shaun Vokes was appointed as Chief Financial Officer

There has not been any other matter or circumstance occurring subsequent to end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

ADDITIONAL SECURITIES EXCHANGE INFORMATION

AS AT 21 SEPTEMBER 2016

1. NUMBER OF HOLDERS OF EQUITY SECURITIES

(a) Distribution of holders of equity securities

Range	Fully paid ordinary shares	Number of holders
1 to 1,000	165	88,671
1,001 to 5,000	605	1,877,913
5,001 to 10,000	462	4,029,477
10,001 to 100,000	894	33,303,222
100,001 and over	215	146,400,596
	2,341	185,699,879

(b) Voting rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

(c) Less than marketable parcel of shares

The number of shareholders holding less than a marketable parcel is 224 (holding a total of 158,006 shares) given a share value of $0.365 cents per share.

(d) Substantial Shareholdings:

Ordinary Shareholders	Fully paid ordinary shares	
	Number	%
Mr Kerry Kyriakos Harmanis	29,689,138	15.99%
Hunter Hall Investment Mgt	19,779,949	10.65%

Set out above is an extract from the Company's register of last substantial shareholder notices as received by the Company and/or lodged at the ASX. Shareholdings and percentages reported in the table are as reported in the most recent notifications received, however these may differ from current holdings as substantial holders are required to notify the Company only in respect of changes which act to increase or decrease their percentage holding by at least 1% of total voting rights.

2. COMPANY SECRETARY

The name of the company secretaries are Shaun Vokes and Alexander Neuling.

3. REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE

Registered and principal administrative office:
Ground Level, 6 Centro Avenue
Subiaco Western Australia 6008
Telephone +61 8 9380 4230

Registered securities are held at the following address:
Link Market Services Limited
Level 4, Central Park
152 St Georges Terrace
Perth Western Australia 6000

ADDITIONAL SECURITIES EXCHANGE INFORMATION

AS AT 21 SEPTEMBER 2016

4. SECURITIES EXCHANGE LISTING

Quotation has been granted for all the ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange Limited

5. RESTRICTED SECURITIES

There are no restricted securities or securities in voluntary escrow at the date of this report.

6. TWENTY LARGEST HOLDERS OF ORDINARY SHARES

	Ordinary Shareholders	Number	%
1	Mr Kerry K Harmanis & Ms Pauline Hind	29,689,138	15.99%
2	Hunter Hall Investment Mgt	19,779,949	10.65%
3	Grosvenor Pirie Mgt	4,112,795	2.21%
4	Westoz Funds Mgt	4,000,000	2.15%
5	Mr & Mrs Phillip W Averill	3,972,151	2.14%
6	Acorn Capital	3,939,911	2.12%
7	Private Portfolio Managers PPM	3,806,641	2.05%
8	3rd Wave Investors	3,410,892	1.84%
9	Ms. Lorna J Kelly	2,500,000	1.35%
10	Mr & Mrs Anthony Beris	2,404,464	1.29%
11	Mr Angus D Paradice & Ms Claire V Pfister	2,125,000	1.14%
12	Mr Nicholas TJ Paspaley	1,754,064	0.94%
13	Mrs Jasmine Kallis	1,520,000	0.82%
14	Mr Iain S Gray	1,500,000	0.81%
15	Independent Asset Mgt	1,444,445	0.78%
16	Katana Capital	1,290,000	0.69%
17	Interactive Brokers	1,198,765	0.65%
18	Mr Lafras Luitingh	1,000,000	0.54%
19	Mr Hubert A East	975,000	0.53%
20	Mr Christopher M Michael	920,000	0.50%
		91,343,215	49.19%

7. ON-MARKET BUY BACK

At the date of this report the Company is not involved in an on-market buy-back.

NOTES

TALISMAN MINING LTD

Ground Floor
6 Centro Avenue, Subiaco
Western Australia 6008

T: + 61 8 9380 4230
F: + 61 8 9382 8200
www.talismanmining.com.au