TALISMAN
MINING LIMITED

2017 ANNUAL REPORT

CORPORATE DIRECTORY

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

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LETTER FROM THE CHAIRMAN

Dear Talisman Shareholder,

I am pleased to present the Talisman Annual Report for the 2017 Financial Year.

The period has been highlighted by the completion of the Feasibility Study for the Monty copper-gold deposit and development approval for the asset.

The Feasibility Study, released in April 2017 by Talisman's partner in the Doolgunna Joint Venture, Sandfire Resources NL, concluded the development of Monty would be very robust from both a financial and technical perspective. The outcomes of the study gave the Talisman Board of Directors sufficient confidence to approve the development of Monty, subject to obtaining the outstanding regulatory approvals and financing for Talisman's 30% share of pre-production capital.

The key final environmental approval was received for the development of Monty in July 2017 which facilitated the start of work on critical path earthworks, including the start of the box-cut of the underground mine. Based on the current timeline, first production from Monty is scheduled to take place in late 2018.

In conjunction with the Feasibility Study, the Joint Venture released a maiden Ore Reserve for Monty of 80,000 tonnes of copper and 42,000 ounces of gold. The exceptionally high copper grade of 8.7% will rank Monty as one of the world's highest grade copper mines at a time when average mined copper grades are falling globally.

The high-grade of Monty is one of the key factors that is forecast to drive strong future profitability. Monty is forecast to have highly competitive cash costs of copper produced[1], placing it in a favorable position on the cost curve amongst global copper producers. The development of Monty will be undertaken using a low risk and low capital intensity route by utilising Sandfire's existing DeGrussa processing plant and infrastructure, located just 10 kilometres from Monty. In May 2017 Talisman mandated Taurus Mining Finance Fund[2] to provide debt funding for its share of estimated pre-production capital costs.

Making the transition from a pure mineral explorer to a revenue generating copper and gold producer is an important milestone for Talisman shareholders, however exploration success remains the key driver for the next leg of the Company's growth.

Significant potential remains to make new discoveries within the Doolgunna Joint Venture area as approximately 90% of diamond drill holes across the project area to date have been focused on resource definition drilling at Monty. A prime example of this exploration prospectivity exists at the 16-kilometer-long Southern Volcanics Corridor where only five RC holes and no diamond drilling has been conducted. Regional opportunities also exist at Monty North East and the Monty fault offset position, both located within the 8 kilometer Monty Corridor, and also within the Homer Corridor to the northeast.

These multiple, prospective corridors contain large areas that have only been subjected to initial aircore geochemical testing by the Joint Venture, with limited selected horizons tested by deeper RC and diamond drilling, leaving much work to be completed. In addition to drill testing, the constant evolution and upgrading of surface and down hole ground penetrating geophysical techniques provides opportunities to revisit areas once thought to have been adequately tested.

Outside of the Doolgunna Joint Venture, Talisman continued to test exploration targets at its 100% owned Sinclair Nickel Project in Western Australia. Sinclair is located in the world-class Agnew-Wiluna greenstone belt and has extensive infrastructure that offers a low capital, fast track option to nickel production.

A project-wide targeting review at Sinclair followed by selective programs of aircore and RC drilling of early stage targets was completed during the year. The aim of this approach is to identify areas with the potential to deliver large, new nickel sulphide discoveries in an efficient and cost-effective manner. Results achieved during the period confirmed the fertile nature of the nickel system and the methodical generation and assessment of new targets will continue over the next 12 months.

As part of its overall growth strategy, Talisman examines opportunities to acquire gold and base metal exploration projects in Australia that align with its core exploration expertise and have potential to yield additional value for its shareholders. This strategy resulted in the application for two exploration licenses in the Cobar region of Central New South Wales. The two applications were granted in July 2017 and on-ground field work will begin in the first quarter of 2018.

On behalf of the Talisman Board, I would like to extend my appreciation to the Company's dedicated team of staff and consultants for their hard work and achievements during the year.

Finally, and most importantly, I thank shareholders for their continued support during the 2017 Financial Year. Your company is building a strong foundation from which to grow.

Yours faithfully,

Jeremy Kirkwood
Chairman

[1] *Refer to "Monty Feasibility Study Results" released to the ASX 6 April 2017.*
[2] *Refer to "Monty Cu-Au Project – Debt Financing Mandate" released to the ASX 5 May 2017.*

REVIEW OF OPERATIONS

Overview

The past twelve months have seen Talisman Mining Limited's ("Talisman" or the "Company", ASX: TLM) Doolgunna Projects Joint Venture (the "Joint Venture") with Sandfire Resources NL ("Sandfire", ASX: SFR) make substantial progress toward the development of the Monty Copper-Gold deposit ("Monty") through the completion of a positive feasibility study for the establishment of an underground mining operation.

The Company and Sandfire formed a 30%:70% Joint Venture over the Company's Doolgunna Projects in December 2015, following Sandfire's sole funded expenditure of $15 million on the Doolgunna Projects. Following the delineation of a maiden JORC 2012 Indicated and Inferred Mineral Resource of **1.05 million tonnes grading 9.4% copper and 1.6g/t gold**[3] for 99,000 tonnes of contained copper and 55,000 ounces of contained gold at Monty in April 2016, the Joint Venture commenced a feasibility study on an underground mining operation to extract high-grade ore from the Monty Deposit. The feasibility study was completed in March 2017 resulting in a Probable Ore Reserve of **0.92Mt @ 8.7% copper and 1.4g/t gold**[4], and expected financial returns (Company's 30% share) of **A$64M pre-tax cash flow**, pre-tax NPV of A$46M and **78% pre-tax IRR**[5].

Exploration activities by the Joint Venture outside of the current resource envelope at Monty have included: regional first-pass air-core drilling aimed at identifying prospective host stratigraphy; a number of discrete isolated reverse circulation ("RC") drill holes to test geochemical anomalies and stratigraphic positions, and deeper diamond drilling beneath the defined Monty resource envelope to test for additional mineralisation lenses below and along strike from the Monty deposit. Exploration activities are ongoing.

The Company also completed several reverse circulation and diamond drilling campaigns over targets identified from a comprehensive geological review and interpretation process at its 100% owned Sinclair Nickel Project ("Sinclair"). The outcome of this work has led to the identification of additional massive sulphide mineralisation including **9m @ 4.20% Ni** from 131m down-hole[6] at the Delphi North Prospect and previously unknown wide zones of prospective high-MgO ultramafic rocks at the Schmitz Well South Prospect.

Additionally, the Company acquired 100% owned tenure over highly prospective and relatively under-explored base and precious metals areas in the Cobar Basin region of New South Wales (Figure 1). Two areas of vacant ground were pegged for new mineral exploration licenses, with the first tenement covering approximately 750km^2 being granted in late June 2017. The areas are interpreted to be prospective for orogenic and VMS style copper-gold and poly-metallic base metal mineralisation, with numerous recorded mineral occurrences at surface and coincident base metal soil and RAB anomalies in open-file data.

[3] 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.
[4] For details relating to the Monty JORC Mineral Reserve see Talisman Mining Limited ASX announcement dated 6 April 2017, available on the Talisman and ASX websites.
[5] For details relating to the Monty Feasibility Study see Talisman Mining Limited ASX announcement dated 6 April 2017, available on the Talisman and ASX websites.
[6] For further details refer to Talisman ASX release dated 07 October 2016.

Figure 1: Talisman Project Locations

Doolgunna Projects (Joint Venture with Sandfire Resources NL)

Talisman's Doolgunna Projects Joint Venture with Sandfire (Sandfire acting as Joint Venture Manager) encompasses the Springfield Project (30%:70%, TLM:SFR) and the Halloween West Project (19%:81%, TLM:SFR) which are high quality VMS copper-gold exploration projects in the emerging world class Bryah Basin region of Western Australia (Figure 2). Following the discovery of the exceptionally high grade copper-gold Monty deposit in 2015, the Joint Venture delivered a maiden high grade Mineral Resource estimate in 2016 and has subsequently completed a positive feasibility study and commenced initial mine development during the 2017 financial year. The discovery of Monty has confirmed the significant exploration potential of the Joint Venture tenements.

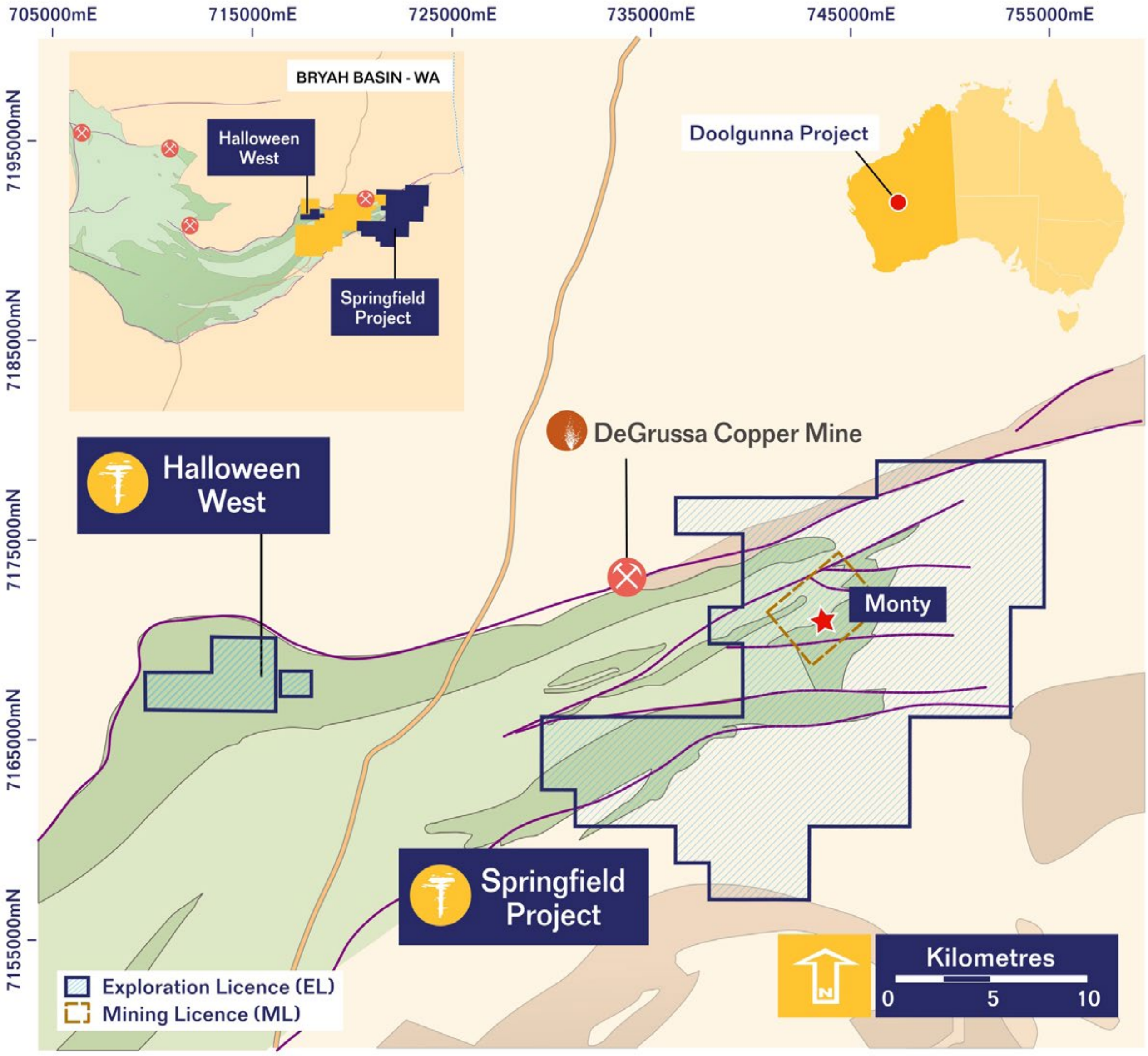

Figure 2: Doolgunna Project Joint Venture – Springfield and Halloween West Project Locations

An Ore Sale Agreement (OSA) has been executed between the Company and Sandfire with the Company's 30% share of ore mined from Monty, and mineralised extensions to the Monty deposit, being sold to Sandfire for subsequent treatment at Sandfire's nearby DeGrussa Copper-Gold Operation ("DeGrussa") process plant allowing the Company to benefit from established infrastructure. Further economic discoveries made within the broader Joint Venture area will be subject to a new OSA at the discretion of the Joint Venture parties and negotiated at that time. A Mining Joint Venture Agreement (MJVA) and an Exploration Joint Venture Agreement (EJVA) have also been executed between the Company and Sandfire for the Joint Venture.

Springfield Project

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

The Springfield Project comprises of a 303km^2 ground package located approximately 150km north-east of Meekatharra in the northern Murchison Goldfields region of Western Australia.

The Springfield Project area is 4km directly along strike to the east of Sandfire's DeGrussa operation and hosts the high-grade Monty deposit, within one of a number of corridors that are prospective for VMS style mineralisation. These VMS corridors are Monty, Homer, Central and Southern Volcanics (Figure 3).

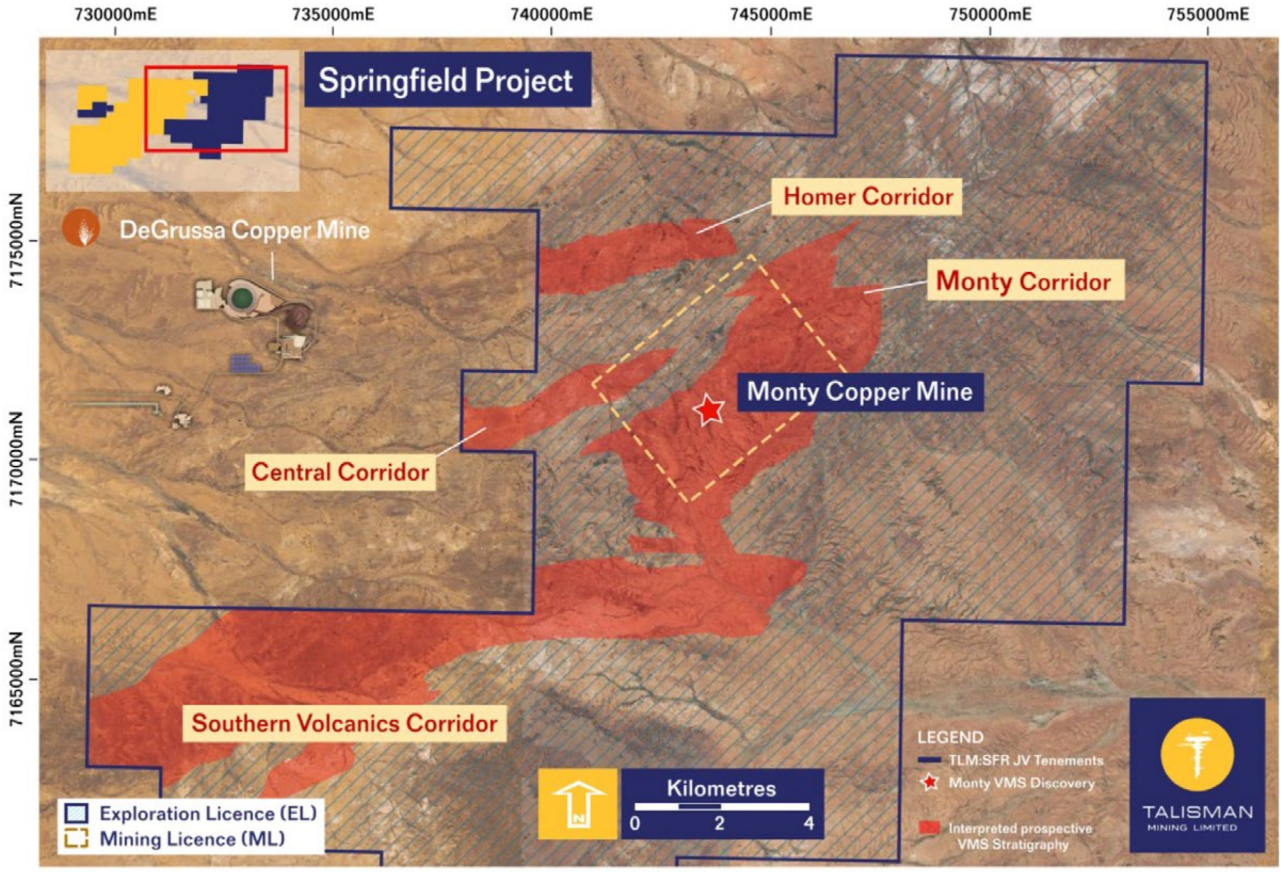

Figure 3: Springfield Project VMS Corridors

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 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 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.

Monty Feasibility Study

In April 2017, Talisman announced the completion of the feasibility study and maiden Ore Reserve for Monty.

The Monty deposit is located approximately 900km north of Perth and 10km east of Sandfire's DeGrussa operation. Monty was discovered in mid-2015 and an initial Mineral Resource estimate for the deposit was reported in April 2016, notable for its very high copper grade. A Mining Lease Application (MLA) for Monty was submitted in July 2016 and was granted on the 30th March 2017. The detailed feasibility study concluded development of the deposit is both technically and financially viable. Full details of the feasibility study and its key agreements can be found in the announcement and presentation released to the Australian Securities Exchange on 6 April 2017.

Key agreements

An Ore Sale Agreement (OSA) has been executed between Talisman and Sandfire with Talisman's share of the ore mined from Monty – and mineralised extensions to the Monty deposit – to be sold to Sandfire for subsequent treatment at Sandfire's nearby DeGrussa processing plant, allowing Talisman to benefit from the established infrastructure. Further economic discoveries made within the broader Joint Venture area will be subject to a new OSA at the discretion of the Joint Venture parties and negotiated at that time. A Mining Joint Venture Agreement (MJVA) and an Exploration Joint Venture Agreement (EJVA) have also been executed between Talisman and Sandfire for the Joint Venture (collectively Joint Venture Agreements).

Under the OSA, Talisman will receive payment for ore delivered to a purpose-built Monty weighbridge at the DeGrussa processing plant based on payable metal content at monthly average commodity prices. Payable metal is calculated on an independently assessed ore mined grade and delivered tonnage to which fixed recovery formulae (derived from detailed feasibility study metallurgical test work) and fixed percentage payability (set at industry determined benchmarks) are applied. An Ore Treatment Fee (OTF) and applicable royalties are then deducted from the calculated revenue. The OTF recognises all costs of processing the ore including downstream logistical and marketing costs associated with the production and sale of copper concentrate which are converted to a per tonne of ore basis. The OTF also includes a capital charge for use of the DeGrussa processing plant and associated infrastructure. The cost components of the OTF are closely aligned with actual DeGrussa capital, processing, administration and downstream costs. Based on the feasibility study results, the OTF would equate to approximately A$211 per ore tonne mined (equivalent to US$0.83/lb copper).

Talisman will also contribute its 30% share of costs associated with pre-production capital and the mining and hauling of Monty ore under the terms of the Mining Joint Venture Agreement.

A schematic summary of the OSA and MJVA mechanics is illustrated in Figure 4.

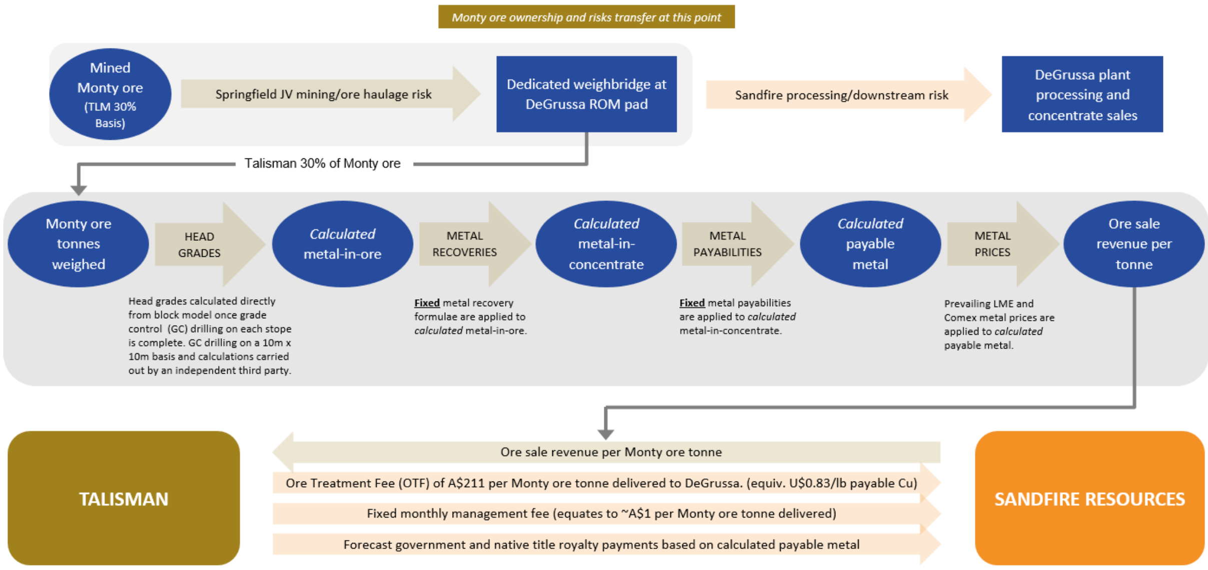

Figure 4: Schematic summary of OSA and MJVA mechanics

Ore Reserve

The maiden Ore Reserve estimate for Monty, as at 31 March 2017, totals 0.92Mt at 8.7% copper and 1.4g/t gold[7]. Contained metal stands at 80kt copper and 42koz gold. All the current Ore Reserve estimate is contained in the Probable Ore Reserve category.

Talisman's 30% share of the currently defined Probable Ore Reserve estimate is 24kt copper and 13koz gold, being 0.28Mt at 8.7% copper and 1.4g/t gold.

The Ore Reserve estimate is based on the Indicated Mineral Resource estimate for Monty, released on 13 April 2016[8]. The Probable Ore Reserve estimate includes both the defined Upper and Lower Zones of mineralisation at Monty.

[7] For details relating to the Monty JORC Mineral Reserve see Talisman Mining Limited ASX announcement dated 6 April 2017, available on the Talisman and ASX websites.
[8] 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.

Feasibility Study: Operating and financial outputs

Monty is one of the highest grade copper-gold discoveries made globally in recent decades. The proximity of the deposit to Sandfire's DeGrussa processing infrastructure provides an expedited and low risk pathway to production with a low development capital intensity compared globally to other greenfield copper discoveries.

The Monty feasibility study details forecast total production of 74.4kt of contained copper (plus 38.4koz contained gold and 413.4koz contained silver) over an initial ore production life of 30 months. This production profile is a function of Monty being scheduled to be mined and processed through the DeGrussa plant at a maximum throughput rate of approximately 0.4Mtpa with a 4.5% Cu cut-off grade.

Talisman's share of total estimated pre-production capital cost for the development of Monty is A$22M.

The key pre-production capital items comprise (on a 100% basis):

- Surface infrastructure including haul/access roads and drainage, box-cut and owner's team costs (A$33M).
- Underground mine development including portal and decline establishment (A$32M).
- Underground mine infrastructure including ventilation shaft and fan (A$8M).

Talisman's share of forecast life-of-mine sustaining capital is A$5.5M.

The estimated notional C1 Operating cash cost (excl. royalties) of production for Monty is A$1.56/lb of payable copper (US$1.13/lb). The notional All-in Sustaining Cost (**AISC**) is A$1.90/lb of payable copper (US$1.37/lb)[9].

Monty is forecast to yield more than A$64M in forecast ungeared pre-tax free cash flow to Talisman, inclusive of all capital expenditure. This delivers a pre-tax Net Present Value (**NPV**) of A$46M at a real 8% discount rate. The forecast pre-tax internal rate of return (**IRR**) is 78%.

Talisman's underlying operating and economic interest in Monty is illustrated below in Figure 5.

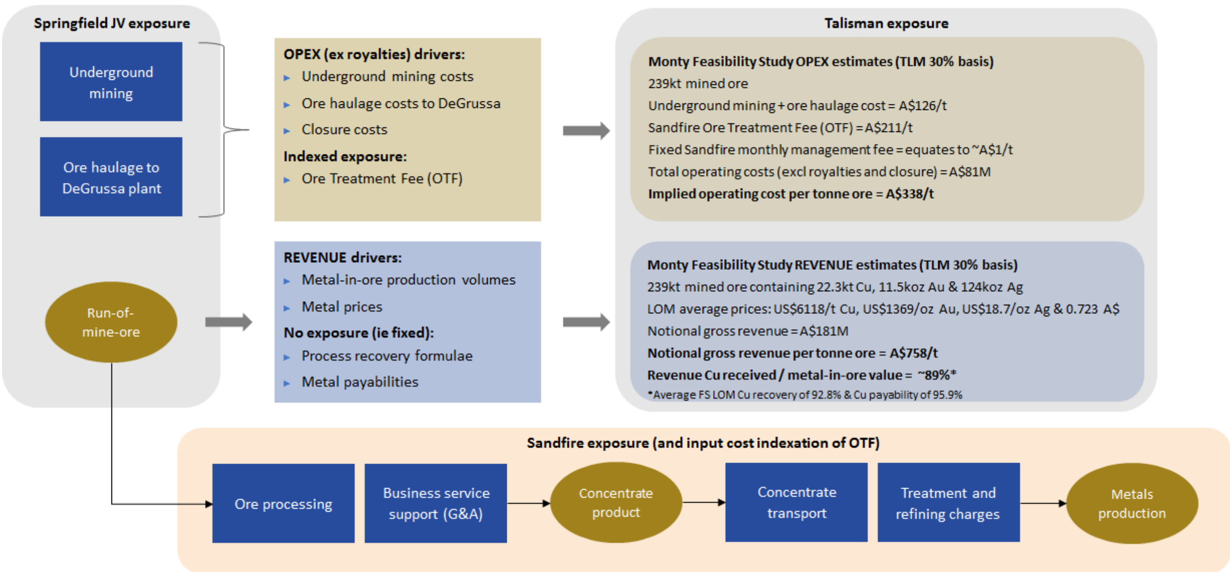

Figure 5: Talisman's underlying operating and economic interest in Monty

Monty Mining Development

The Monty feasibility study outcomes, coupled with the OSA and Joint Venture Agreements executed with Sandfire resulted in Talisman's Board of Directors giving approval in April 2017 for Talisman to proceed with the development of the Monty deposit.

On the 5 May 2017, a mandate was issued for Taurus Mining Finance Fund (Taurus) to provide debt finance facilities of approximately A$23 million to fully cover Talisman's share of forecast pre-production costs for the development of Monty.

[9] C1 and AISC are calculated on the basis of notionally including the OSA Ore Treatment Fee as a production cost. AISC is defined as the operating cash cost of production (net of by-product credits) plus royalties and sustaining capital and closure costs but exclusive of any finance costs or corporate overhead allocation.

On the 4 July 2017, Talisman received advice that the Western Australian Department of Mines, Industry Regulation and Safety (**DMIRS**) (formerly Department of Mines and Petroleum) had approved the Mining Proposal and Mine Closure Plan for Monty facilitating the commencement of on-ground earthworks.

Civils and earthworks contractor Yagahong mobilised a portion of its fleet to the DeGrussa site in early June to commence preliminary earthworks at DeGrussa and facilitate the immediate start of the Monty boxcut and critical path earthworks once DMIRS approvals were received. Preliminary Monty early works included:

- relocating existing stockpiled topsoil at DeGrussa in the path of the planned Monty haul road;
- establishing the water pipeline route at DeGrussa including clearing; and
- constructing an additional access ramp to the existing DeGrussa ROM pad to allow for road-train access from Monty.

Following the receipt of approval for the Monty Mining Proposal, Yagahong mobilised to the Monty site to commence initial earthworks. Works completed and underway on the Monty site include:

- the clearing of the haul-road centreline;
- stripping and stockpiling of topsoil from the Monty boxcut; and
- commencement of the Monty boxcut (approx. 2m depth as at 20 July 2017) (Figure 6).

Figure 6: Monty boxcut development

In addition, the underground mining contract for development and production activities at Monty has been awarded to Byrnecut Australia Pty Ltd (**Byrnecut**), a leading Australian specialist underground mining contractor.

Springfield Exploration

While considerable resources were focused on the completion of the Monty feasibility study, exploration within the wider Springfield Joint Venture project continued in line with the exploration strategy throughout the financial year.

On-ground exploration included air-core, RC and diamond drilling and, in addition, geological investigations and trials of alternate geophysical techniques.

Exploration focused on enhancing geological and structural knowledge to unlock the regional potential of the broader Joint Venture area including:

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

Drilling across the Springfield Project area is detailed on Table 1:

Springfield Project Drilling Statistics

Hole Type	Monty		Regional Exploration	
	Number of Holes	Total Metres	Number of Holes	Total Metres
Air-core	-	-	767	56,238
RC	6	2,495	17	6,880
Diamond	37	6,608	1	562
TOTAL:	**43**	**9,103**	**785**	**63,680**

Table 1: Springfield Project drilling statistics 1 July 2016 – 30 June 2017

Air-core drilling across a number of prospect areas including Monty North-East and the Southern Volcanics has provided initial geological and geochemical data to aid in the identification and delineation of potential host sedimentary units within the prospective stratigraphic sequence. RC drilling has been used to follow-up litho-geochemical anomalies identified in air-core drilling.

Limited diamond exploration drilling focusing on the potential for repetitions of massive sulphide copper-gold mineralisation below and along strike from the Monty deposit were also completed during the year.

Halloween West

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

The Halloween West Joint Venture Project is located approximately 20km west south-west of Sandfire's DeGrussa operation.

The Halloween West Joint Venture was formed in 2012 when Talisman reached agreement with Chrysalis Resources Limited ("Chrysalis", ASX: CYS) to farm into the Halloween West Copper-Gold Project. In October 2014, Sandfire acquired the interest held by Chrysalis and the Joint Venture is now between Talisman and Sandfire.

Exploration work by the Joint Venture Manager during the year has been limited to desktop studies and a review of historic work completed over the project.

Future Activities

As a result of the exploration activities completed during the current financial year, prospectivity of the Monty, Southern Volcanics and Homer corridors remains significant with a number of targets to be drill tested in the coming year. Additionally, as Joint Venture understanding of the geological setting improves and surface and down-hole geophysical technology continues to evolve, the Joint Venture will utilise geophysical methods to refine target generation over the Joint Venture tenement package.

Sinclair Nickel Project

(100% Talisman Mining Ltd)

Sinclair is located in the world-class Agnew-Wiluna Greenstone Belt in WA's north-eastern Goldfields (Figure 7). The Sinclair Nickel Deposit, developed and commissioned in 2008 and operated successfully before by Xstrata/Glencore 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 8).

During the year Talisman continued to advance the Sinclair Nickel Project through cost efficient, staged exploration focused on priority exploration targets across the project tenements. Talisman completed air-core, RC and diamond drilling (Table 2) at Delphi, Sinclair, Stirling, Parnassus and Schmitz Well South (Figure 8).

Sinclair Project Drilling Statistics

Hole Type	Number of Holes	Total Metres
Air-core	3	308
RC	18	3,367
Diamond	9	2,742
TOTAL:	**30**	**6,471**

Table 2: Sinclair drilling statistics 1 July 2016 - 30 June 2017

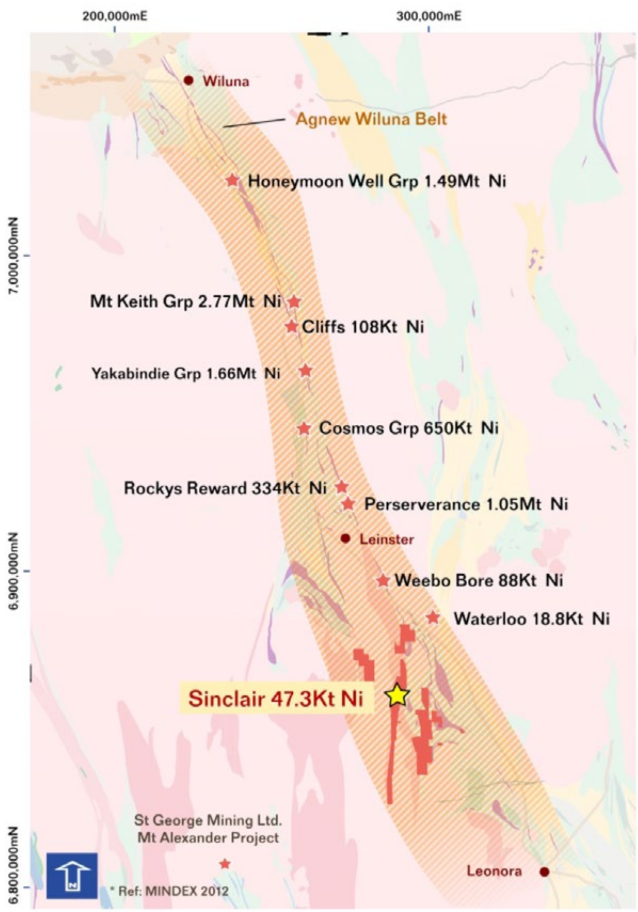

Figure 7: The Sinclair Nickel Project showing regional geology nickel production centres and reported contained nickel of the Agnew-Wiluna Belt (*MINDEX 2012)*

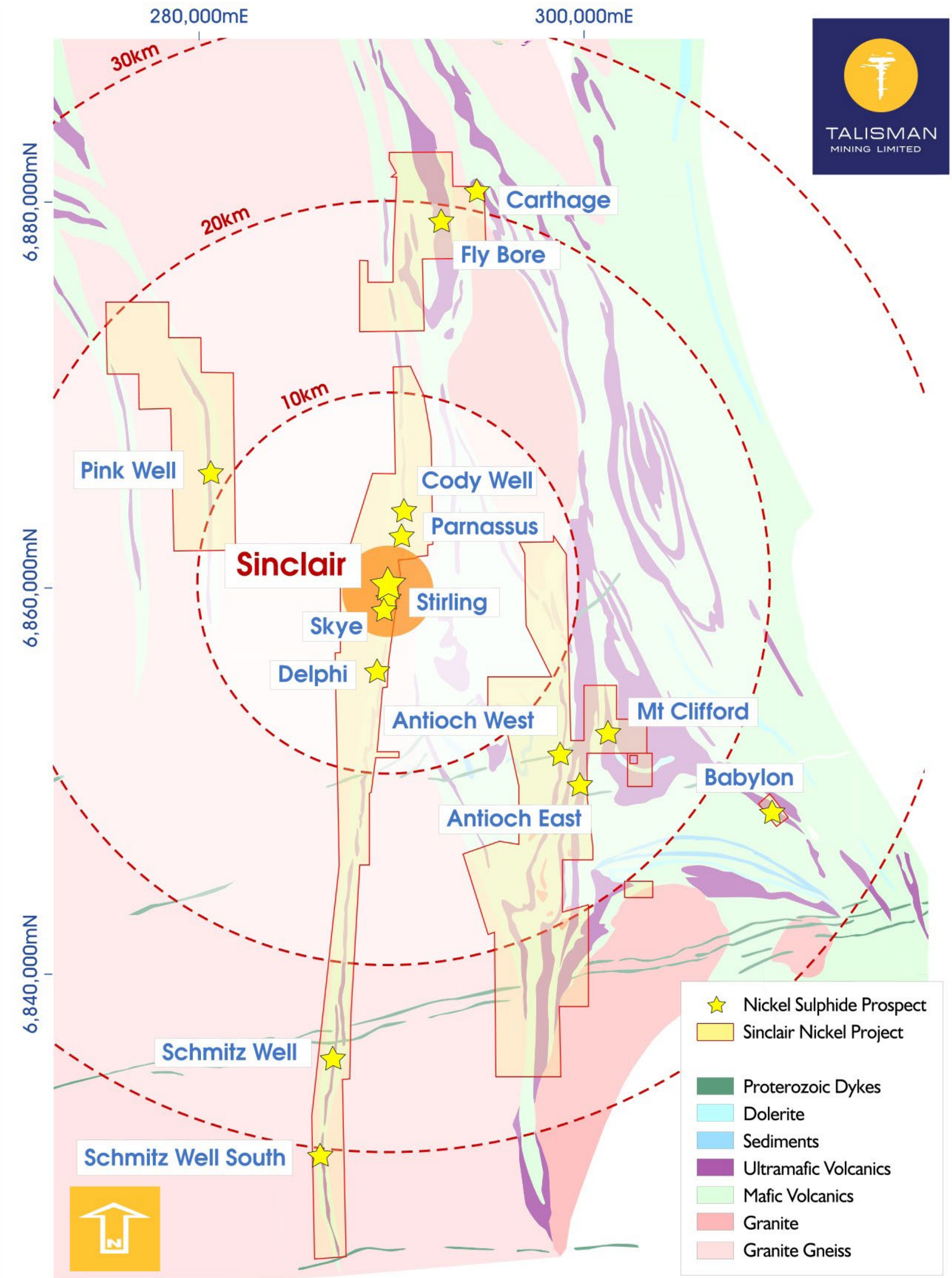

Figure 8: Sinclair Project – Prospect Locations

Delphi North

Delphi North is a target corridor (Figure 9) that displays a strong correlation with the Sinclair mine geological environment. It has confirmed historic nickel sulphide mineralisation over a strike length of 700m and is interpreted to represent a fertile mineralised environment with potential to host significant mineralisation.

A series of RC and diamond drill holes were completed at Delphi in the first half of the financial year to test the potential to host significant nickel sulphide mineralisation (Figure 9 and Figure 10). Results from this drilling confirmed near surface high-tenor nickel sulphide mineralisation in multiple zones of massive and stringer nickel sulphide mineralisation with significant intersections[10] including:

- SNRC010: 4m @ 4.79% Ni from 154m down-hole;
- SNRC012: 5m @ 2.39% Ni from 73m down-hole, and
- SNRC019: 9m @ 4.20% Ni from 131m down-hole.
- SND010: 2.52m @ 3.35% Ni from 206.66m down-hole including 1.55m @ 4.85% Ni from 206.66m; and 3.06m @ 1.60% Ni from 224.08m down-hole.

Figure 9: Delphi North drill collar plan showing recent and historic collar locations, simplified geology and Priority Target position

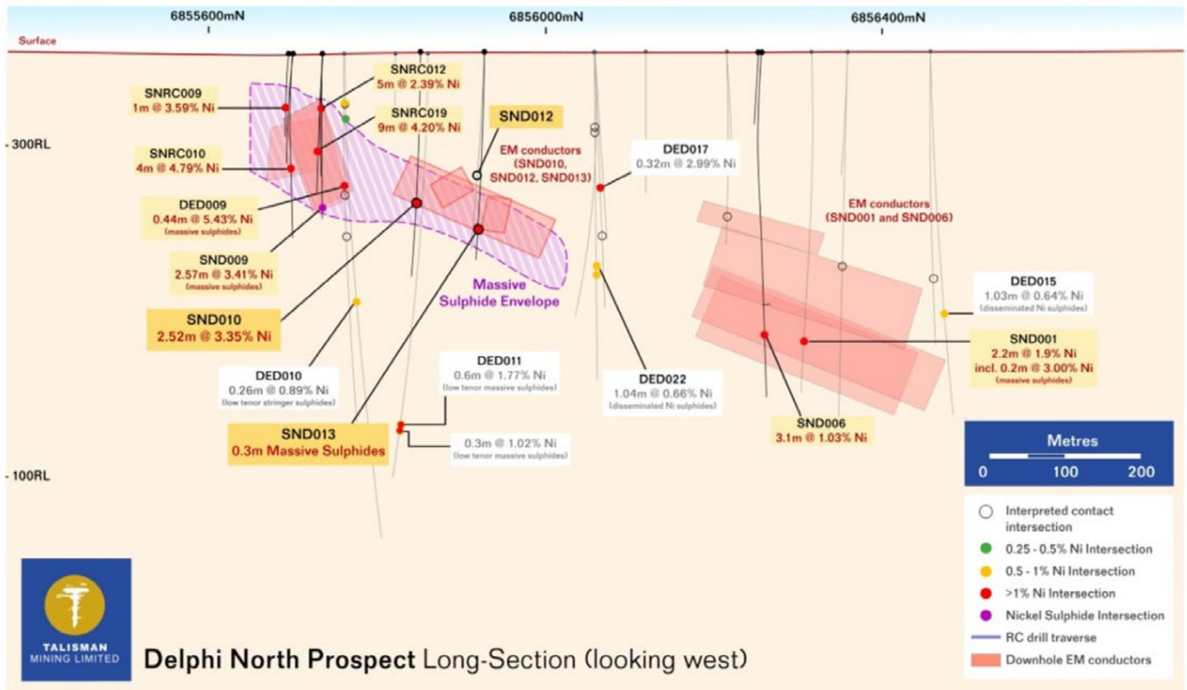

Figure 10: Delphi North projected long section showing new and existing nickel massive sulphide intersections, newly modelled (and historic) DHEM conductors for SND010, SND012 and SND013, and an interpreted Massive Sulphide Envelope.

[10] Significant intersections are calculated on the basis of >0.5% Ni and may include up to 1m of internal dilution, with a minimum composite grade of 1% Ni.

Schmitz Well South Prospect

A fence of RC drill holes at Schmitz Well South to test an interpreted extension of the ultramafic unit under cover identified by Talisman was completed (Figure 11) during the first half of the financial year. Talisman secured a grant from the Western Australian Department of Mines of up to $55,000 ($110,000 total drill cost split 50/50) for the co-funding of this exploration drilling.

Drilling intersected broad zones of prospective high-MgO ultramafic rocks, containing multiple zones of trace to disseminated (cloud) sulphides throughout. Assay results returned anomalous nickel grades with the highest grade received to date being **1m @ 0.97% Ni** [11] from 193m down-hole in SNRC015.

The presence of fertile, high-MgO ultramafic units at Schmitz Well South validated Talisman's original interpretation that Schmitz Well South represents a continuation of the fertile Schmitz Well and Sinclair ultramafic trend. Detailed interpretation of the results from this drilling informed Talisman's interpretation and guided further exploration activities in the area which were undertaken in August 2017, the results of which have led to further planned work in the first quarter of the financial year ending 30 June 2018.

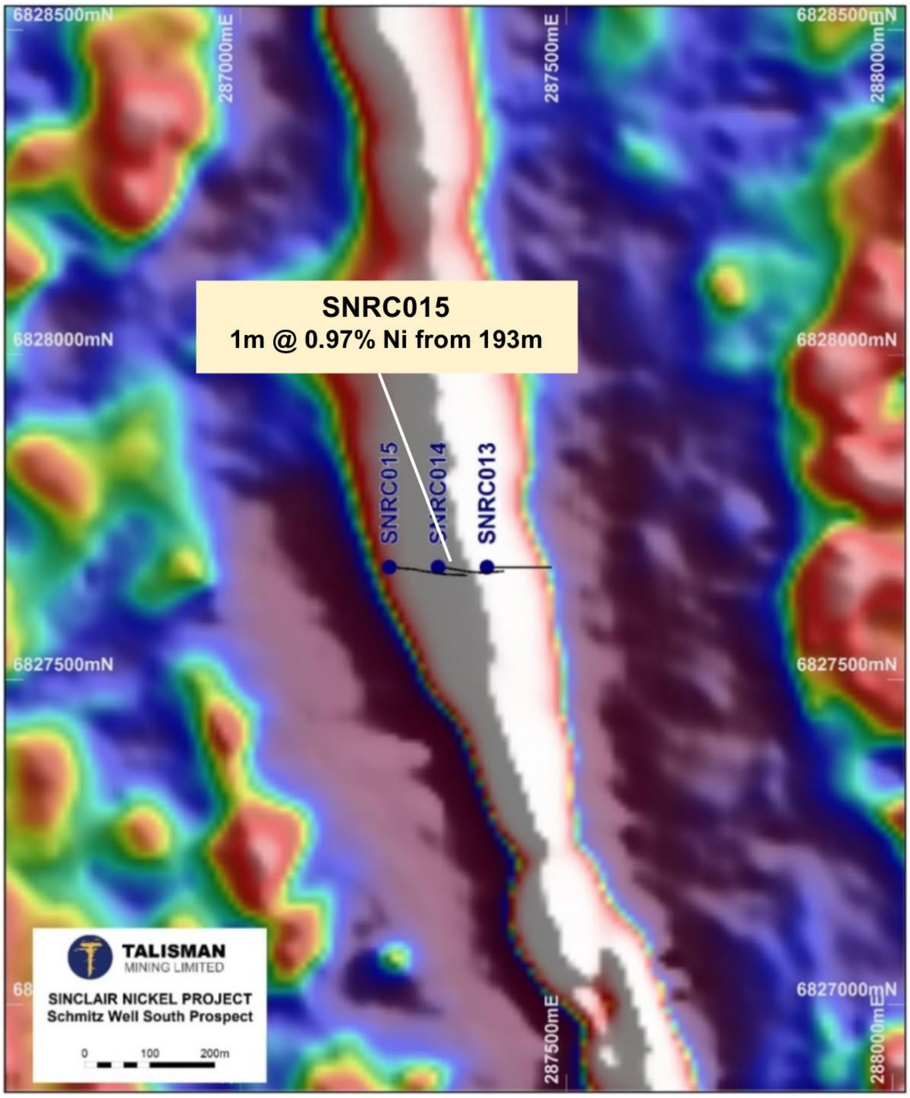

Figure 11: Plan view of Schmitz Well South showing magnetics, interpreted ultramafic unit under cover and completed RC drill holes

[11] For details relating to the Schmitz Well South drilling see Talisman Mining Limited ASX announcement dated 27 October 2016, available on the Talisman and ASX websites.

Regional Aircore Drilling

As part of Talismans staged approach to exploration at Sinclair a project wide targeting review was conducted that identified several prospective exploration targets. Detailed lithogeochemical assessment of the main ultramafic host units across the project has highlighted prospective areas that have undergone very little previous exploration.

An aircore drilling program was commenced late in the financial year to test several of these targets and further inform the Company's geological understanding of Sinclair. This program is scheduled for completion early in the 2018 financial year.

Future Activities

On-ground exploration during the current financial year represents the continuation of an efficient, staged and ongoing exploration focus at Sinclair. As a result of exploration drilling and ongoing review, multiple targets have been identified that remain to be tested. These targets will be subject to further review and prioritisation as on-ground exploration activities at Sinclair progress.

Subsequent work within the Sinclair Trend will be focused on following up successful drilling completed to date at Delphi North and Schmitz Well South, as well as further defining potential additional targets for proposed future on-ground exploration testing, with work to potentially include:

- Geological mapping;
- Ongoing data review, interpretation and targeting; and
- RC/diamond and air-core drilling campaigns.

2017 Mineral Reserve and Ore Statement

Monty Mineral Resource – 100% Basis

The Mineral Resource estimate for the Monty deposit (previously announced on 13 April 2016), prepared in accordance with JORC (2012) and detailed in Table 3, has been classified as an Indicated and Inferred Mineral Resource based primarily on geological interpretation, grade continuity and sample spacing. Most of the deposit has been drilled to within a 40m nominal spacing and this has allowed for an Indicated classification across almost all of the Mineral Resource estimate.

Mineral Resource estimate on 100% Basis[12]

		Mineral Resources June 2017					Mineral Resources June 2016				
	Classification	Tonnes (t)[12]	Grade		Ctd Metal		Tonnes (t)[12]	Grade		Ctd Metal	
Mineralisation Style			Cu (%)	Au (g/t)	Cu (t)[12]	Au (oz)[12]		Cu (%)	Au (g/t)	Cu (t)[12]	Au (oz)[12]
Massive Sulphides	Indicated	754,000	12	2.1	91,000	51,000	754,000	12	2.1	91,000	51,000
	Inferred	9,000	20.7	2.7	2,000	1,000	9,000	20.7	2.7	2,000	1,000
	Total	763,000	12.1	2.1	92,000	52,000	763,000	12.1	2.1	92,000	52,000
Halo	Indicated	287,000	2.2	0.3	6,000	3,000	287,000	2.2	0.3	6,000	3,000
	Inferred	-	-	-	-	-	-	-	-	-	-
	Total	287,000	2.2	0.3	6,000	3,000	287,000	2.2	0.3	6,000	3,000
Total	Indicated	1,041,000	9.3	1.6	97,000	54,000	1,041,000	9.3	1.6	97,000	54,000
	Inferred	9,000	20.7	2.7	2,000	1,000	9,000	20.7	2.7	2,000	1,000
	Total	1,050,000	9.4	1.6	99,000	55,000	1,050,000	9.4	1.6	99,000	55,000

Table 3: Mineral Resource estimate for the Monty deposit (100% basis)

There has been no change to the Company's reported Mineral Resources from June 2016 to June 2017, with no additional resource definition drilling completed nor changes to the understanding of geological controls.

The maiden Ore Reserve estimate for Monty, as at 31 March 2017, contains 920kt at 8.7% copper and 1.4g/t gold. It is based on the Indicated Mineral Resource estimate and includes both the defined Upper and Lower Zones of mineralisation at Monty. All of the current Ore Reserve estimate is contained in the Probable Ore Reserve category.

Ore Reserve estimate and Mine Plan on 100% Basis as at 31 March 2017

Reserve Category	Tonnes (t)[12]	Copper (%)	Gold (g/t)	Contained Copper (t)[12]	Contained Gold (oz)[12]
Proved	-	-	-	-	-
Probable	920,000	8.7	1.4	80,000	42,000
Total	**920,000**	**8.7**	**1.4**	**80,000**	**42,000**
Mine Plan	**800,000**	**9.4**	**1.5**	**74,000**	**38,000**

Table 4: Ore Reserve estimate and Mine Plan for the Monty deposit (100% basis)

Ore Reserve estimate and Mine Plan on Talisman 30% Basis as at 31 March 2017

Reserve Category	Tonnes (t)[12]	Copper (%)	Gold (g/t)	Contained Copper (t)[12]	Contained Gold (oz)[12]
Proved	-	-	-	-	-
Probable	280,000	8.7	1.4	24,000	13,000
Total	**280,000**	**8.7**	**1.4**	**24,000**	**13,000**
Mine Plan	**240,000**	**9.4**	**1.5**	**22,000**	**11,000**

Table 5: Ore Reserve estimate and Mine Plan for the Monty deposit (30% basis)

[12] Figures rounded to the nearest thousand

Mineral Resource and Ore Reserve Governance

The Monty Mineral Resource as at 31 March 2016 is reported in accordance with the JORC (2012) guidelines. Information that relates to the Monty JORC 2012 compliant Mineral Resource estimate is information previously published by Sandfire Resources NL ("Sandfire", ASX: SFR) and is available on the Sandfire and ASX websites (see announcement "Maiden High-Grade Mineral Resource for Monty VMS Deposit: 99,000t of Copper and 55,000oz of Gold", dated 13 April 2016).

The Monty Ore Reserve as at 31 March 2017 is reported in accordance with the JORC (2012) guidelines. Information that relates to the Monty JORC 2012 Ore Reserve estimate is information previously published by Talisman Mining Limited ("Talisman" ASX:TLM) and is available on the Talisman and ASX websites (see announcement "Monty Feasibility Study Results", dated 5 April 2017).

The Monty Mineral Resource and Ore Reserve estimates were completed by or under the supervision of a suitably qualified Sandfire Competent Person.

Competent Persons' 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.

Competent Persons' Statement – Mineral Resources

Information in this report that relates to Mineral Resources as defined under the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves", is based on information compiled by Mr Ekow Taylor, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Taylor has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Taylor consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Competent Person's Statement – Ore Reserves

Information in this report that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Neil Hastings, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Hastings is a full-time employee of Sandfire Resources NL 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 Hastings consents to the inclusion in this report of the Ore Reserves and the supporting information, and the matters based on that information, in the form and context in which it appears.

Information in this report that relates to the relevant part of the Ore Reserves and which also specifically relates to Talisman (being its 30% share of the Monty Ore Reserve and the financial impact on Talisman resulting from the application of the MJVA and OSA agreements) is based on, and fairly represents, information and supporting documentation prepared by Mr Benjamin Wilson, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Wilson 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 Wilson consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

Forward-Looking Statements

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

TENEMENT SCHEDULE

As at date of report

Project	Tenement	Blocks/Area	Talisman Equity (%)	JV Partner	Expiry	Annual Commitment	Comments
Halloween West / Doolgunna West							
	E51/1825	3.0	-	-	-	-	Application
	E51/1826	1.0	-	-	-	-	Application
	E52/2275	6.0	18.8%	Sandfire Resources NL	8-02-19	$ 50,000	
	E52/3530	1.0	-	-	-	-	Application
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	
	E51/1767	14.0	-	-	-	-	Application
	E52/3423	1.0	-	-	-	-	Application
	E52/3424	1.0	-	-	-	-	Application
	E52/3425	6.0	-	-	-	-	Application
	E52/3466	12.0	-	-	-	-	Application
	E52/3467	20.0	-	-	-	-	Application
	L52/170	246.4 HA	-	-	-	-	Application
	M52/1071	1642.0 HA	-	-	-	-	Application
	P52/1528	2000.0 HA	-	-	-	-	Application
Sinclair							
	E36/0650	16.0	100.0%		15-10-18	$ 70,000	
	E37/1231	3.0	100.0%		28-08-21	$ 15,000	
	E37/0903	13.0	100.0%		21-09-18	$ 70,000	
	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	$ 90,600	
	M37/0426	505.0 HA	100.0%		3-02-36	$ 48,300	
	M37/0427	821.0 HA	100.0%		3-02-36	$ 81,900	
	M37/0590	120.0 HA	100.0%		27-03-29	$ 12,100	
	M37/0692	136.0 HA	100.0%		27-03-29	$ 13,700	
	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	
NSW Projects							
	EL 8615	250.0	100.0%	-	-	$ 150,000	
	ELA 5485	112.0	100.0%	-	-	-	Application
	ELA 5487	15.0	100.0%	-	-	-	Application

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 present their report together with the financial statements of the Group consisting of Talisman Mining Limited and the entities it controlled for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

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 markets and provides invaluable strategic input and guidance to the Company's board and management team. Jeremy 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. In the 3 years immediately before the end of the financial year, Jeremy also served as a Director of ASX listed Zenitas Ltd (formerly BGD Corporation). He is also the 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, 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 Managing Director on 1 July 2016 and has been with Talisman since 2009 in his previous roles as acting CEO and Chief Financial Officer and Company Secretary. Dan has more than 16 years' experience in the resource sector, including Xstrata Nickel Australasia, Jubilee Mines NL and Perilya Ltd. 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.

Name	Particulars
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. In the 3 years immediately before the end of the financial year, Alan also served as a Director at Amex Resources Ltd; he resigned in May 2015. Alan was the Chairman of Talisman for over 8 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.
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 and lead, with 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. In the 3 years immediately before the end of the financial year, Brian did not hold any other directorships. 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. In the 3 years immediately before the end of the financial year, Karen also served as Chair of Strategen Environmental Consulting Pty Ltd and Community First International Ltd, and as a director of Landgate. 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.

Company Secretaries

Name	Particulars
Shaun Vokes BBus, CPA Co-Company Secretary 1 May 2016 - current	**Co-Company Secretary** 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 Co-Company Secretary 1 May 2016 - current	**Co-Company Secretary** 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.

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.

Financial performance and financial position

Financial performance

During the financial year, the Group reported an operating loss after tax of $8.7 million (2016: loss after tax $8.0 million).

Revenue for the year of $0.4 million (2016: $0.3 million) consisted primarily of bank interest earned on the Group's short-term deposits held during the year.

Financial position

As at 30 June 2017, the Group had net assets of $21.6 million (2016: $29.3 million) including $11.6 million of cash and cash equivalents (2016: $20.2 million).

Subsequent events

There has not been any other matter or circumstances 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.

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, 15 board meetings, 2 audit committee meetings, 1 remuneration committee meeting and 1 nomination committee meeting were held.

	Board of directors		Audit committee		Remuneration committee		Nomination committee	
Directors	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Jeremy Kirkwood	15	15	2	2	1	1	1	1
Alan Senior	15	15	2	2	1	1	1	1
Daniel Madden	15	15	2	2	1	1	1	1
Brian Dawes	15	13	2	2	1	1	1	1
Karen Gadsby	15	15	2	2	1	1	1	1

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

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:

	Fully paid ordinary shares	Share Options
Directors	Number	Number
Jeremy Kirkwood	219,000	750,000
Daniel Madden	50,000	3,000,000
Alan Senior	116,666	500,000
Brian Dawes	353,333	500,000
Karen Gadsby	311,334	500,000

Share options

Share options granted to Directors and key management personnel

At the date of this report, share options granted to the Directors of the Company and the entities it controlled as part of their remuneration are:

Directors and senior management	Number of options granted	Issuing Entity	Number of ordinary shares under option
Jeremy Kirkwood	750,000	Talisman Mining Ltd	750,000
Daniel Madden	3,000,000	Talisman Mining Ltd	3,000,000
Alan Senior	500,000	Talisman Mining Ltd	500,000
Brian Dawes	500,000	Talisman Mining Ltd	500,000
Karen Gadsby	500,000	Talisman Mining Ltd	500,000
Shaun Vokes	1,000,000	Talisman Mining Ltd	1,000,000
Anthony Greenaway	1,000,000	Talisman Mining Ltd	1,000,000

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	625,000	Ordinary	$0.41	31-Oct-17
Talisman Mining Limited	625,000	Ordinary	$0.49	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	1,755,000	Ordinary	$0.48	31-Oct-18
Talisman Mining Limited	1,550,000	Ordinary	$0.52	31-Oct-19
Talisman Mining Limited	1,550,000	Ordinary	$0.62	31-Oct-21
Talisman Mining Limited	1,550,000	Ordinary	$0.56	31-Oct-19
Talisman Mining Limited	1,550,000	Ordinary	$0.66	31-Oct-21

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.

Remuneration Report

The Remuneration Report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of Talisman Mining Limited for the financial year ended 30 June 2017 and is included on page 26.

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 2017.

Indemnification of officers and auditors

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties 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.

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 24 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 and Non-Audit Services

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 32 and forms part of this Directors' report for the year ended 30 June 2017.

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Rounding off of amounts

The company has applied the relief available to it in ASIC Legislative Instrument 2016/91, and accordingly certain amounts included in this report and in the financial report have been rounded off to the nearest $1,000 (where rounding is applicable), under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this instrument applies.

REMUNERATION REPORT

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the Key Management Personnel of Talisman Mining Limited for the year ended 30 June 2017. The information provided in this 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 Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Key management personnel details

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

Directors

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

Other Key Management

Shaun Vokes	Chief Financial Officer/ Co-Company Secretary
Anthony Greenaway	General Manager – Geology
Ben Wilson	General Manager – Project Development (July 2016- May 2017)

Except as noted, the named persons held their current positions for the whole of the financial year and since the financial year.

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

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Remuneration Committee has access to external, independent advice where necessary.

Executive Directors and other key management personnel are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. The fixed remuneration component is detailed in the remuneration for key management personnel tables for the years ended 30 June 2017 and 30 June 2016.

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 5-day volume weighted share of the Company's share price from the date of the grant 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 key management personnel in applicable and appropriate circumstances. For the financial year ended 30 June 2017, the Remuneration Committee recommended bonuses totaling $60,000 be paid to three key management personnel.

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 originally approved by the shareholders at the General Meeting on 19 May 2008 and re-approved at the 2016 General Meeting. During the 2017 financial year, this was utilised to a level of $251,850 (inclusive of superannuation) for the financial year ended 30 June 2017. The fee paid for the 2017 financial year to the Chairman was $80,000 per annum and $50,000 per annum for the Non-Executive Directors (excluding statutory superannuation).

Key terms of employment contracts

Remuneration and other terms of employment of Directors and key management personnel are formalized in an employment contract. The major provisions of the agreements related to the remuneration are set out below.

Key Management Personnel	Terms of Agreement	Notice Period
Daniel Madden	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.	3 months
Shaun Vokes	Termination benefit payable on early termination by the Group (other than for gross misconduct) is equal to three months' base salary	3 months
Anthony Greenaway	Termination benefit payable on early termination by the Group (other than for gross misconduct) is equal to one month base salary	1 month

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 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				Post-employment benefits	Long service leave accrual	Share-based payment		
	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	$	Options (i) $	Total $	% of compensation linked to performance
2017									
Directors									
Jeremy Kirkwood	80,000	-	-	-	7,600	-	111,821	199,421	56.07%
Daniel Madden	350,000	30,000	16,271	-	36,100	44,367	447,285	924,023	51.65%
Alan Senior	50,000	-	-	-	4,750	-	74,547	129,297	57.66%
Brian Dawes	50,000	-	-	-	4,750	-	74,547	129,297	57.66%
Karen Gadsby	50,000	-	-	-	4,750	-	48,405	103,155	46.92%
Executives									
Shaun Vokes	200,000	20,000	-	-	20,900	-	149,095	389,995	43.36%
Anthony Greenaway	200,000	10,000	-	-	19,950	-	114,618	344,568	36.17%
Ben Wilson(ii)	184,471	-	-	-	17,525	-	46,260	248,256	18.63%
	1,164,471	60,000	16,271	-	116,325	44,367	1,066,578	2,468,012	
2016									
Directors									
Jeremy Kirkwood(iii)	20,000	-	-	-	1,900	-	-	21,900	0.00%
Alan Senior(iv)	65,981	-	-	-	6,268	-	1,299	73,548	1.77%
Gary Lethridge(v)	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(vi)	252,962	-	4,330	-	24,031	-	1,732	283,055	0.61%
Shaun Vokes(vii)	58,513	-	-	-	5,559	-	-	64,072	0.00%
Ben Wilson	180,000	-	-	-	17,100	-	16,407	213,507	7.68%
Anthony Greenaway (viii)	54,000	-	-	-	5,130	-	18,674	77,804	24.00%
	1,004,498	-	17,657	-	99,398	41,792	83,447	1,246,792	

(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.
(ii) Ben Wilson's salary and fees detailed above include annual leave entitlements paid on resignation effective 12 May 2017.
(iii) Jeremy Kirkwood was appointed 1 April 2016 as Non-Executive Chairman.
(iv) 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.
(v) Gary Lethridge's salaries and fees detailed above include long service leave and annual leave entitlements paid on resigned effective 31 March 2016
(vi) Daniel Madden was appointed Acting Chief Executive Officer from 1 April 2016.
(vii) Shaun Vokes was appointed from 29 February 2016.
(viii) Anthony Greenaway was appointed from 15 February 2016.

Share-based remuneration

Options granted during the financial year were approved by shareholders at the Company's 2016 Annual General Meeting. For details of share-based payments granted during year refer Note 18.

Options issued during the year

Name	During the financial year				
	Number granted	Number vested and exercisable	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
Jeremy Kirkwood	750,000	300,000	40%	N/A	57.56%
Daniel Madden	3,000,000	1,200,000	40%	N/A	48.41%
Alan Senior	500,000	200,000	40%	N/A	57.66%
Brian Dawes	500,000	200,000	40%	N/A	57.66%
Karen Gadsby	500,000	200,000	40%	N/A	57.66%
Shaun Vokes	1,000,000	400,000	40%	N/A	38.23%
Anthony Greenaway	1,000,000	400,000	40%	N/A	39.33%

Exercised

No options granted as compensation in the current and/or prior year were exercised.

Forfeited / lapsed / cancelled during the year

Name	Number forfeited/lapsed/ cancelled during the year	Financial year granted
Alan Senior	750,000	FY 13/14
Brian Dawes	500,000	FY 13/14
Daniel Madden	1,000,000	FY 13/14
Karen Gadsby	500,000	FY 14/15
Anthony Greenaway	500,000	FY 15/16
Ben Wilson	500,000	FY 14/15
Ben Wilson	800,000	FY 15/16

Other Information

Shareholdings by Key Management Personnel

	Opening balance at 1 July	Shares received on exercise of options	Net other change	Balance on resignation	Balance at 30 June	Balance held nominally
	Number	Number	Number	Number	Number	Number
2017						
Directors						
Jeremy Kirkwood	119,000	-	100,000	N/A	219,000	-
Alan Senior	116,666	-	-	N/A	116,666	-
Daniel Madden	-	-	50,000	N/A	50,000	-
Brian Dawes	353,333	-	-	N/A	353,333	20,000
Karen Gadsby	311,334	-	-	N/A	311,334	66,667
Executives						
Shaun Vokes	-	-	-	N/A	-	-
Ben Wilson	8,000	-	-	8,000	-	8,000
Anthony Greenaway	-	-	-	N/A	-	-
	908,333	-	150,000	8,000	1,050,333	94,667
2016						
Directors						
Jeremy Kirkwood	N/A	-	119,000	N/A	119,000	-
Alan Senior	116,666	-	-	N/A	116,666	-
Gary Lethridge	1,666,667	-	-	1,666,667	-	-
Brian Dawes	353,333	-	-	N/A	353,333	20,000
Karen Gadsby	311,334	-	-	N/A	311,334	66,667
Executives						
Daniel Madden	-	-	-	N/A	-	-
Shaun Vokes	-	-	-	N/A	-	-
Ben Wilson	-	-	8,000	N/A	8,000	8,000
Anthony Greenaway	-	-	-	N/A	-	-
	2,448,000	-	127,000	1,666,667	908,333	94,667

Options held by Key Management Personnel

	Opening balance at 1 July	Granted as remuneration	Options Exercised	Net other change	Balance on resignation	Closing balance at 30 June	Vested but not exercisable	Vested during the year	Vested and exercisable at 30 June
	Number	Number	Number	Number	Number	Number	Number	Number	Number
2017									
Directors									
Jeremy Kirkwood	-	750,000		-	N/A	750,000	-	300,000	300,000
Daniel Madden	1,000,000	3,000,000	-	(1,000,000)	N/A	3,000,000	-	1,200,000	1,200,000
Alan Senior	750,000	500,000	-	(750,000)	N/A	500,000	-	200,000	200,000
Brian Dawes	500,000	500,000	-	(500,000)	N/A	500,000	-	200,000	200,000
Karen Gadsby	500,000	500,000	-	(500,000)	N/A	500,000	-	200,000	200,000
Executives									
Shaun Vokes	-	1,000,000	-	-	N/A	1,000,000	-	400,000	400,000
Ben Wilson	500,000	1,000,000	-	(1,300,000)	200,000	-	-	200,000	200,000
Anthony Greenaway	500,000	1,000,000	-	(500,000)	N/A	1,000,000	-	400,000	400,000
	3,750,000	8,250,000	-	(4,550,000)	200,000	7,250,000	-	3,100,000	3,100,000
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	-	-	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

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, 28 September 2017

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 2017, 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
28 September 2017

M R Ohm
Partner

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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 Audit of the Financial Report

Opinion

We have audited the financial report of Talisman Mining Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Reclassification of Monty Project Exploration Expenditure to Mine Properties and Development Refer to Notes 12 and 1(d) of the Financial Statements	
During the year, exploration expenditure associated with the Monty Project was reclassified from exploration expenditure to development expenditure. The balance of development expenditure as at 30 June 2017 is $2,097,886. Under AASB 6 *Exploration for and Evaluation of Mineral Resources,* an exploration and evaluation asset shall no longer be classified as such when the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Exploration and evaluation assets shall be assessed for impairment, and any impairment loss recognised, before reclassification. Accordingly, an impairment assessment was performed upon the reclassification of Monty from exploration expenditure to development. We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole and involves judgement in relation to the reclassification decision and impairment assessment.	Our procedures included but were not limited to the following: - We considered if the Group had the required available adequate technical, financial and other resources to complete the development of Monty as defined in AASB 138 *Intangible Assets*; - We obtained an understanding of the key controls associated with the preparation of the model used to assess the recoverable amount of the Monty Project; - We critically evaluated management's methodology in the value-in-use model and the basis for key assumptions; - We performed sensitivity analyses around the key inputs used in the cash flow forecasts that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising; - We tested the mathematical accuracy of the value-in-use model; - We compared value-in-use to the carrying amount of assets comprising the cash-generating unit; - We considered the appropriateness of the discount rate used; and - We assessed the appropriateness of the disclosures included in the relevant notes to the financial report.
Carrying value of Property, Plant and Equipment Refer to Notes 10 and 1(d) of the Financial Statements	
The Group has property, plant and equipment of $2,905,094 at balance date. The Group is required to assess whether there are any indicators of impairment in relation to this class of assets. Management has determined that an indicator of impairment existed in at balance date, in relation to the Sinclair Nickel plant and equipment that is on care and maintenance with a carrying value of $2,636,002. Accordingly, management has	Our procedures included but were not limited to the following: - We obtained an understanding of the key controls associated with the assessment of impairment; - We evaluated management's assessment of the recoverable value of property, plant and equipment (which included the use of an external independent valuation obtained by the Group to support the carrying value of

Independent Auditor's Report

HLB Mann Judd

conducted an impairment assessment of the carrying amount of property, plant and equipment, and concluded that no impairment expense was required to be recognised in respect of property, plant and equipment at balance date. The assessment of impairment of the carrying value of property, plant and equipment is a key audit matter as there are a number of judgements required in determining the recoverable value of these assets.	assets at reporting date); and - We assessed the appropriateness of the disclosures included in the financial report.
Deferred Exploration and Evaluation Expenditure Refer to Notes 11 and 1(d) of the Financial Statements	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs of rights to explore and applies the cost model after recognition. The Group has $14,000,000 of capitalised exploration expenditure as at 30 June 2017. We focused on this matter because this is one of the significant assets of the Group and due to the fact that judgement is required in determining the existence of any indicators of impairment and whether the continued recognition requirements are met.	Our procedures included but were not limited to the following: - We obtained an understanding of the key processes associated with management's review of the exploration and evaluation asset carrying values; - We considered the Director's assessment of potential indicators of impairment; - We obtained evidence that the Group has current rights to tenure of its area of interest; - We examined the exploration budget for 2017 and ongoing periods and discussed with management the nature of planned ongoing activities; and - We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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*

Independent Auditor's Report

HLB Mann Judd

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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

HLB Mann Judd

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Talisman Mining Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
28 September 2017

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:

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

ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 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, 28 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 Jun 17 $`000	30 Jun 16 $`000
Continuing operations			
Other income	2	397	348
Employee benefits expense	2	(1,791)	(814)
Exploration expenditure expensed as incurred	11	(5,124)	(5,809)
Care and Maintenance expense		(647)	(431)
Occupancy expenses	2	(122)	(170)
Legal and Corporate Advisory Expenses		(430)	(208)
Administrative expenses		(639)	(622)
Unwinding of discount on provisions	15	(249)	(241)
Depreciation and amortisation expense		(60)	(60)
Impairment of available-for-sale financial assets		-	(3)
Loss before income tax expense		**(8,665)**	**(8,010)**
Income tax benefit	3	-	-
Loss after tax from continuing operations		**(8,665)**	**(8,010)**
Net loss for the period		**(8,665)**	**(8,010)**
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		-	(7)
Other comprehensive income for the period, net of tax		**-**	**(7)**
Total comprehensive loss for the period		**(8,665)**	**(8,017)**
Loss per share:			
Basic loss per share (cents per share)	5	(4.67)	(5.06)
Diluted loss per share (cents per share)	5	n/a	n/a

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	30 Jun 17 $`000	30 Jun 16 $`000
Assets			
Current Assets			
Cash and cash equivalents	6	11,595	20,244
Trade and other receivables	7	222	257
Total Current Assets		11,817	20,501
Non-Current Assets			
Receivables	7	58	60
Other financial assets	8	121	121
Property, plant and equipment	10	2,905	2,789
Intangible assets	13	41	-
Mine properties and development	12	2,098	-
Deferred exploration and evaluation expenditure	11	14,000	14,545
Total Non-Current Assets		19,223	17,515
Total Assets		**31,040**	**38,016**
Liabilities			
Current Liabilities			
Trade and other payables	14	845	464
Provisions	15	44	-
Total Current Liabilities		889	464
Non-Current Liabilities			
Provisions	15	8,536	8,287
Total Non-Current Liabilities		8,536	8,287
Total Liabilities		**9,425**	**8,751**
Net Assets		**21,615**	**29,265**
Equity			
Issued capital	16	60,882	60,882
Reserves	17	1,307	408
Accumulated losses	17	(40,574)	(32,025)
Total Equity		**21,615**	**29,265**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $`000	Accumulated Losses $`000	Asset Revaluation Reserve $`000	Share-based Payments Reserve $`000	Total Equity $`000
Balance at 1 July 2015	37,404	(24,305)	21	448	13,568
Loss for the period	-	(8,010)	-	-	(8,010)
Net change in fair value of available-for-sale financial assets	-	-	(7)	-	(7)
Total comprehensive income/(loss) for the period	**-**	**(8,010)**	**(7)**	**-**	**(8,017)**
Shares issued during the year	23,478	-	-	-	23,478
Recognition of share-based payments	-	-	-	236	236
Unlisted options lapsing	-	290	-	(290)	-
Balance at 30 June 2016	**60,882**	**(32,025)**	**14**	**394**	**29,265**
Balance at 1 July 2016	60,882	(32,025)	14	394	29,265
Loss for the period	-	(8,665)	-	-	(8,665)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-
Total comprehensive income/(loss) for the period	**-**	(8,665)	-	-	(8,665)
Recognition of share-based payments	-		-	1,015	1,015
Unlisted options lapsed	-	116	-	(116)	-
Balance at 30 June 2017	**60,882**	**(40,574)**	**14**	**1,293**	**21,615**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Note	30 Jun 17 $`000	30 Jun 16 $`000
		inflows/(outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(2,692)	(1,584)
Payments for exploration and evaluation		(5,012)	(6,173)
Interest received		516	242
Net cash used in operating activities	6	(7,188)	(7,515)
Cash flows from investing activities			
Payments for mine properties and development		(1,244)	(545)
Payments for property, plant and equipment		(217)	(39)
Net cash used in investing activities		(1,461)	(584)
Cash flows from financing activities			
Proceeds from issue of shares		-	24,713
Payments for share issue costs		-	(1,236)
Net cash provided by financing activities		-	23,477
Net increase /(decrease) in cash held		(8,649)	15,378
Cash and cash equivalents at the beginning of the period		20,244	4,866
Cash and cash equivalents at the end of the period	**6**	**11,595**	**20,244**

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Statement of significant accounting policies

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

The Company'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.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

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

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 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 statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated as permitted by the option available to the Company under ASIC Corporations (Rounding in Financial/ Director's Reports) Instrument 2016/191. The Company is an entity to which this instrument applies.

The Company is a listed public Company, incorporated in Australia and operating in Australia. The entity's principal activities are exploration for, and development of, base metals and other minerals, including copper, copper-gold, gold and nickel.

b. Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2017

In the year ended 30 June 2017, 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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods. Those which may have a significant impact on the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2014)

AASB 9 (2014), published in December 2014, replaces the existing guidance AASB 9 (2009), AASB 9 (2010) and AASB 139 *Financial Instruments: Recognition and Measurement* and is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The new standard results in changes to accounting policies for financial assets and liabilities covering classification and measurement, hedge accounting and impairment. The Group has assessed these changes and determined that based on the current financial assets and liabilities held at reporting date, the Group will need to reconsider its accounting policies surrounding impairment recognition. The new impairment requirements for financial assets are based on a forward looking 'expected loss model' (rather than the current 'incurred loss model').

The Group does not expect a significant effect on the financial statements resulting from the change of this standard however the Group is in the process of evaluating the impact of the new financial instrument standard. The changes in the Group's accounting policies from the adoption of AASB 9 will be applied from 1 July 2018 onwards.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 *Construction Contracts*, AASB 118 *Revenue* and AASB 1004 *Contributions*. AASB 15 is effective from annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

Whilst the new revenue standard would not have a material impact on existing revenue streams, the Group has commenced the process of evaluating the potential impact of the new standard on future revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

AASB 16 Leases

AASB 16 replaces the current AASB 117 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases, for the lessee, effectively treating all leases as finance leases. Most leases will be capitalised on the balance sheet by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in the recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and deprecation replacing operating lease expense.

Lessor accounting remains similar to current practice, i.e. lessors continue to classify leases as finance and operating leases.

AASB 16 is effective from annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that also adopt AASB 15.

This standard will primarily affect the accounting for the Group's operating lease. As at 30 June 2017, the Group has $294,751 of non-cancellable operating lease commitments, predominantly relating to a property lease. The Group is considering the available options to account for this transition but the Group expects an increase in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and increase in lease assets and liabilities recognition. This will however be dependent on the lease arrangements in place when the new standard is effective. The Group has commenced the process of evaluating the impact of the new lease standard.

No other new standards, amendments to standards and interpretations are expected to affect the Group's consolidated financial statements.

c. Statement of compliance

The financial report was authorised for issue on 28 September 2017.

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).

d. 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.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees and Directors 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 Scholes model, using the assumptions detailed in Note 18.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Mine development expenditure carried forward

The recoverability of the carrying amount of mine development expenditure carried forward has been reviewed by the Directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- estimated production and sales levels;
- estimate future commodity prices;
- future costs of production;
- future capital expenditure; and
- future exchange rates.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

Provision for mine closure

The provision for mine closure is based on the net 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.

Ore reserve and resource estimates

The Group estimates its ore reserves and mineral resources based on information compiled by Competent Persons (as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves [the JORC Code]). Reserves determined in this way are taken into account in the calculation of depreciation, amortisation, impairment, deferred mining costs, rehabilitation and environmental expenditure.

In estimating the remaining life of the mine for the purposes of amortisation and depreciation calculations, due regard is given, not only to remaining recoverable metals contained in proved and probable ore reserves, but also to limitations which could arise from the potential for changes in technology, demand, and other issues which are inherently difficult to estimate over a lengthy time frame.

Where a change in estimated recoverable metals contained in proved and probable ore reserves is made, depreciation and amortisation is accounted for prospectively.

The determination of ore reserves and remaining mine life affects the carrying value of a number of the Group's assets and liabilities including deferred mining costs and the provision for rehabilitation.

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.

Consideration of impairment of property, plant and equipment

The Group considered the requirements of AASB 136 Impairment of Assets, and specifically whether an indicator of impairment existed in relation to the carrying value of the Group's property, plant and equipment. The Group has property, plant and equipment with a carrying value of $2.6 million in relation to the Sinclair Nickel plant and equipment that is on care and maintenance. The Group commissioned an independent valuation of the Sinclair Nickel plant and equipment, which concluded that no impairment expense was required to be recognised in respect of these items at balance date.

e. Going concern

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

f. 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 in 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.

Note 2: Revenue and Expenses

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.

Other income

	30 Jun 17	30 Jun 16
	$`000	$`000
Bank interest received and receivable	394	348
Other income	3	-
	397	348

Expenses

	30 Jun 17	30 Jun 16
	$`000	$`000
Loss for the year includes the following expenses:		
Non-cash share based payment expense	1,014	237
Other Employee Benefits	777	577
Operating lease rental expense	122	170

Note 3: 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.

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.

	30 Jun 17 $`000	30 Jun 16 $`000
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	(8,665)	(8,010)
Income tax benefit calculated at 30% (2016: 30%)	(2,600)	(2,403)
Non-deductible expenses	429	73
Tax losses and deferred tax balances not recognised	**2,171**	**2,331**
Income tax benefit reported in the statement of comprehensive income	-	-

	30 Jun 17 $`000	30 Jun 16 $`000
Unrecognised deferred tax balances		
Deferred tax assets compromise of:		
Tax losses carried forward	13,071	11,285
Impairment of financial assets	2,151	2,151
Other deferred tax balances	(217)	405
	15,005	13,841
Deferred tax liabilities compromise of:		
Exploration expenditure capitalised	1,536	1,366
Mine development	360	-
Other deferred tax balances	-	37
	1,896	1,403
Income Tax expense not recognised directly in equity during the year	297	371

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.

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.

Note 4: Segment Reporting

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

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

Based on the quantitative thresholds included in AASB 8, there is only one reportable segment, being Australia and one geographical segment, namely Western Australia.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

Note 5: 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.

	30 Jun 17	30 Jun 16
	cents	Cents
Basic loss per share	(4.67)	(5.06)
	$`000	$`000
Net loss for the period	(8,665)	(8,010)
	Number	Number
Weighted average number of ordinary shares for the purpose of basic loss per share	185,699,879	158,424,209

Note 6: 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.

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.

	30 Jun 17	30 Jun 16
	$`000	$`000
Cash at bank and on hand	1,966	1,236
Short-term deposits	9,629	19,008
	11,595	20,244

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	30 Jun 17	30 Jun 16
	$`000	$`000
Loss for the year after tax	(8,665)	(8,010)
Impairment of available-for-sale financial assets	-	3
Depreciation and amortization	60	60
Unwinding discount rate on mine closure provision	249	241
Equity settled share-based payments	1,014	237
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	39	(56)
Increase/(decrease) in liabilities:		
Trade and other payables	25	(18)
Provisions	90	28
Net cash used in operating activities	(7,188)	(7,515)

Note 7: Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 45 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

Trade and other receivables

	30 Jun 17	30 Jun 16
	$`000	$`000
Current Assets		
Goods and services tax recoverable	168	65
Other debtors	22	1
Prepayments and accrued income	32	191
	222	257
Non-Current Asset		
Other debtors - security bonds	58	60
	58	60

Note 8: Other 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.

Other Financial Assets

	30 Jun 17	30 Jun 16
	$`000	$`000
Non-Current		
Available-for-sale listed investments carried at fair value	121	121

Note 9: Joint Arrangements

Interest in joint arrangements – 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.

The Company and Sandfire formed a 30%:70% Joint Venture (with Sandfire acting as Joint Venture Manager) over the Company's Doolgunna Projects in December 2015, following Sandfire's sole funded expenditure of $15 million on the Doolgunna Projects. A Mining Joint Venture Agreement (MJVA) and an Exploration Joint Venture Agreement (EJVA) have also been executed between Talisman and Sandfire for the Joint Venture (collectively Joint Venture Agreements). The EJVA covers the ongoing exploration activities of the Doolgunna Joint Venture on the Joint Venture tenements and outlines the rights and obligations of the Joint Venture parties. The MJVA establishes the rights and obligations of the Joint Venture parties related to activities associated with the development, mining and ultimate decommissioning of mineral discoveries. The development and mining of Monty will operate under the terms of this MJVA.

Joint Venture expenditure is funded jointly by the Group and Sandfire on a 30%:70% basis in accordance with the Joint Venture Agreements. Following the delineation of the Monty maiden JORC 2012 Indicated and Inferred Mineral Resource of 1.05 million tonnes grading 9.4% copper and 1.6g/t gold[13] in April 2016, the Joint Venture commenced a feasibility study on an underground mining operation to extract high-grade ore via conventional stoping techniques. A Mining Lease Application (MLA) for Monty was submitted in July 2016 and was granted on the 30th March 2017. The detailed Monty feasibility study concluded development of the deposit is both technically and financially viable. Full details of the feasibility study and its key agreements can be found in the announcement and presentation released to the Australian Securities Exchange on 6 April 2017.

As a result of the Joint Venture Agreements, 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 subsequently farmed-into the Halloween West Project concurrently with the Springfield Projects. Sandfire acts as the Joint Venture Manager of the Halloween West Project.

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

[13] 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.

	30 Jun 17	30 Jun 16
	$`000	$`000
Investment in joint operations	7,110	3,858

Joint Operation	Principal activity	Country of incorporation	Ownership interest 2017	Ownership interest 2016
			%	%
Doolgunna Joint Venture	Copper and Gold	Australia	30%	30%
Halloween West Joint Venture	Copper and Gold	Australia	19%	19%

Summarised financial information

	30 Jun 17	30 Jun 16
	$ `000	$ `000
Statement of financial position		
Current Assets	2,315	1,448
Non-Current Assets	7,293	1,815
Total Asset	9,608	3,263
Current liabilities	1,761	781
Total Liabilities	1,761	781
Net Assets	**7,847**	**2,482**
Statement of comprehensive income		
Revenue	10	2
Exploration and evaluation	5,488	10,379
Total Comprehensive Loss	**(5,478)**	**(10,377)**
Reconcilation of summarised financial information to the carrying amount of the interest in associate		
Net assets of the associate	7,847	2,482
Carrying value of the Group's interest in associate	2,354	744

Note 10: 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.

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.

	Office furniture and equipment	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	$`000	$`000	$`000	$`000	$`000
Year ended 30 June 2017					
At 1 July 2016, net of accumulated depreciation	64	2	2,636	87	2,789
Additions	26	-	150	-	176
Disposals	-	-	-	-	-
Depreciation charge for the year	(31)	(1)	-	(28)	(60)
	59	1	2,786	59	2,905
Year ended 30 June 2016					
At 1 July 2015, net of accumulated depreciation	53	7	2,636	115	2,811
Additions	38	-	-	-	38
Disposals	-	-	-	-	-
Depreciation charge for the year	(27)	(5)	-	(28)	(60)
	64	2	2,636	87	2,789
At 30 June 2017					
Cost or fair value	626	26	2,786	276	3,714
Accumulated depreciation	(567)	(25)	-	(217)	(809)
Net carrying amount	59	1	2,786	59	2,905
At 30 June 2016					
Cost or fair value	600	26	2,636	276	3,538
Accumulated depreciation	(536)	(24)	-	(189)	(749)
Net carrying amount	64	2	2,636	87	2,789

The carrying value of plant and equipment held under finance lease and hire purchase contracts as at 30 June 2017 is nil (2016: nil).

Plant and equipment at a value of $150,484 was acquired during the financial year ended 30 June 2017 as part of the development of the Monty Cu-Au Project.

Note 11: Deferred 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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

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

	30 Jun 17	30 Jun 16
	$`000	$`000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	14,544	14,000
Carrying value of tenements sold	-	-
Expenditure capitalised	-	544
Transferred to mine development	(544)	-
	14,000	14,544
Exploration expensed as incurred	5,124	5,809
	5,124	5,809

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

	Life to date project expenditure expensed	Project Expenditure expensed in the period	Life to date project expenditure expensed	Project Expenditure expensed in the period
	30 Jun 17		30 Jun 16	
	$`000	$`000	$`000	$`000
Sinclair	4,175	2,824	1,351	2,425
Springfield [i]	26,622	2,214	24,408	3,376
Halloween West JV	587	-	587	4
Other Exploration Expenses	90	86	4	4
	31,474	5,124	26,350	5,809

[i] Includes the previous Halloween project

Note 12: Mine Properties and Development

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred in respect of areas of interest in which mining has commenced or in the process of commencing. When further development expenditure is incurred in respect of mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefits are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation is provided on a unit of production basis (other than restoration and rehabilitation expenditure detailed below) which results in a write off of the cost proportional to the depletion of the proven and probable mineral reserves.

Before the reclassification of Monty capitalised expenditure from exploration and evaluation expenditure to development expenditure, the Company assessed the future economic benefits to be received from the Monty Cu-Au Project using the principles in AASB 136 Impairment of Assets.

The recoverable amount estimation was based on the estimated value in use and was determined at the cash-generating unit level. The cash generating unit consist of the operating assets associated with the Monty project in Australia, which comprises of mine properties and development ($2.1 million) and plant and equipment ($0.2 million).

The recoverable amount of the project has been determined based on the value in use calculation using cash flow projections based on the financial forecast approved by senior management covering a 4 year period. The discount rate applied to cash flow projections is 8.0% real.

The net carrying value of each area of interest is reviewed regularly and to the extent to which this value exceeds its recoverable amount, the excess is either fully provided against or written off in the financial year in which this is determined.

The Group provides for environmental restoration and rehabilitation at each project site which includes any costs to dismantle and remove certain items of plant and equipment. The cost of an item includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs when an item is acquired or as a consequence of having used the item during that period. This asset is depreciated on the basis of the current estimate of the useful life of the asset.

In accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets an entity is also required to recognise as a provision the best estimate of the present value of expenditure required to settle the obligation. The present value of estimated future cash flows is measured using a current market discount rate.

Mine Development

	30 Jun 17	30 Jun 16
	$`000	$`000
Transfer from exploration and evaluation expenditure	544	
Cost	1,554	-
Accumulated depreciation/ amortisation	-	-
Carrying value as at 30 June 2017	2,098	-

Note 13: Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

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.

	30 Jun 17	30 Jun 16
	$`000	$`000
Software license		
Cost	41	-
Accumulated amortisation	-	-
Carrying value as at 30 June 2017	41	-

Note 14: Trade and Other Payables

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.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities accruing to employees in respect of wages and salaries, annual 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, 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.

Trade and Other Payables

	30 Jun 17	30 Jun 16
	$`000	$`000
Current		
Trade payables	618	309
Other payables	81	55
Employee benefits	146	100
	845	464

Note 15: Provisions

Employee benefits

The provision for employee benefits represents vested long service leave entitlements accrued.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Restoration and rehabilitation

A provision for restoration and rehabilitation 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 future restoration 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 restoration and rehabilitation 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.

	Employee Benefits	Restoration and rehabilitation
	$`000	$`000
Balance at beginning of financial year 2015/16	-	8,287
Unwinding and discount rate adjustment	-	249
Long service leave arising during the year	44	-
Balance at the end of financial year 2016/17	44	8,536

Note 16: Issued Capital

	30 Jun 17	30 Jun 16
	$	$
Ordinary shares		
Issued and fully paid	60,881,617	60,881,617

	30 Jun 17		30 Jun 16	
	Number	$	Number	$
Movements in ordinary shares on issue				
At 1 July	185,699,879	60,881,617	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	185,699,879	60,881,617

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

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Share Options

The Company has one share-based payment option scheme under which options to subscribe for the Company's shares have been granted to certain Directors, other key management personnel and all employees, refer Note 18.

Note 17: Reserves

Nature and purpose of reserves

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. The reserve can only be used to pay dividends in limited circumstances.

Share-based payments reserve

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration. Refer to Note 18 for further details of these plans.

Retained earnings and reserve

	30 Jun 17	30 Jun 16
	$`000	$`000
Accumulated Losses		
Balance at beginning financial year	(32,025)	(24,305)
Net loss for the year	(8,665)	(8,010)
Transfer on expiry of unexercised options	116	290
Balance at end of financial year	(40,574)	(32,025)
Reserves		
Asset revaluation reserve	14	14
Share-based payment reserve	1,293	394
Balance at end of financial year	1,307	408

Note 18: Share-Base Payment Plans

Employee Share Option Plan ("ESOP")

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.

The contractual life of each option granted is 2 to 5 years. There are no cash settlement alternatives.

The following options lapsed during the financial year:

Number	Grant date	Expiry date	Vesting date	Exercise price $	Fair value per option at grant date $	Number forfeited
562,500	25-Nov-13	31-Oct-16	26-May-14	$0.43	$0.04	(562,500)
562,500	25-Nov-13	31-Oct-16	25-Nov-14	$0.51	$0.04	(562,500)
562,500	25-Nov-13	31-Oct-16	26-May-15	$0.60	$0.04	(562,500)
562,500	25-Nov-13	31-Oct-16	25-Nov-15	$0.69	$0.03	(562,500)
150,000	05-Mar-15	30-Sep-16	11-Jul-15	$0.40	$0.07	(150,000)
175,000	05-Mar-15	30-Sep-16	12-Oct-15	$0.50	$0.06	(175,000)
175,000	05-Mar-15	30-Sep-16	12-Jun-16	$0.60	$0.06	(175,000)

The following options were cancelled and replaced with new options during the financial year:

Number	Grant date	Expiry date	Vesting date	Exercise price $	Fair value per option at grant date $	Number Cancelled
125,000	05-Dec-14	31-Oct-17	25-May-15	$0.41	$0.11	(125,000)
125,000	05-Dec-14	31-Oct-17	24-Nov-15	$0.49	$0.10	(125,000)
125,000	05-Dec-14	31-Oct-17	24-May-16	$0.56	$0.10	(125,000)
125,000	05-Dec-14	31-Oct-17	24-Nov-16	$0.64	$0.10	(125,000)
150,000	11-Aug-15	30-Jun-17	31-Dec-15	$0.90	$0.37	(150,000)
125,000	04-Apr-16	31-Mar-19	30-Sep-16	$0.80	$0.15	(125,000)
125,000	04-Apr-16	31-Mar-19	31-Mar-17	$0.90	$0.14	(125,000)
125,000	04-Apr-16	31-Mar-19	30-Sep-17	$0.95	$0.13	(125,000)
125,000	04-Apr-16	31-Mar-19	31-Mar-18	$1.00	$0.13	(125,000)

The following options were forfeited during the financial year:

Number	Grant date	Expiry date	Vesting date	Exercise price $	Fair value per option at grant date $	Forfeited
205,000	11-Nov-16	31-Oct-19	30-Jun-17	$0.52	$0.27	(205,000)
205,000	11-Nov-16	31-Oct-19	30-Jun-18	$0.56	$0.26	(205,000)
205,000	11-Nov-16	31-Oct-21	30-Jun-19	$0.62	$0.32	(205,000)
205,000	11-Nov-16	31-Oct-21	30-Jun-20	$0.66	$0.32	(205,000)

The following options were issued during the financial year:

Number	Grant date	Expiry date	Vesting date	Exercise price $	Fair value per option at grant date $	Issued during the year
1,755,000	11-Nov-16	11-Nov-16	31-Oct-18	$ 0.48	$ 0.23	1,755,000
1,755,000	11-Nov-16	30-Jun-17	31-Oct-19	$ 0.52	$ 0.27	1,755,000
1,755,000	11-Nov-16	30-Jun-18	31-Oct-19	$ 0.56	$ 0.26	1,755,000
1,755,000	11-Nov-16	30-Jun-19	31-Oct-21	$ 0.62	$ 0.32	1,755,000
1,755,000	11-Nov-16	30-Jun-20	31-Oct-21	$ 0.66	$ 0.32	1,755,000

The following share-based arrangements were in place at the end of the financial year:

Issuing entity	Grant Date	Expiry date of options	Number of shares under option	Exercise price of options	Fair Value	Vested Date
Talisman Mining Limited	05-Dec-14	31-Oct-17	625,000	$0.41	$0.11	25-May-15
Talisman Mining Limited	04-Mar-15	01-Mar-18	125,000	$0.40	$0.11	01-Sep-15
Talisman Mining Limited	05-Dec-14	31-Oct-17	625,000	$0.49	$0.10	24-Nov-15
Talisman Mining Limited	04-Mar-15	01-Mar-18	125,000	$0.50	$0.10	01-Mar-16
Talisman Mining Limited	04-Mar-15	01-Mar-18	125,000	$0.60	$0.10	01-Sep-16
Talisman Mining Limited	11-Nov-16	31-Oct-18	1,755,000	$0.48	$0.23	30-Jun-17
Talisman Mining Limited	11-Nov-16	31-Oct-19	1,550,000	$0.52	$0.27	30-Jun-18
Talisman Mining Limited	11-Nov-16	31-Oct-19	1,550,000	$0.56	$0.23	30-Jun-19
Talisman Mining Limited	11-Nov-16	31-Oct-21	1,550,000	$0.62	$0.32	30-Jun-20
Talisman Mining Limited	11-Nov-16	31-Oct-21	1,550,000	$0.66	$0.32	30-Jun-21
Talisman Mining Limited	04-Mar-15	01-Mar-18	125,000	$0.70	$0.09	01-Mar-17

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

	30 Jun 17		30 Jun 16	
	Number	$	Number	$
Movements in options over ordinary shares on issue				
At 1 July	5,650,000	395,389	7,250,000	448,632
Directors and employees remuneration	8,775,000	1,252,411	650,000	236,946
Unlisted options forfeited	(820,000)	(92,334)	-	-
Unlisted options cancelled	(1,150,000)	(146,185)	-	-
Unlisted options lapsed	(2,750,000)	(116,445)	(2,250,000)	(290,189)
At 30 June	9,705,000	1,292,836	5,650,000	395,389

The fair value of options granted during the year was $2,273,195 (2016: $123,987).

The fair value of the equity-settled share options granted under both the option and the loan 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	1	2	3	4	5
Exercise price	$ 0.48	$ 0.52	$ 0.56	$ 0.62	$ 0.66
Grant date share price (5 day VWAP)	$ 0.425	$ 0.425	$ 0.425	$ 0.425	$ 0.425
Expected volatility	113%	113%	113%	113%	113%
Risk-free interest rate	1.77%	1.77%	1.77%	1.77%	1.77%
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	2.00	3.00	3.00	5.00	5.00

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 share-based payment at 30 June 2017 is $930,326 (2016: $395,388).

Note 19: 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.

b. Categories of financial instruments

	$`000	$`000
Financial assets		
Cash and cash equivalents	11,595	20,244
Receivables	280	317
Available-for-sale investments	121	121
	11,996	20,682
Financial liabilities		
Trade and other payables	845	464
	845	464

Fair value of financial assets and liabilities

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

During the year, an assessment of the fair value of available-for-sale investments resulted in no loss recognised (2016: loss of $7,000) in the statement of comprehensive income in the line item "Net change in the fair value of available-for-sale financial assets" and no impairment (2016: $3,000) 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.

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 asset and 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
	$`000	$`000	$`000	$`000	$`000	$`000	$`000
2017							
Financial Assets							
Non-interest bearing	1,439	-	-	-	-	-	1,439
Variable interest rate	694	-	-	-	-	-	694
Fixed interest rate	4,549	5,080	-	-	-	-	9,629
	6,682	5,080	-	-	-	-	11,762
Financial Liabilities							
Non-interest bearing	700	-	146	-	-	-	846
Fixed interest rate	-	-	-	-	-	-	-
	700	-	146	-	-	-	846
2016							
Financial Assets							
Non-interest bearing	66	-	-	-	-	-	66
Variable interest rate	1,235	-	-	-	-	-	1,235
Fixed interest rate	18,360	586	-	164	-	-	19,109
	19,661	586	-	164	-	-	20,410
Financial Liabilities							
Non-interest bearing	362	-	100	-	-	-	463
Fixed interest rate	-	-	-	-	-	-	-
	362	-	100	-	-	-	463

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 $3,472 (2016: net loss reduced by $6,177).

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 and debt funding 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 2017 and 30 June 2016.

	Level 1 $`000	Level 2 $`000	Level 3 $`000	Total $`000
2017				
Assets				
Available-for-sale financial assets	121	-	-	121
2016				
Assets				
Available-for-sale financial assets	121	-	-	121

Note 20: Commitment 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 17 $`000	30 Jun 16 $`000
Exploration expenditure		
Within one year	2,849	2,368
After one year but not more than five years	9,929	8,637
Greater than five years	19,873	19,117
	32,651	30,122

If the Group decides to relinquish certain exploration tenements 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 1 years; and a motor vehicle operating lease with a term of 3 years. Future minimum rentals payable under non-cancellable operating leases are as follows:

	30 Jun 17 $`000	30 Jun 16 $`000
Non-cancellable operating lease commitments		
Within one year	117	131
After one year but not more than five years	177	23
Greater than five years	-	-
	294	154

Note 21: Related Party Disclosures

Other transactions with key management personnel

No member of the key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Details of key management personnel

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

Directors

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

Executives

Shaun Vokes	Chief Financial Officer/ Company Secretary	
Anthony Greenaway	General Manager – Geology	
Ben Wilson	General Manager – Project Development	(July 2016- May 2017)

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 17 $	30 Jun 16 $
Short-term employee benefits	1,240,742	1,022,155
Post-employment benefits	116,325	99,398
Other long-term benefits	44,367	41,792
Share-based payments (i)	1,066,578	83,447
Total key management personnel compensation	2,468,012	1,246,792

(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.

Note 22: Interest in Subsidiaries

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

		Equity Interest		Investment	
		2017	2016	2017	2016
Name	Country of Incorporation	%	%	$	$
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.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Details of transactions between the Group and other related entities are disclosed below.

Note 23: Parent Entity Disclosures

The financial information for the parent entity, Talisman Mining Limited, 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 are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Disclosures as at 30 June 2017 and for the year then ended in relation to Talisman Mining Limited as a single entity are noted below.

	30 Jun 17	30 Jun 16
	$`000	$`000
Assets		
Current assets	11,229	20,067
Non-current assets	396	330
Total assets	11,625	20,397
Liabilities		
Current liabilities	361	228
Non-current liabilities	-	-
Total liabilities	361	228
Net assets	11,264	20,169

	30 Jun 17	30 Jun 16
	$`000	$`000
Equity		
Issued capital	60,881	60,881
Asset revaluation reserve	14	14
Share based payment reserve	1,293	395
Retained earnings	(50,925)	(41,121)
Total equity	11,264	20,169

	Year ended	
	30 Jun 17	30 Jun 16
	$`000	$`000
Loss for the year	(9,803)	(8,748)
Net change in the fair value of available for sale financial assets	-	(7)
Total comprehensive loss	(9,803)	(8,755)

	30 Jun 17	30 Jun 16
	$`000	$`000
Exploration expenditure		
Within one year	-	184
After one year but not more than five years	-	460
Greater than five years	-	-
	-	835

Note 24: Auditor's Remuneration

The auditor of Talisman Mining Limited is HLB Mann Judd.

	30 Jun 17	30 Jun 16
	$	$
Agreed upon procedures and reporting thereon in relation to Sandfire Resource NL farm in spend on Springfield JV.	-	15,500
Preparation for Fringe Benefit Tax Return	2,000	-
Audit or review of the financial report	37,300	34,500
Total Remuneration of Auditors	39,300	50,000

Note 25: Subsequent Events

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 25 SEPTEMBER 2017

1. Number of holders of equity securities

a. Distribution of holders of equity securities

Range	Number of Holders	Fully paid ordinary shares
1 to 1,000	163	85,942
1,001 to 5,000	603	1,833,120
5,001 to 10,000	438	3,794,627
10,001 to 100,000	897	34,215,171
100,001 and over	218	145,771,019
	2,319	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 384 (holding a total of 453,601 shares) given a share value of $0.222 cents per share.

d. Substantial Shareholdings:

Ordinary Shareholders	Fully paid ordinary shares	
	Number	%
Mr Kerry Kyriakos Harmanis	33,564,138	18.07

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 12, QV1 Building
250 St Georges Terrace
Perth, Western Australia 6000

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	HARMAN NOMINEES PTY LTD	11,111,111	5.98
2	TYCHE HOLDINGS PTY LTD	6,400,001	3.45
3	NEON CAPITAL LTD	6,334,848	3.41
4	3RD WAVE INVESTORS LTD	6,000,000	3.23
5	GROSVENOR PIRIE MANAGEMENT LTD	5,600,000	3.02
6	ZERO NOMINEES PTY LTD	5,154,219	2.78
7	J P MORGAN NOMINEES AUSTRALIA LIMITED	4,284,022	2.31
8	HARMANIS HOLDINGS PTY LTD	4,117,575	2.22
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,922,182	2.11
10	TYCHE HOLDINGS PTY LTD	3,850,000	2.07
11	TYCHE HOLDINGS PTY LTD	3,510,000	1.89
12	HARMANIS HOLDINGS PTY LTD	3,080,451	1.66
13	BACK9 INVESTMENT MANAGEMENT PTY LTD	3,000,000	1.62
14	NATIONAL NOMINEES LIMITED	2,943,793	1.59
15	BNP PARIBAS NOMINEES PTY LTD	2,772,772	1.49
16	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	2,644,583	1.42
17	INVESTMENT HOLDINGS PTY LTD	2,500,000	1.35
18	JAYLEAF HOLDINGS PTY LTD	2,191,296	1.18
19	SIREB PTY LTD	1,904,464	1.03
20	MRS JASMINE KAILIS	1,563,000	0.84
		82,884,317	44.63

7. Unquoted equity securities

Class	Exercise Price $		Expiry Date	Number	Number of holders
Unlisted options	$	0.41	31-Oct-17	625,000	1
Unlisted options	$	0.49	31-Oct-17	625,000	1
Unlisted options	$	0.40	01-Mar-18	125,000	1
Unlisted options	$	0.50	01-Mar-18	125,000	1
Unlisted options	$	0.60	01-Mar-18	125,000	1
Unlisted options	$	0.70	01-Mar-18	125,000	1
Unlisted options	$	0.48	31-Oct-18	1,755,000	14
Unlisted options	$	0.52	31-Oct-19	1,550,000	12
Unlisted options	$	0.56	31-Oct-19	1,550,000	12
Unlisted options	$	0.62	31-Oct-21	1,550,000	12
Unlisted options	$	0.66	31-Oct-21	1,550,000	12

All options have no voting rights.

8. On-market buy back

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

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