



Talisman Mining Limited

ABN 71 079 536 495

**Financial report for the half-year ended
31 December 2013**

Corporate Directory

Board of Directors

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

Company Secretary

Mr Daniel Madden (ICAEW and GAA)

Registered & Principal Office

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

Auditors

HLB Mann Judd
Level 4, 130 Stirling Street
Perth, Western Australia 6000

Share Registry

Link Market Services
Ground Floor, 178 St Georges Terrace
Perth, Western Australia 6000
Telephone + 1300 554 474

Securities Exchange Listing

Australian Securities Exchange Limited
Level 8, Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: TLM

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Directors' Report

The directors of Talisman Mining Limited (the Company) submit the financial report of the consolidated entity (referred to hereafter as the Group) for the half-year ended 31 December 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

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

Principle Activities

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

Review of Operations

Doolgunna Projects

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

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

The key commercial terms of the Letter Agreement are as follows:

- Sandfire has the right to earn a 70% ownership interest in Talisman's interests in the Doolgunna Copper-Gold Projects by spending \$15 million on exploration across the Doolgunna Projects within 5½ years of the date of the Letter Agreement, subject to any statutory approvals that may be required.
- Sandfire has a minimum expenditure commitment of \$5 million within the first two years before it can elect to either:
 - i. withdraw from the agreement with no further commitment and no project equity interest; or
 - ii. spend an additional \$5 million (for a total of \$10 million) within a further 2-year period (total 4 years) in order to earn a 51% interest in the Doolgunna Copper-Gold Projects (First Interest).
- After Sandfire acquires the First Interest, a Joint Venture will be formed between Sandfire and Talisman, with Sandfire holding a 51% interest and Talisman a 49% interest, in Talisman's current rights and interests in Talisman's Doolgunna Copper-Gold Projects.
- At that time Sandfire then has the option to sole fund a further \$5 million (for a total of \$15 million) on exploration expenditure within a further 18 month period in order to acquire a further 19% (Second Interest) in Talisman's current rights and interests in Talisman's Doolgunna Copper-Gold Projects, thereby taking its total interest to 70%.

- If Sandfire gives a notice ceasing sole funding prior to acquiring the Second Interest it shall be deemed to have earned a 51% interest (with Talisman retaining a 49% interest) and the exploration joint venture will then be operated on a pro rata contributing basis or under standard industry dilution terms.
- Should Sandfire elect to earn the Second Interest by spending a minimum of \$15 million in total and thereby hold a 70% joint venture interest, Talisman will have the right to maintain its 30% interest by contributing to exploration expenditure on a pro rata basis or dilute under industry standard terms.
- Sandfire will manage all exploration activities during the farm-in period.
- Sandfire's right to farm into Talisman's joint venture rights over the Halloween West Project is subject to the terms of the existing joint venture arrangements (with Chrysalis Resources Limited - ASX: CYS) in respect of that Project.

Springfield Project

Work undertaken during the half-year prior to the execution of the Letter Agreement with Sandfire involved the completion of several new phases of exploration as part of a multi-pronged strategy targeting VHMS and structurally controlled copper-gold mineralisation.

Activities included first phase soil sampling programs along the Jenkin Fault Zone across a target area identified as being prospective for Mt Isa-style, structurally controlled copper-gold mineralisation as well as an in-fill RAB drilling programme at the Lovejoy prospect also along the Jenkin Fault Zone.

At the Homer Prospect an ultra-detailed gravity survey was completed across the Homer Volcanic sequence to assist in defining key VHMS target horizons along strike from the DeGrussa copper-gold mine.

Halloween Copper-Gold Project

Previous RC and diamond drilling conducted by Talisman intersected structurally-controlled high-grade gold, silver and copper intercepts associated with a thickened volcano-sedimentary host unit. Rehabilitation of these previous ground disturbing activities was completed at Halloween along with the assessment of previous exploration results

Halloween West JV Copper-Gold Project (60% Talisman, 40% Chrysalis Resources Limited)

During the half year Talisman completed detailed soil sampling programmes designed to test for the surface expression of copper-gold mineralization across the western extension of the Halloween VMS target horizon and a malachite-bearing (secondary copper) sedimentary horizon in the east of the tenement.

In addition, the Company completed a program of geological mapping over the target horizons to identify and better define possible geological controls on potential mineralization.

Milgun Project

The Milgun Project covers a potential northern outlier of the Bryah Basin and is interpreted to be located within a tectonically uplifted block of Bryah basement rocks. It is interpreted that basement uplift is an effective mechanism for focused fluid flow and possible copper-gold and gold mineralisation.

No field activities were conducted during the half year however, an assessment of the Project's gold potential commenced.

During the half-year the Company undertook a rationalisation of the Project and relinquished the non-core tenements E52/2689 and E52/2691 thereby reducing annual exploration expenditure requirements whilst retaining the core tenements in the Project.

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

Three priority Electromagnetic (EM) drill targets were identified from a detailed Fixed Loop Electromagnetic (FLEM) survey at the Kerba nickel-copper prospect at Livingstone. These targets were coincident in part with a coherent 1.8km long Ni-Cu-Pt-in-soil anomaly over an interpreted Proterozoic-aged mafic-ultramafic intrusion

A Reverse Circulation (RC) drill programme was completed across these targets during the half year to test for the presence of nickel sulphide mineralization and to establish a platform for deeper down-hole electromagnetic (DHEM) surveying.

This drilling intersected high-magnesium ultramafic-mafic rock types with potential to host magmatic Ni-Cu-PGE sulphide mineralisation. Visible sulphides were observed including trace amounts of nickel sulphide (pentlandite) and widespread disseminated copper sulphide (chalcopyrite) and strong Ni-Cu enrichment was encountered in weathered rocks above Ni-Cu-sulphide bearing host rocks.

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

The Muddawerrie Project comprises two mineralised trends, Mt Maitland and Muddawerrie, which extend for 6km along the western and eastern sides of the project area respectively. A reconnaissance site visit was undertaken during the half year to field check several gold anomalies generated by previous soil sampling campaigns

Shelby Project (Iron-Oxide-Copper-Gold)

Previous drilling at the Shelby Project identified strong IOCG-style magnetite alteration (and minor chalcopyrite) associated with ultra-mafic intrusions beneath younger cover. A review of the Northern Marymia margin along the north-eastern portion of the Shelby Project was completed during the half year.

Areas of structural complexity are evident along this portion of the Marymia margin which elevates the potential for this broad area to host structurally-controlled copper mineralisation. As part of this ongoing review, a field reconnaissance visit was conducted.

Future developments

Exploration of the Doolgunna Projects will continue during the second half of the financial year under the Joint Venture agreement with Sandfire, along with identification and assessment and potential acquisition of new exploration projects. Talisman will also continue to explore its West Australian tenement areas of interest for minerals.

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

Financial Performance and Financial Position

During the half-year the Group reported an operating loss after tax of \$663,618 (half-year to 31 December 2012: loss after tax \$2,816,731).

As at 31 December 2013 the Group had net assets of \$48,109,041 (30 June 2013: \$47,551,616) including \$17,350,842 of cash and cash equivalents (30 June 2013: \$19,472,656).

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

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

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 31 December 2013.

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



.....
Gary Lethridge
Managing Director
11 March 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Talisman Mining Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
11 March 2014

M R W Ohm
Partner

Condensed Consolidated Statement of Comprehensive Income For the Half-Year Ended 31 December 2013

	Note	Half year to 31-Dec-13 \$	Half year to 31-Dec-12 \$
Continuing operations			
Other income	2	368,756	943,540
Employee benefits expense	2	(306,314)	(768,809)
Exploration expenditure expensed as incurred		(204,675)	(2,558)
Impairment of exploration expenditure		(243,463)	-
Occupancy expenses		(151,819)	(148,364)
Administrative expenses		(116,027)	(237,428)
Depreciation and amortisation expense		(67,952)	(86,880)
Disposal of fixed assets		(29,955)	-
Impairment of available-for-sale financial assets		-	(2,392,500)
Loss before income tax		(751,449)	(2,692,999)
Income tax benefit/(expense)		87,831	(123,732)
Loss after tax from continuing operations		(663,618)	(2,816,731)
Net loss for the period		(663,618)	(2,816,731)
Other comprehensive (loss)/income, net of income tax			
<i>Items that may be reclassified to profit or loss</i>			
Net change in the fair value of available-for-sale financial assets		1,173,500	-
Other comprehensive (loss)/income for the period, net of tax		1,173,500	-
Total comprehensive (loss)/income for the period		509,882	(2,816,731)
Loss per share:			
		Cents	Cents
Basic loss per share (cents per share)		(0.50)	(2.14)
Diluted earnings per share (cents per share)		n/a	n/a

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position As at 31 December 2013

	Note	31-Dec-13 \$	30-Jun-13 \$
Assets			
Current Assets			
Cash and cash equivalents		17,350,842	19,472,656
Trade and other receivables		420,261	416,608
Total Current Assets		17,771,103	19,889,264
Non-Current Assets			
Receivables		70,184	70,184
Other financial assets		1,709,000	535,500
Property, plant and equipment		305,540	404,446
Deferred exploration and evaluation expenditure	3	31,591,044	30,245,441
Total Non-Current Assets		33,675,768	31,255,571
Total Assets		51,446,871	51,144,835
Liabilities			
Current Liabilities			
Trade and other payables		170,872	335,559
Employee benefits		112,810	115,682
Total Current Liabilities		283,682	451,241
Non-Current Liabilities			
Deferred tax liabilities		3,054,148	3,141,978
Total Non-Current Liabilities		3,054,148	3,141,978
Total Liabilities		3,337,830	3,593,219
Net Assets		48,109,041	47,551,616
Equity			
Issued capital	4	37,404,278	37,404,278
Reserves		2,940,336	3,003,293
Retained earnings		7,764,427	7,144,045
Total Equity		48,109,041	47,551,616

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity For the Half-Year Ended 31 December 2013

	Issued Capital \$	Retained Earnings \$	Asset Revaluation Reserve \$	Share-based Payments Reserve \$	Total Equity \$
Balance at 1 July 2012	37,404,278	10,166,605	-	4,131,385	51,702,268
Loss for the period	-	(2,816,731)	-	-	(2,816,731)
Net change in fair value of available-for-sale financial assets	-	-	-	-	-
Total comprehensive loss for the period	-	(2,816,731)	-	-	(2,816,731)
Shares issued during the half-year	-	-	-	-	-
Recognition of share-based payments	-	-	-	-	-
Transfer on exercise of options	-	-	-	365,486	365,486
Unlisted options lapsing	-	207,900	-	(207,900)	-
Balance at 31 December 2012	37,404,278	7,557,774	-	4,288,971	49,251,023
Balance at 1 July 2013	37,404,278	7,144,045	-	3,003,293	47,551,616
Loss for the period	-	(663,618)	-	-	(663,618)
Net change in fair value of available-for-sale financial assets	-	-	1,173,500	-	1,173,500
Total comprehensive loss for the period	-	(663,618)	1,173,500	-	509,882
Recognition of share-based payments	-	-	-	47,543	47,543
Unlisted options lapsing	-	1,284,000	-	(1,284,000)	-
Balance at 31 December 2013	37,404,278	7,764,427	1,173,500	1,766,836	48,109,041

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows For the Half-Year Ended 31 December 2013

	Half year to 31-Dec-13 \$	Half year to 31-Dec-12 \$
Cash flows from operating activities		
Payments to suppliers and employees	(552,732)	(582,649)
Interest received	399,514	683,375
Net cash used in operating activities	(153,218)	100,726
Cash flows from investing activities		
Proceeds from sale of mining tenements	-	550,000
Proceeds from property, plant and equipment	-	-
Payments for property, plant and equipment	(816)	(12,440)
Payments for exploration and evaluation expenditure	(1,967,780)	(7,086,883)
Net cash used in investing activities	(1,968,596)	(6,549,323)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Net cash provided by financing activities	-	-
Net decrease in cash held	(2,121,814)	(6,448,597)
Cash and cash equivalents at the beginning of the period	19,472,656	28,302,155
Cash and cash equivalents at the end of the period	17,350,842	21,853,558

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2013

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Talisman Mining Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

Accounting policies and methods of computation

In the half-year ended 31 December 2013, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

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

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

Significant accounting judgments and key estimates

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

Except as described below, in preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2013.

In the half-year ended 31 December 2013, management reassessed its estimates in respect of:

Carrying value of exploration expenditure

The Company performed a detailed review of its exploration tenements at period end to determine whether the related expenditure should continue to be capitalised under AASB 6 or impaired. No expenditure was determined by management review as being required to be impaired.

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2013

NOTE 2: LOSS BEFORE INCOME TAX EXPENSE

	Half year to 31-Dec-13	Half year to 31-Dec-12
	\$	\$

The following revenue and expense items are relevant in explaining the financial performance for the half-year:

Other Income:

Bank interest receivable	356,756	625,236
Profit from sale of Anticline and Tom Price projects	-	318,304
Other income	12,000	-
	<u>368,756</u>	<u>943,540</u>

Employee benefits expense:

Share based payment expense	<u>(47,543)</u>	<u>(365,486)</u>
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NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half year to 31-Dec-13	Year to 30-Jun-13
	\$	\$

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

Exploration and evaluation phase – at cost

Balance at beginning of period	30,245,441	22,440,304
Carrying value of tenements sold	-	(231,696)
Expenditure incurred	<u>1,589,066</u>	<u>8,036,833</u>
	<u>31,834,507</u>	<u>30,245,441</u>
Expenditure written off	<u>(243,463)</u>	<u>-</u>
	<u>31,591,044</u>	<u>30,245,441</u>

During the half year period the Company wrote off \$243,463 of historical costs carried forward on tenements E52/2689, E52/2690 and E52/2691 within the Company's 100% owned Milgun Project (E52/2690 was relinquished in January 2014).

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2013

NOTE 4: ISSUED CAPITAL

	31-Dec-13	30-Jun-13
	\$	\$
Ordinary shares		
Issued and fully paid	37,404,278	37,404,278

	Half year to 31/12/2013		Year to 30/06/2013	
	No.	\$	No.	\$
Movements in ordinary shares on issue				
Opening balance	131,538,627	37,404,278	131,538,627	37,404,278
Closing balance	131,538,627	37,404,278	131,538,627	37,404,278

NOTE 5: OPTIONS

	Half year to 31/12/2013		Year to 30/06/2013	
	No.	\$	No.	\$
Movements in options over ordinary shares on issue				
Opening balance	8,800,000	3,003,293	15,150,000	4,131,385
Directors' remuneration	1,250,000	40,793	-	412,403
Employees' remuneration	1,000,000	6,750	200,000	95,165
Transfer on exercise of unlisted options	-	-	-	-
Unlisted options lapsing	(2,000,000)	(1,284,000)	(6,550,000)	(1,635,660)
Closing balance	9,050,000	1,766,836	8,800,000	3,003,293

NOTE 6: SHARE BASED PAYMENTS

In November 2013, 1,000,000 share options were issued to executives under the approved Employee Share Option Plan and 1,250,000 share options were granted to directors following approval by shareholders at the Company's Annual General Meeting.

The fair value of options granted was determined using a Black & Scholes pricing model. The following table lists the inputs to the model for options granted during the six months ended 31 December 2013:

Inputs into model				
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected volatility (%)	121%	121%	121%	121%
Risk-free interest rate (%)	3.04%	3.04%	3.04%	3.04%
Expected life of option (yrs)	3.0	3.0	3.0	3.0
Exercise price	\$ 0.43	\$ 0.51	\$ 0.60	\$ 0.69
Grant date share price	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
Fair value	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.03

Notes to the Condensed Consolidated Financial Statements For the Half-Year Ended 31 December 2013

NOTE 7: FINANCIAL INSTRUMENTS

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

Fair Values

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

Fair value hierarchy

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

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

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2013 and 31 December 2012.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31-Dec-13				
<i>Assets</i>				
Available-for-sale financial assets	1,709,000	-	-	1,709,000
31-Dec-12				
<i>Assets</i>				
Available-for-sale financial assets	1,719,000	-	-	1,719,000

NOTE 8: SEGMENT REPORTING

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

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

NOTE 9: CONTINGENT LIABILITIES

In the opinion of the Directors there are no contingent liabilities or assets as at 31 December 2013 and no contingent liabilities or assets were incurred in the interval between the period end and the date of this report.

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

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

Directors' Declaration

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

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year then ended; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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


.....
Gary Lethridge
Managing Director
11 March 2014

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Talisman Mining Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Talisman Mining Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2013, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants



M R W Ohm
Partner

Perth, Western Australia
11 March 2014