ANNUAL REPORT
2019

TALISMAN
MINING LIMITED


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CORPORATE DIRECTORY

DIRECTORS

Mr Jeremy Kirkwood	Non-Executive Chairman
Mr Daniel Madden	Managing Director
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director
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ASX Code: TLM

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LETTER FROM THE CHAIRMAN

Dear Talisman Shareholder,

I am pleased to present to you Talisman Mining Limited's Annual Report for the 2019 Financial Year.

During the past year your Company has achieved much, especially the sale of its 30% share in the Doolgunna Project Joint Venture (Doolgunna JV) to our joint venture partner Sandfire Resources NL.

The sale provided Talisman with a gross headline A$72.3 million cash payment (before debt repayments and transaction costs). This outcome reflected the full realisation of Talisman's share of the Monty Copper-Gold Project's value based on the current mine plan, whilst retaining exposure to any future upside from additional production or discovery via a perpetual 1% Net Smelter Return royalty across the broader joint venture ground.

By realising this value for shareholders immediately prior to completion of development, we were able to avoid the risks associated with a start-up mining operation and distribute A$40.8 million to shareholders by way of a fully franked dividend and a return of capital.

Talisman shareholders were left with an appropriately capitalised company leveraged to potential value from our exploration and development assets across the Lachlan Copper-Gold Project (Lachlan Project) and Lucknow Gold Project (Lucknow Project) in NSW and the Sinclair Nickel Project (Sinclair Project) in Western Australia.

The Lachlan Project, where we control a land package of more than 3,000km^2 prospective for copper-gold, gold and base metal deposits, is a key feature of our growth strategy. This low-cost entry gives us a fantastic opportunity to once again generate value.

Our team is adopting a methodical approach to exploration in NSW to ensure targets are identified and properly tested in a cost-effective manner. Following a comprehensive geological and exploration review completed in January 2019, a large number of exploration targets have been identified that are considered to have the potential to host significant gold or base metal mineralisation and warrant further exploration activities.

At the Blind Calf Prospect – the most advanced of our targets in NSW – reverse circulation drilling has continued to return good widths of high-grade copper. Results from the drill programs undertaken during the year have provided us with the confidence to undertake a campaign of deeper drilling designed to extend the known high-grade copper mineralisation at depth and further unlock what may be a significant high-grade copper system.

Methodical and systematic exploration across earlier stage targets in the second half of the financial year has ensured we have been able to strengthen the pipeline of high-potential exploration opportunities, including the identification of multiple new zones of anomalous high-grade gold-in-soil targets. Many of these targets are scheduled for drill testing in the first half of the 2020 Financial Year.

The continued success of the Company's exploration programs validates Talisman's methodical approach and highlights the outstanding prospectivity of the Lachlan Project for the discovery of multiple mineralisation types and styles.

During the period we continued to undertake disciplined, targeted and cost effective exploration at the Sinclair Project and published a maiden Mineral Resource estimate for the Sinclair Project based on remnant nickel mineralisation adjacent to existing mine workings and extensional nickel mineralisation at depth. Subsequent to the end of the period, Talisman entered into a binding agreement to divest the Sinclair Project to Saracen Mineral Holdings Limited for $10 million cash and a 2% Net Smelter Return (NSR) royalty from any future metal production from the Sinclair Project tenements and any future base metal production from Saracen's Waterloo Nickel Project. The disposal provides certainty of value through the upfront cash payment and exposure to any potential future metal production from the royalties. It also removes approximately $2 million in annual commitments plus a $9 million environmental liability associated with the Sinclair Project.

Consistent with our long-term growth strategy, we continue to evaluate new gold and base metal project opportunities in Australia that we believe represent an attractive opportunity for Talisman. Subsequent to the end of the 2019 Financial Year we entered into a farm-in for the Lucknow Gold Project in NSW, one of the earliest goldfields to be mined commercially in Australia. Historic production records for Lucknow are incomplete, however in excess of 400,000 ounces of gold has reportedly been produced at very high grades of 100 to 200 g/t Au[1]. Minimal modern exploration has been completed outside of the existing mine workings and we intend to complete a program of geochemical surface sampling and mapping ahead of drill testing potential down plunge extensions of the high-grade gold shoots and repeat mineralised structures.

In summary, the 2019 Financial Year was a period of great achievement for Talisman. Your Board and Management have consistently applied a value-based framework to its key decisions and placed the business in a position from where it has considerable potential to grow strongly in the coming years, underpinned by a solid cash position.

I thank Talisman's management team, my fellow Board members, contractors and consultants for their considerable efforts throughout the 2019 Financial Year.

I would also like to acknowledge the support of our shareholders in the Company's activities. On behalf of the Board we will continue to be focussed on generating value for your investment.

Yours faithfully,

Jeremy D. Kirkwood

Jeremy Kirkwood
Chairman

1 NSW DIGS report, First Annual Exploration Report EL5770, 2001 - R00030162

REVIEW OF OPERATIONS

OVERVIEW

The past twelve months saw significant activity both on-ground with active exploration programs throughout the year and transactionally with the sale of Talisman Mining Limited's ("Talisman" or the "Company") 30% interest in the Doolgunna Project Joint Venture (the "Joint Venture") to Sandfire Resources NL ("Sandfire").

In August 2018 the Company reached agreement with Sandfire, to sell to Sandfire it's 30% share of the Joint Venture for A$72.3 million less the amounts owing under the Company's financing arrangements with Taurus Mining Finance Fund ("Taurus"). The sale transaction included the granting to the Company of an uncapped and perpetual 1% net smelter return royalty applying to 100% of all contained copper and gold in ore mined and sold from within the area of the Joint Venture tenements above the respective contained metal levels in the Monty Copper-Gold Mine ("Monty") mine plan based on the Monty Feasibility Study released in April 2017. As a result of the transaction Talisman returned cash of 22 cents per share ($40.8 million) to shareholders from the proceeds by way of fully franked special dividend and a return of part of the paid-up share capital of the Company via an equal capital reduction.

The Company continued to expand its exploration activities in the highly prospective eastern Lachlan Fold Belt in New South Wales ("NSW") where it now controls over 3,000km^2 of exploration tenure through 100% owned ground, farm-in arrangements and joint ventures (the "Lachlan Cu-Au Project").

On-ground exploration activities included reconnaissance work at multiple early stage targets involving geological mapping, systematic geochemical sampling (via auger drilling and soil sampling programs) and aeromagnetic surveys whilst reverse circulation ("RC") drilling campaigns were completed at a number of more advance targets. The main focus of the RC drill campaigns was at the advanced Blind Calf Prospect where wide, high-grade copper results continue to be intercepted as the Company progresses to unlock what may be a significant high-grade copper system.

Subsequent to the year end Talisman entered into a farm-in agreement on the Lucknow Gold Project ("Lucknow") in NSW. Lucknow is one of the earliest goldfields to be mined commercially in Australia and has had minimal modern exploration completed outside of the existing mine workings. Talisman intends to complete a program of geochemical surface sampling and mapping prior to drill testing potential down plunge extensions of the high-grade gold shoots and repeat mineralised structures.

At the Sinclair Nickel Project ("SNP"), the Company continued its strategy of completing staged, cost effective and meaningful exploration focused on the identification of additional shallow nickel sulphide mineralisation. Subsequent to the year end, Talisman entered into a binding agreement to divest the SNP to Saracen Mineral Holdings Limited ("Saracen") for $10 million cash and a 2% Net Smelter Return royalty from any future metal production from the SNP tenements and any future base metal production from Saracen's Waterloo Nickel Project.

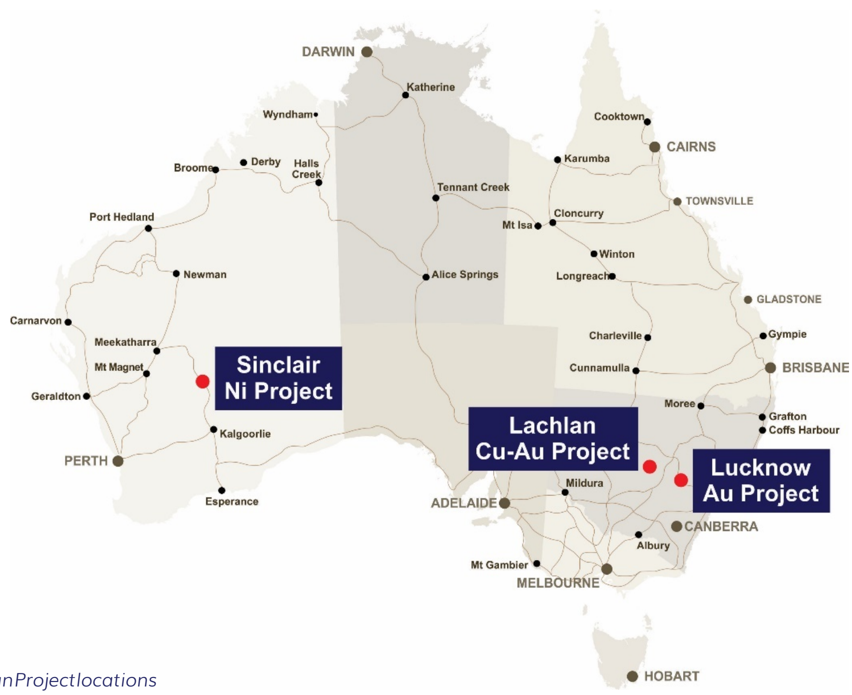

Figure 1: Talisman Project locations

DOOLGUNNA COPPER-GOLD PROJECT (JOINT VENTURE WITH SANDFIRE RESOURCES NL)

On 8 August 2018 Talisman signed a conditional Share Sale Agreement with Sandfire for Sandfire to acquire Talisman A Pty Ltd ("Talisman A"), the subsidiary which held Talisman's 30% interest in the Joint Venture ("Share Sale Agreement"). Key terms of the Share Sale Agreement included:

- Talisman to receive net cash from Sandfire equal to \$72.3 million less the amounts to be paid at completion to Taurus by Sandfire on behalf of:
  - Talisman A, to repay debt owed at completion by Talisman A (to the extent Talisman A's cash reserves at completion were insufficient) under the Taurus loan facility ("Loan Facility"); and
  - Talisman, equal to the amount owed at completion by Talisman under the Taurus working capital facility announced on 28 June 2018 ("Working Capital Facility").
- Sandfire to assume, via its acquisition of Talisman A, an amended form of the existing 2.25% gross revenue royalty held by Taurus over Talisman's 30% share of Monty production.
- Talisman A's budgeted capital contributions to the Joint Venture, including for development of Monty, to be funded by Sandfire for the period from 5 June 2018 to completion.
- Talisman to retain an ongoing 1% Net Smelter Return royalty ("NSR Royalty") payable on 100% of any copper and gold extracted from the Joint Venture tenure above the Monty mine plan.

The Share Sale Agreement was conditional on Talisman shareholders approving the proposed transaction which occurred on 4 October 2018. Completion of the Talisman A share sale transaction subsequently occurred on 12 October 2018. As a result of transaction completion, Talisman received net proceeds of \$58.15 million from Sandfire (after the repayment of the Loan Facility and Working Capital Facility) and the NSR Royalty.

In December 2018, Talisman paid a fully franked special dividend of 6.375 cents per share (total of \$11.8 million) to all shareholders from the proceeds of the Share Sale Agreement. Additionally, on 8 March 2019, Talisman paid a further 15.625 cents per share (total of \$29 million) to Talisman shareholders via a return of part of the paid-up share capital of the Company through an equal capital reduction in accordance with sections 256B and 256C of the Corporations Act ("Capital Return"). After making the Capital Return, Talisman returned cash of 22 cents per share (\$40.8 million) to shareholders from the proceeds received on completion of the Share Sale Agreement.

LACHLAN COPPER-GOLD PROJECT

The Lachlan Cu-Au Project area covers 3,181km^2 of exploration tenure including an extensive strike extent along the Gilmore suture *(Figure 2)*. It is considered that this area has the potential to host a variety of deposit types including low sulphation epithermal gold and base metal deposits (similar to the Mineral Hill deposit), structurally controlled gold deposits (similar to the Mt Boppy deposit), structurally controlled copper deposits (similar to the Blind Calf deposit), Cobar style gold and base metal deposits, as well as skarn deposits.

During the year, Talisman commenced a comprehensive geological and exploration review of the Lachlan Cu-Au Project which examined the potential mineralising systems that have created the extensive gold and base metal occurrences within the Lachlan Cu-Au Project area. The review was completed in January 2019 and encompassed the datasets generated by Talisman from its first year of work programs, additional geological information obtained from external sources, other historical exploration data and mineral deposit models applicable to the Lachlan Fold Belt.

Large-scale structures in the area such as the Rookery Fault and the Gilmore Suture have played an important role in the development of the Cobar super basin, as well as providing pathways for mineralising fluids and the formation of mineral deposits. Typically, the large-scale deposits and numerous mineral occurrences within the region have a strong spatial correlation with these large-scale structures.

The Company has identified multiple exploration targets that are considered to have the potential to host significant gold or base metal mineralisation and warrant further exploration activities. Targets are classified depending on corroborating geological information into 5 stages:

- **Stage 1** Conceptual Targets.
- **Stage 2** Prospect areas with anomalies defined from surface sampling programs.
- **Stage 3** Prospect areas with known gold or base metal mineralisation intersected in drilling with coincident surface geochemical anomalism.
- **Stage 4** Prospect areas with economic grade mineralisation and/or economic width intersection.
- **Stage 5** Prospect areas with economic grade and width mineralisation that are subject to targeted resource drilling.

On ground exploration activities during the year were focused on testing a number of these targets and incorporated:

- further regional geochemical sampling (auger/ soils);
- infill and extension sampling;
- regional airborne and ground based geophysical surveys;
- first pass RC drill testing of new targets; and
- follow up RC drill testing of existing targets.

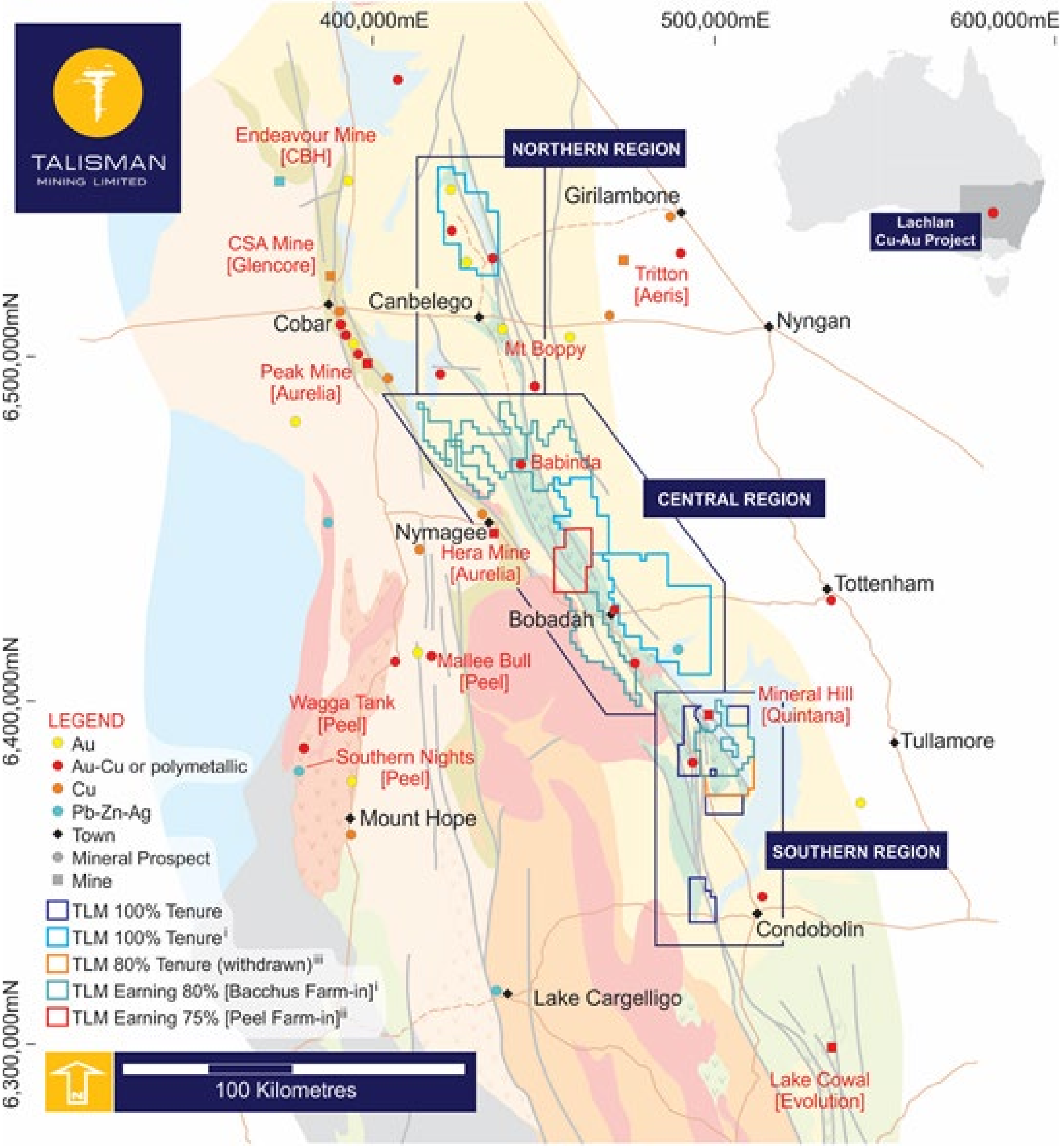

Figure 2: Lachlan Copper-Gold Project tenure and simplified geology.

(i) As previously announced to the ASX[2], Haverford Holdings Ltd (Haverford), a 100% owned subsidiary of Talisman, has entered into a Farm-In Agreement (Farm-in) with Bacchus Resources Pty Ltd (Bacchus) over certain Lachlan Cu-Au Project tenements.

In accordance with the terms of the Farm-in:

- Haverford can earn up to a 80% interest in the Bacchus Tenements (EL8547, EL8571, EL8638, EL8657, EL8658 and EL8680) by sole funding $2.3M of on-ground exploration expenditure over four years; and
- Should Haverford earn an interest in the Bacchus Tenements, Bacchus is entitled to receive a 20% interest in the Haverford Tenements (EL8615, EL8659 and EL8677).
- Should Haverford not earn an interest in the Bacchus Tenements, Bacchus may elect to take a 20% interest in the Haverford Tenements.
- Should Haverford earn into the Bacchus Tenements, a formal joint venture will be entered into which provides that Bacchus will be free carried for 10% of its joint venture interest until a decision to mine. Post a decision to mine, Bacchus can then elect whether to contribute or not, if Bacchus elects not to contribute, Haverford shall acquire Bacchus' interest in the joint venture for 95% of fair value as agreed by the joint venture participants.

(ii) As previously announced to the ASX[3], Haverford has entered into a Farm-In Agreement (Farm-in) with Peel Mining Limited (ASX:PEX) over PEX's Mt Walton (EL8414) and Michelago (EL8451) Projects (collectively the Peel Tenements). In accordance with the terms of the Farm-in, Haverford can earn up to a 75% interest in the Peel Tenements by sole funding $0.7M of on-ground exploration expenditure over five years.

(iii) Talisman and its subsidiary Haverford entered into a joint venture with Bacchus in relation to EL8814. Talisman and Haverford have given notice to withdraw from this joint venture and are progressing with the transfer of their joint venture interest to Bacchus. Haverford will continue to be the registered holder of EL8814 until this process has been completed.

2 Refer Talisman ASX announcement "Further NSW Gold and Base Metals Tenure Secured" 09 January 2018.
3 Talisman ASX announcement "AGM Presentation" 23 November 2017.

BLIND CALF PROSPECT (EL8719)

The Blind Calf Prospect area is a high priority advanced stage drill target with high grade copper mineralisation.

Drilling by Talisman and prior explorers has shown the Blind Calf-Dunbars system to be a copper bearing sheared quartz lode, extending along strike for approximately 300m and to a depth of over 200m. Drilling has also identified a zone of high-grade copper mineralisation (+5% Cu) within the main lode system that remains open and untested at depth, down dip and plunge. Drilling in the first half of the year was aimed at testing down dip from previously reported high-grade copper mineralisation and intersected strongly altered volcanic lithologies, with quartz veining and logged copper sulphide mineralisation (chalcopyrite).

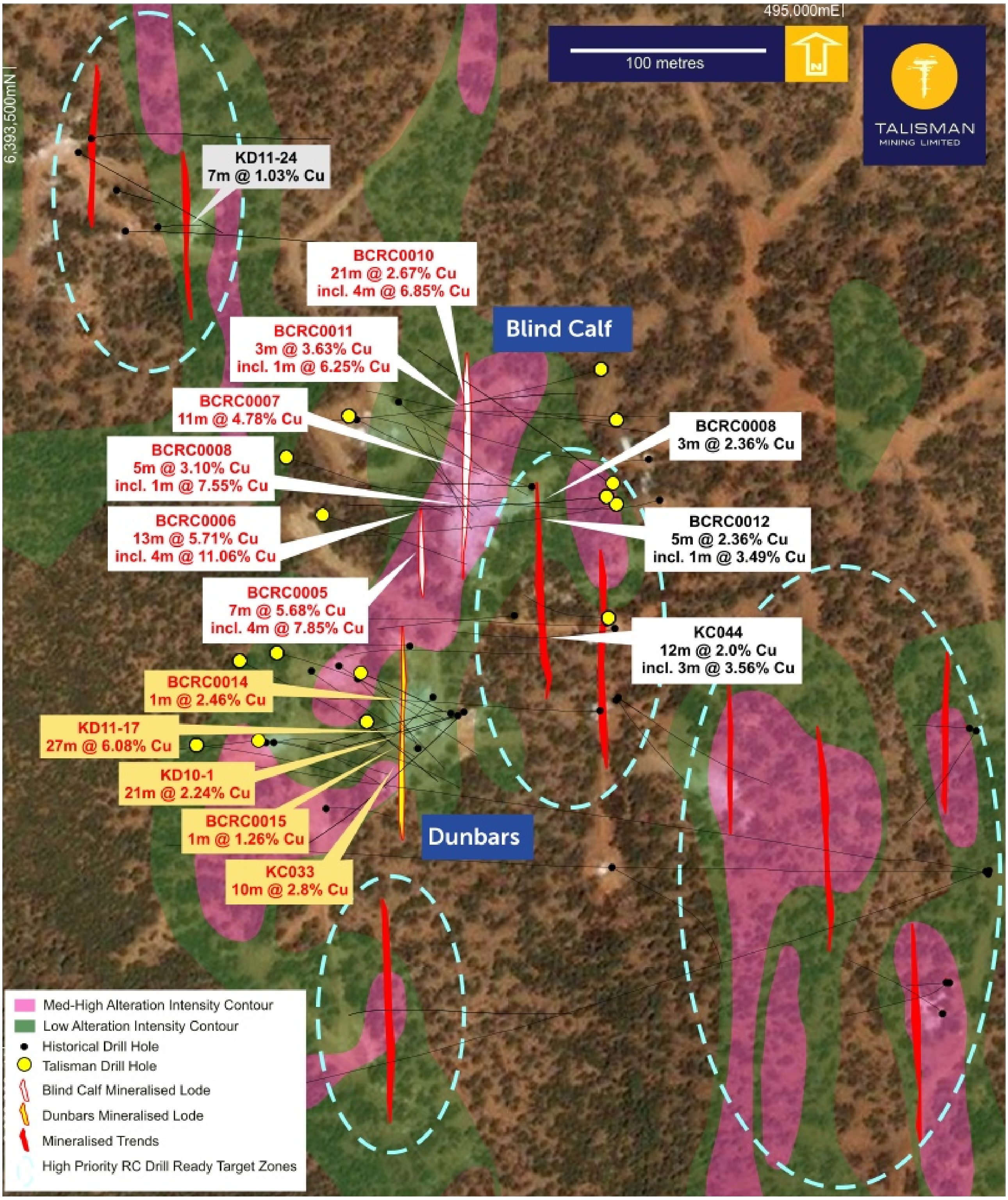

Figure 3: Blind Calf-Dunbars collar plan showing selected Talisman and historic intersections, highlighting new proximal drill-ready target area (refer to Talisman June 2018 and December 2018 Quarterly Activities Reports and KDR announcement 18/11/2011).

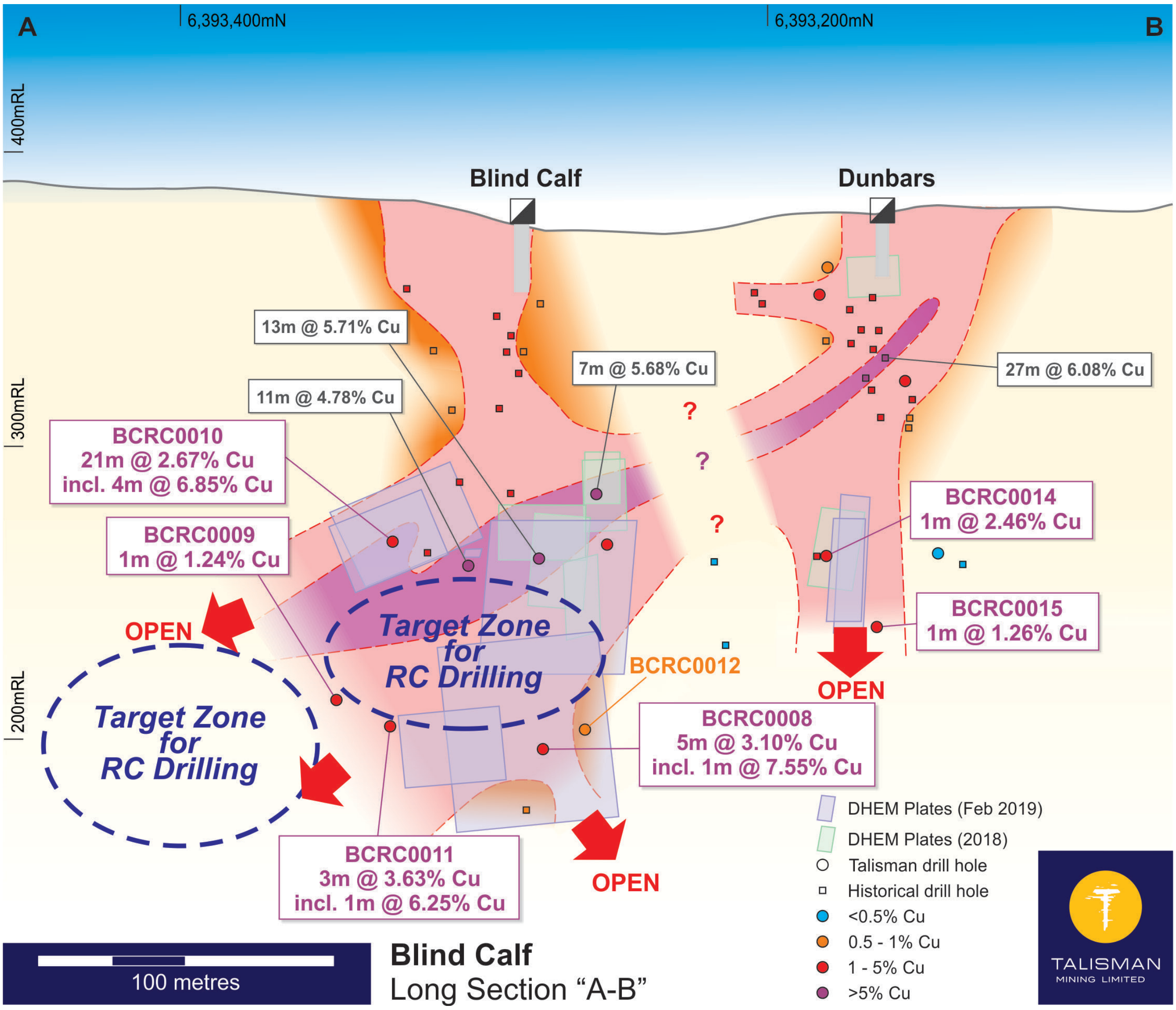

Figure 4: Blind Calf-Dunbar long section showing previously reported DHEM anomalies and previously reported Talisman and historic drill intersections (for full details of drill intersections, refer to ASX: TLM June 2018 and December 2018 Quarterly Activities Reports).

Drill results confirmed the continuation of the Blind Calf lode at depth with a consistent thickness. Importantly, the high-grade core encountered in previous drilling was again intersected in BCRC0010 and remains open down plunge to the north.

Best results (refer Talisman ASX announcement 30 Nov 2018 *'Lachlan Project Update: More High Grade Copper at Blind Calf'*), returned from RC drilling during the year included:

- BCRC005 7m @ 5.68% Cu from 98m
- BCRC006 13m @ 5.71% Cu from 129m
- BCRC007 11m @ 4.78% Cu from 127m
- BCRC008 5m @ 3.10% Cu from 199m
- BCRC0010 21m @ 2.67% Cu from 117m
- BCRC0011 3m @ 3.63% Cu from 188m
- BCRC0012 5m @ 2.35% Cu from 74m

The Blind Calf-Dunbar system represents one of many outcropping copper rich quartz vein systems in the immediate area of historic workings *(Figure 4)* and results from the drilling and DHEM surveys provided Talisman with the confidence to plan a campaign of follow up drilling at the Blind Calf-Dunbar lode and to test a number of parallel lodes in the immediate area.

A drilling campaign commenced late in June 2019 with a 3,749 metre RC drilling programme which included 4 holes into the Blind Calf and Dunbar Lodes and a further 15 to the north west, south and south east of the Blind Calf-Dunbars system *(Figure 3)*. High-priority targets included:

- proximal high-grade parallel lodes in the immediate footwall to the Blind Calf mineralisation intersected in drilling by previous explorers and in the upper portions of recent Talisman drilling;
- down plunge extensions to the Blind Calf-Dunbars lode system;
- outcropping quartz veining with strong associated alteration and copper mineralisation to the south east of Blind Calf;

- untested outcropping quartz veins with strong associated alteration along strike directly to the south of the Dunbars mineralisation; and
- an outcropping lode system to the northwest of Blind Calf, where historic drilling by previous explorers has returned shallow copper mineralisation.

A further round of diamond drilling is anticipated in the first half of the financial year ending June 2020 following receipt and assessment of drill results and DHEM surveys associated with the June 2019 campaign.

NOISY NED PROSPECT (EL8677)

During the first half of the financial year 12 RC drill holes for a total of 2,358 metres were completed at the Noisy Ned Prospect *(Figure 5)*. Drilling was designed to provide a first pass test of a strong multi-element base metal anomaly (Zn/Pb/Cu), identified by previous shallow auger geochemical sampling that extends for a strike length of more than 1 kilometre along the regionally significant Gilmore Suture fault zone.

RC drilling returned broad zones of zinc, lead and copper mineralisation encountered on all drill sections, the mineralisation is interpreted to be trending NNW with a shallow dip to the east. Results show wide zones of anomalous Zn and Pb mineralisation within the upper felsic units *(Figure 6)*, with narrow zones of higher grade (+0.5%), Zn, Pb and Cu throughout the sequence. Logging of drill cuttings noted fresh base metal sulphides (sphalerite, galena, chalcopyrite).

Further field work is anticipated following the completion of the DHEM survey to better define the stratigraphy, prior to planning the next phase of drill testing for the financial year ended June 2020.

Figure 5: Noisy Ned - Drill collar locations over simplified solid geology.

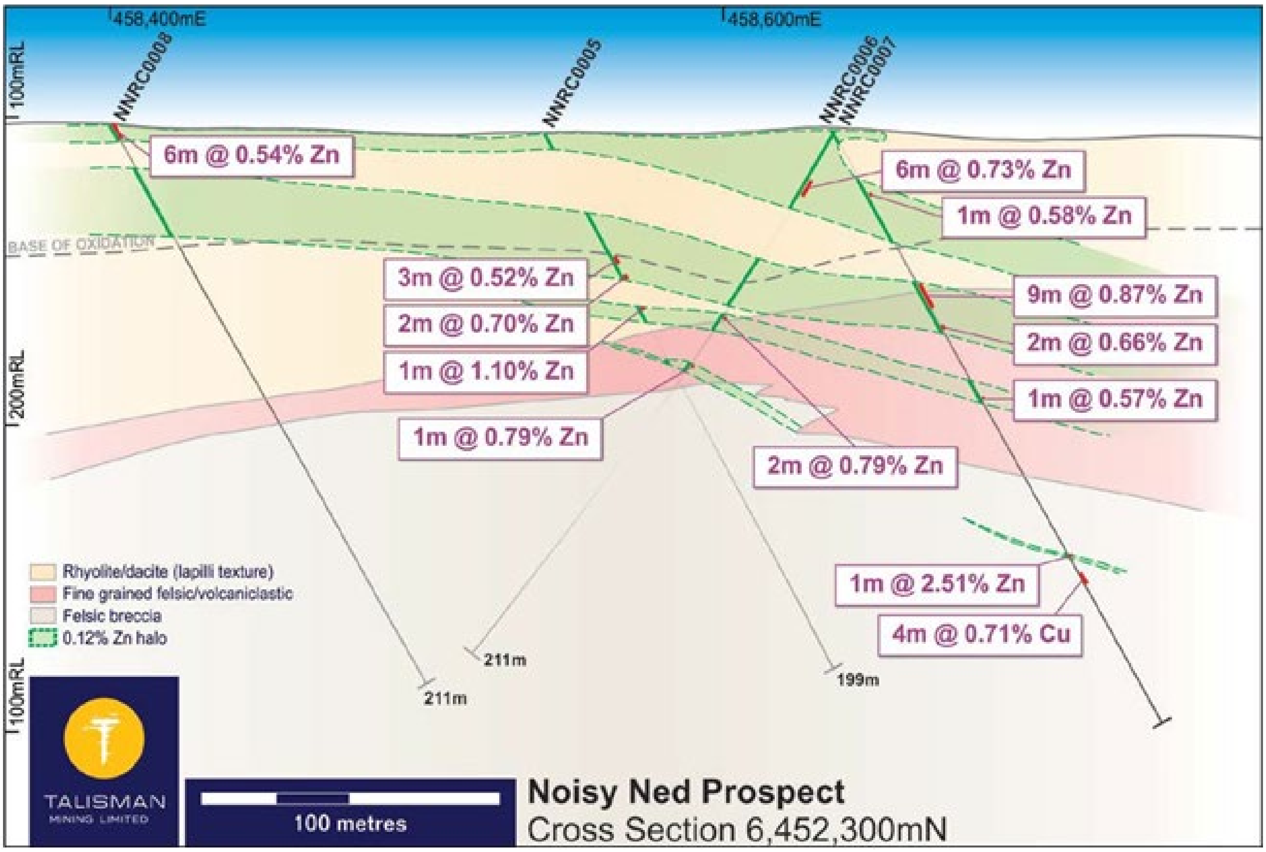

Figure 6: Noisy Ned - Drill collar locations over simplified solid geology.

CUMBINE PROSPECT (EL8414)

Talisman completed four RC holes for a total of 757 metres at the Cumbine Prospect in the first half of the financial year to test an historic induced polarisation ("IP") geophysical anomaly associated with historic anomalous gold-in soils and rock chip samples on the flanks of an outcropping felsic volcanic sequence. Drilling encountered a contiguous sequence of altered felsic rocks, with broad zones of elevated gold results throughout all four of the completed holes.

A number of zones of brecciation and quartz veining were logged and have been interpreted to represented fault zones. These zones have higher elevations of gold (>0.5g/t Au), with one zone in CURC0003 returning 7m @ 1.95g/t Au from 109m including 1m @ 5.83g/t Au (refer Talisman ASX announcement 30 Nov 2018 *'Lachlan Project Update: More High Grade Copper at Blind Calf'*).

Recently completed 3D modelling of part of the detailed airborne magnetic data highlighted a strong magnetic anomaly to the south east of this previous drilling and in close proximity to the Cumbine Prospect RC drilling *(Figure 7)*. Two drill holes have been planned to test the new magnetic anomaly.

REGIONAL GEOCHEMICAL SAMPLING

During the financial year Talisman undertook an extensive campaign of soil geochemistry including rock chip sampling, auger drilling and soil sampling over areas that were mapped as having suitable in-situ regolith profiles. This fast, low-cost sampling technique has the ability, to rapidly and efficiently enhance geological and geochemical understanding of large areas of Talisman's extensive tenement holding.

A total of 65 rock chip samples, 3,500 auger samples and 3,000 soil samples were collected from across the Lachlan project on a nominal 300 x 50m grid with infill sampling conducted on 100 x 50m grid. All samples were analysed for base metals and pathfinder elements on-site using a portable XRF machine before being sent to ALS Global laboratory in Orange for low level gold analysis. This program identified a total of five new high priority targets that will be drill tested in subsequent drill campaigns.

The identification of numerous geochemical anomalies validates Talisman's systematic geological approach by providing high priority targets for future RC drill testing. It is anticipated that additional targets for geochemical sampling will be identified as Talisman's geological team continue to systematically evaluate target areas identified during the target generation review that was completed in January 2019.

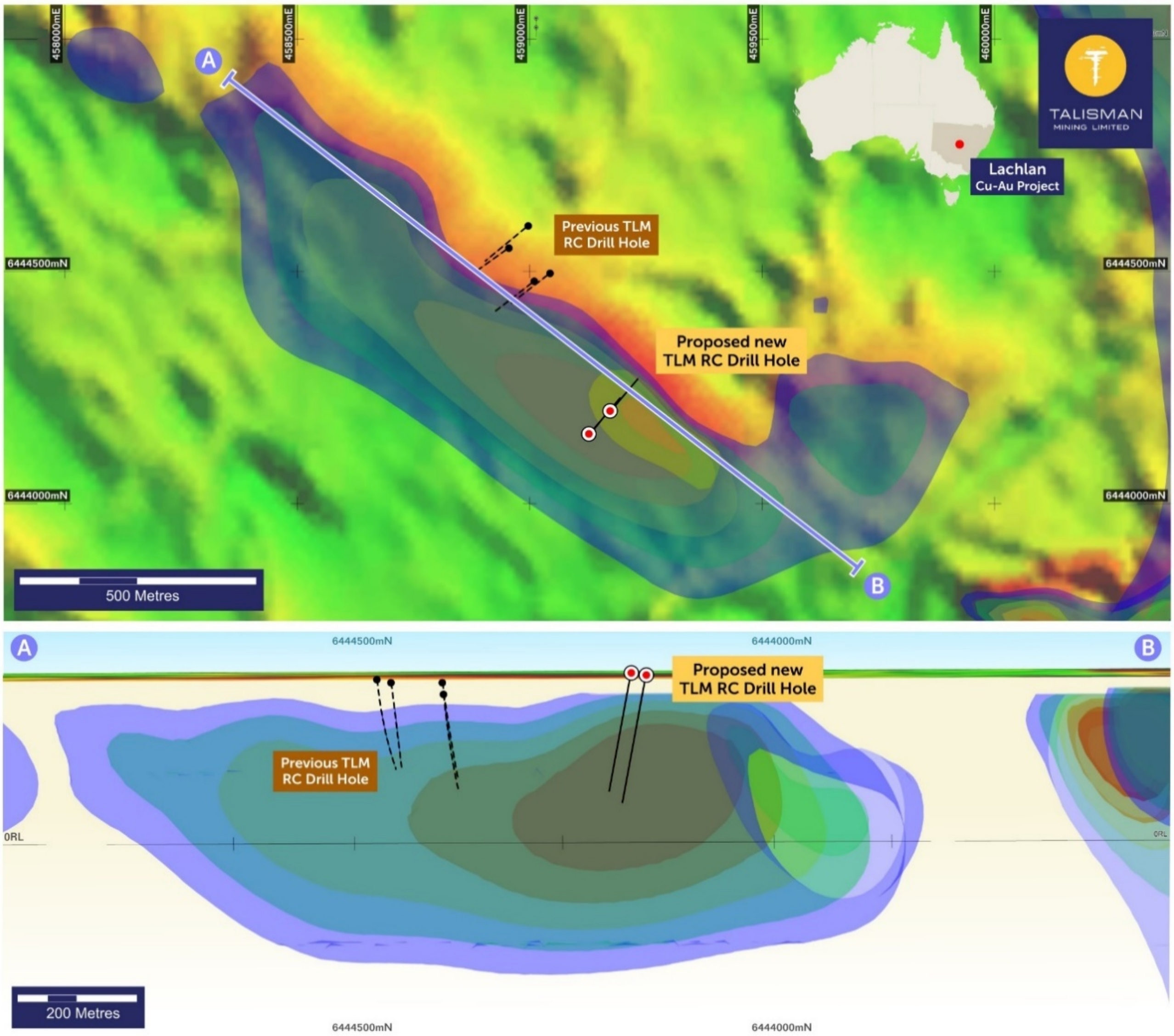

Figure 7: Plan and oblique section of the Cumbine Prospect showing new modelled 3D magnetic anomaly, proposed new drill holes and previously completed drilling by Talisman.

GOLD-IN-SOILS ANOMALISM

A number of gold-in soils anomalies have been identified within the Lachlan Cu-Au Project area using geochemical sampling. These include the Cumbine, Melrose, Blind Calf, Harding's and Brooklyn-Kaolin Shaft Prospects.

Melrose Prospect (EL8719)

Gold assay results have identified an anomaly at the Melrose Prospect extending over 1.5km and remaining open to the north *(Figure 8)*. Results returned a peak assay value of +400ppb Au (0.4 g/t Au) in soils. Surface verification of this gold anomaly has identified a strongly altered gossanous unit and quartz veining in a sequence of altered volcanic rocks. Further drilling is planned to test this anomalism.

Blind Calf Au (EL8719)

As part of the larger geochemical sampling program, soil sampling conducted approximately 1 kilometre along strike to the north-west of Blind Calf high-grade copper discovery identified a large, strong gold-in-soil anomaly that extends for over 1 kilometre.

The newly identified gold anomaly is closely associated with a geophysical feature characterised by a flexure in a regional magnetic trend. Detailed mapping shows a similar flexure associated with strong alteration in the vicinity of the high-grade copper lodes. Site validation of the large gold anomaly identified a similar system to that at Blind Calf with a north-south trending shear zone and associated shear veins dipping steeply to the west, hosted within Ordovician sediments close to the contact with Devonian volcanics. Further drilling is planned to test this anomalism.

Harding's Prospect (EL8547)

Gold assay results identified an anomaly at the Harding's Prospect extending over 1km, with a peak assay value of +500ppb Au (0.5 g/t Au) in soils. Surface verification of this gold anomaly shows a sequence of sub-cropping highly

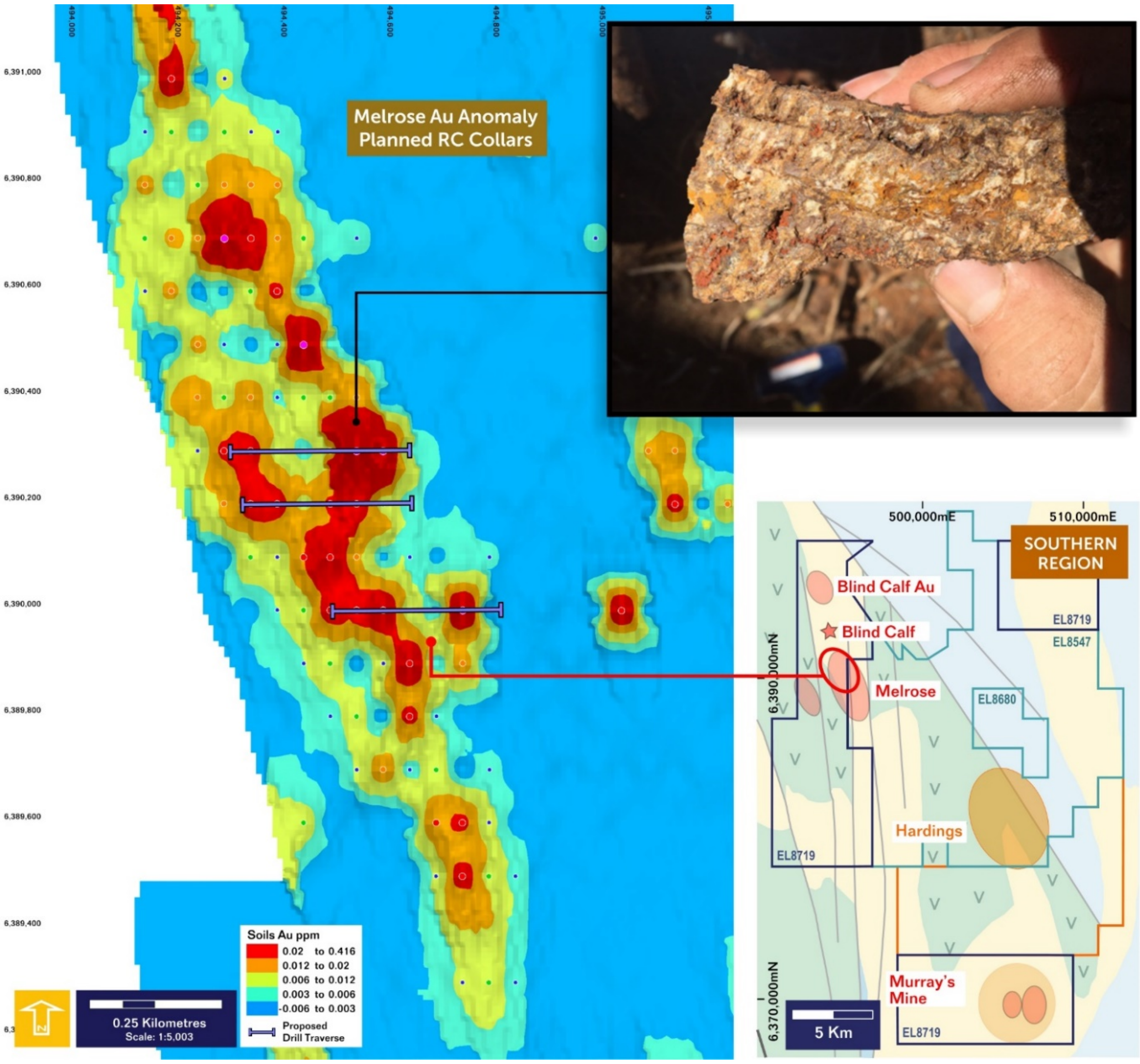

Figure 8: Melrose gold-in-soil anomaly (peak +400ppb Au), showing proposed first pass RC drill traverses.

altered volcanic rocks, which are interpreted to represent a continuation of the Mineral Hill volcanic sequence. Further drilling is planned to test this anomalism.

Brooklyn-Kaolin Shaft Prospects (EL8680 & EL8547)

Gold assay results from regolith sampling along southeast extension of the Mineral Hill Corridor highlighted multiple gold-in-soil anomalies. The area contains numerous historic workings and is hosted by altered volcanic rocks.

Historic shallow (<100m) drilling and surface sampling along this trend returned a number of anomalous gold and base metal (copper and zinc) results in close proximity to the contact between the Mineral Hill Rift sequence volcanics and adjacent sedimentary rock suites. It is proposed that RC drilling will take place in the second quarter 2020 to follow up historic drill intersections and test the significance of the gold-in-soils anomalism.

REGIONAL DETAILED AIRBORNE GEOPHYSICAL SURVEY

Talisman also completed a large regional scale airborne magnetic survey of approximately 1,000km^2 over selected areas of the Lachlan Cu-Au Project areas *(Figure 9)*. The survey was undertaken at 50m line spacings with a 40m flight height, providing very high data resolution.

Processing of data captured during the survey is now complete and had been stitched with the publicly available NSW regional data set to provide a continuous image across the tenement package. This updated data set will be utilised in future project wide targeting, along with more detailed prospect scale geological interpretations.

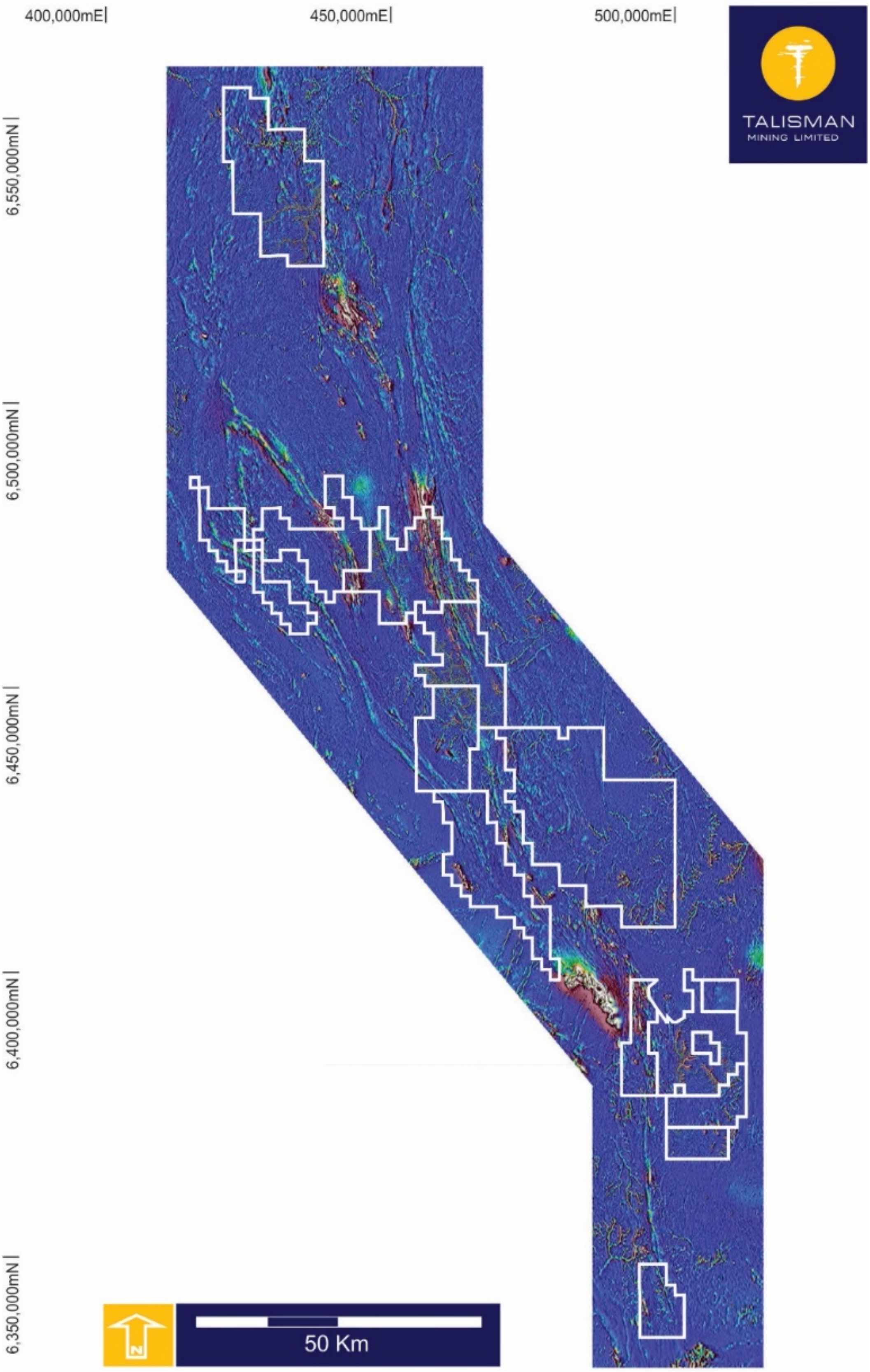

Figure 9: Lachlan Project TMI 1VD ESHADE magnetic image. Survey was flown on a nominal 50 line spacing and 40m height.

SINCLAIR NICKEL PROJECT (TLM 100%)

Sinclair is located in the Agnew-Wiluna Greenstone Belt in WA's north-eastern Goldfields. The Sinclair Nickel Deposit, developed and commissioned in 2008 and operated successfully before being placed on care and maintenance in August 2013, produced approximately 38,500 tonnes of nickel at an average life-of-mine head grade of 2.44% Ni. Sinclair has extensive infrastructure and includes a substantial 207km^2 tenement package covering more than 80km strike of prospective ultramafic contact within a 35km radius of the existing processing plant and infrastructure *(Figure 10 & Figure 11)*.

During the year Talisman continued to advance the Sinclair Nickel Project through cost efficient, staged exploration focused on priority exploration targets across the project.

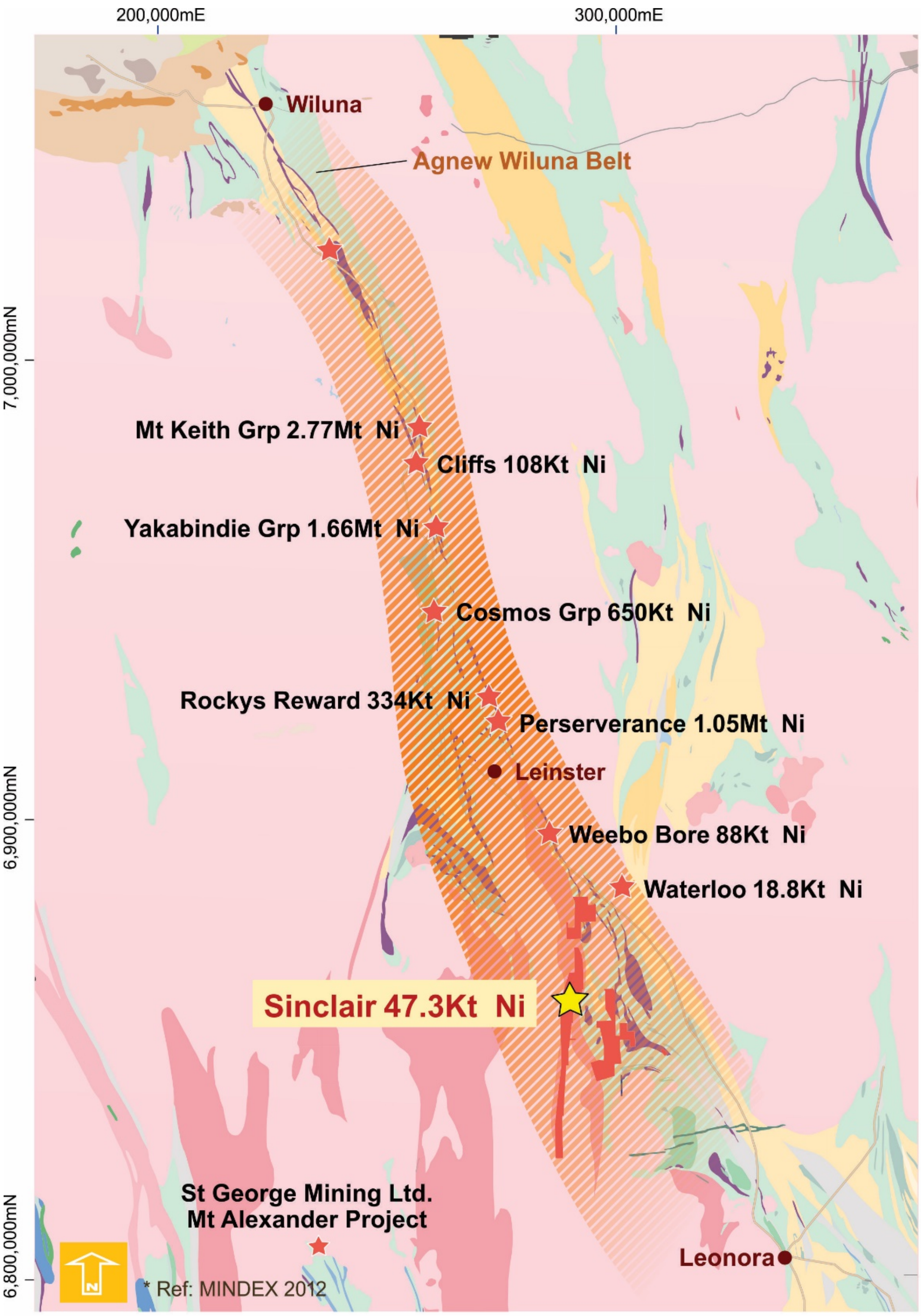

Figure 10: The Sinclair Nickel Project showing regional geology nickel production centres and reported contained nickel of the Agnew-Wiluna Belt (*MINDEX 2012)*

Regional Exploration

SKYE EAST

Shallow RC drilling at the Sky East Prospect completed in August 2018 identified high-grade massive nickel sulphide mineralisation close to surface in an untested area approximately 1 kilometre to the south of the existing Sinclair open pit (refer Talisman ASX announcement 7 Sep 2018 '*Sinclair Exploration Update: RC drilling indentifies new mineralised position*'). Results included:

- SNRC045 4m @ 1.28% Ni from 16m
- SNRC048 7m @ 3.54% Ni from 51m (Inc. 2m @ 7.47% Ni from 55m)

Talisman completed two subsequent deeper RC drill holes (SNRC055 and SNRC056) in October 2018 to provide a platform for a DHEM survey to investigate the potential for down-plunge extensions of the near surface mineralisation in SNRC045 and SNRC048 *(Figure 12 and Figure 13)*.

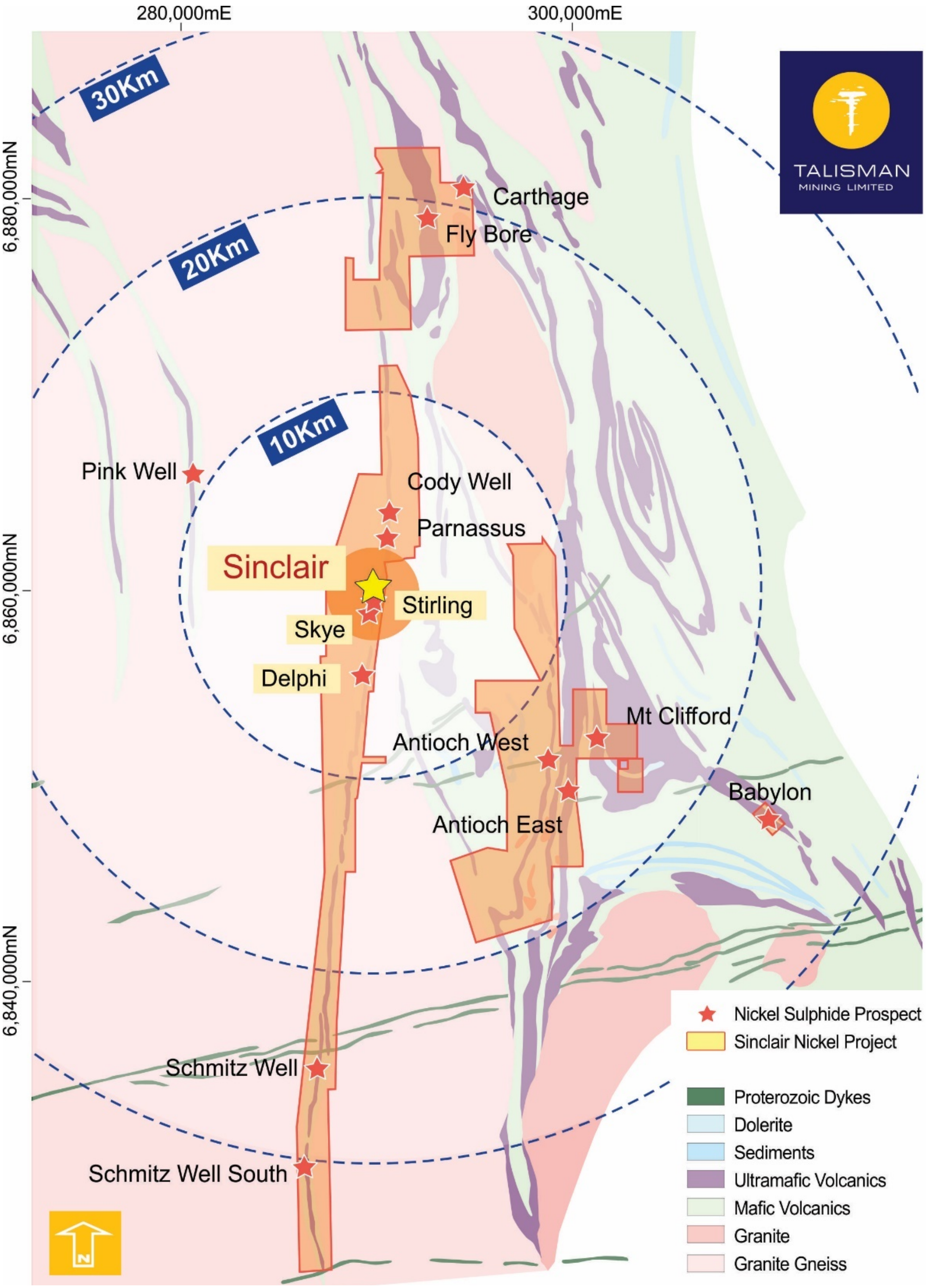

Figure 11: Sinclair Project – Prospect Locations.

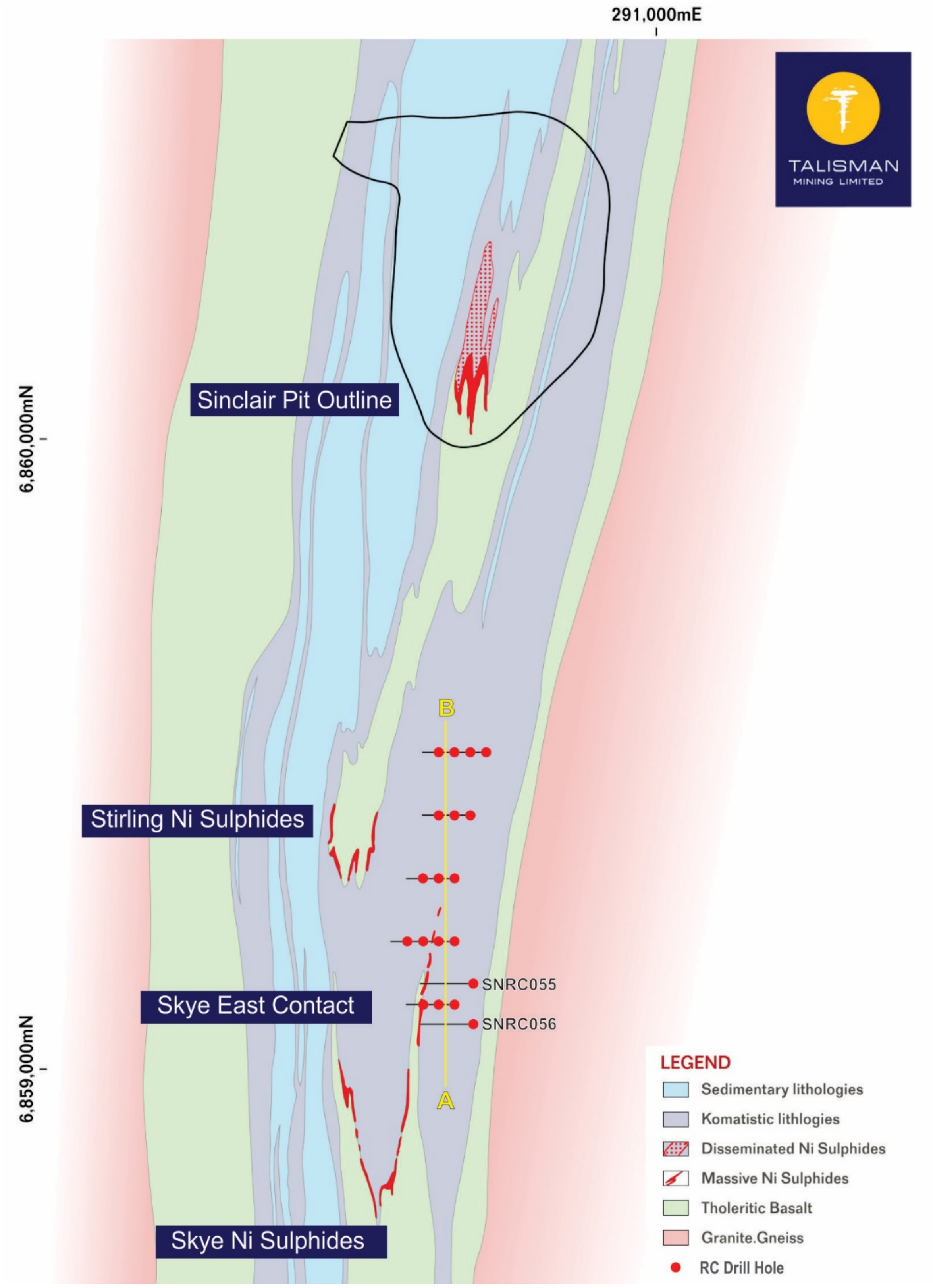

Figure 12: Sinclair Nickel Project – Skye East plan view showing contact position and RC drilling.

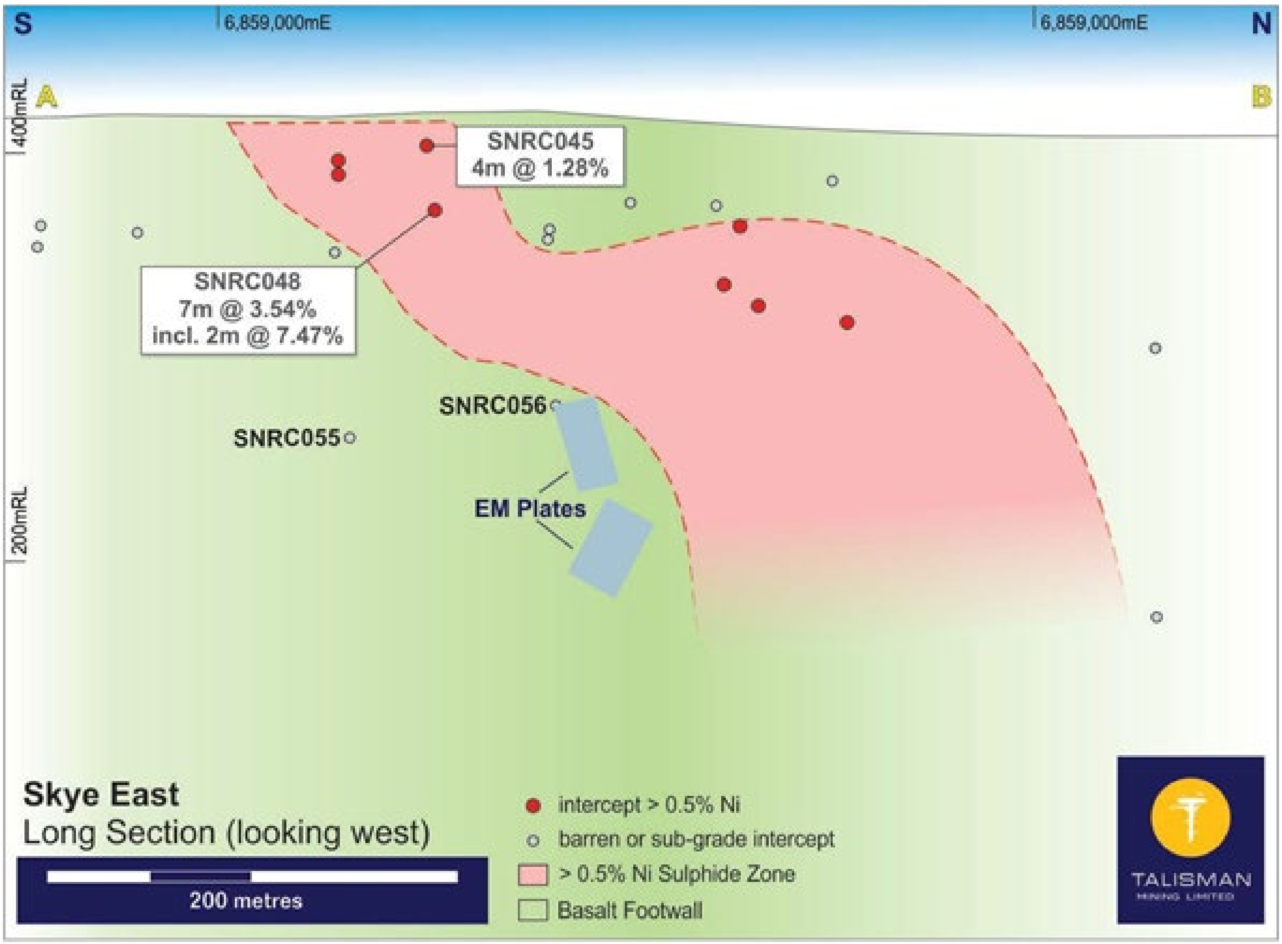

Figure 13: Sinclair Nickel Project – Skye East long section.

The two completed holes (SNRC055 and SNRC056) both encountered the interpreted ultramafic contact at the interpreted depths with trace disseminated nickel sulphides, as well as a significant sulphide rich sedimentary unit in the immediate hanging wall. Results from analysis did not return any significant nickel mineralisation.

Results from the DHEM survey of SNRC055 showed a strong EM conductor associated with the sulphide rich sedentary unit, as well as two smaller off-hole conductive anomalies that have been interpreted to represent sulphide occurrences within the target ultramafic unit down plunge from the nickel sulphide mineralisation encountered in SNRC045. Further review and interpretation of this fertile basal contact, which is in close proximity to the existing Sinclair Nickel Mine is required.

DELPHI (M37/1223 AND M37/818)

Talisman completed a six-hole RC program in September 2018 along a single traverse to the south of the Delphi Prospect located between 4km and 6km south of the Sinclair mine. Drilling intersected ultramafic and mafic rocks, confirming the continuation of the host package however did not intersect any sulphide mineralisation. Further assessment and interpretation resulted in two additional RC holes being drilled at Delphi in March 2019 with drilling encountering sulphidic ultramafic lithologies, and a variety of sediments. The hole was cased for future geophysical surveys. No significant intersections were returned.

Results from other areas targeted with the shallow aircore drilling showed elevated nickel, however no significant results were returned.

ANTIOCH AIRCORE DRILLING

The Antioch tenement package covers an extensive, 35 kilometres of strike of the main prospective ultramafic rocks which host significant nickel mineralisation in the region. The majority of the Antioch trend is overlain by shallow transported cover, which deepens to the south along the Bannockburn Sheer (host to the historic Bannockburn Gold Mine). In December 2018 a 4,500-metre air-core (AC) drilling campaign was undertaken to test for interpreted extensions of the prospective ultramafic basal contact along the Antioch Trend to the east of the Sinclair Nickel Mine. No significant nickel mineralisation was returned.

FLY BORE AND AMY RIX (M36/445, M36/446 AND M37/735)

A total of six AC holes on two lines, 40m north and 40m south of the historic intercept were drilled at the Amy Rix Prospect during the quarter ending March 2019 *(Figure 14)*. Drilling

encountered a variety of lithologies including sediments, felsic intrusives, ultramafic and mafic lithologies, with strongly oxidised 'gossanous' material logged from surface at the Amy Rix Prospect.

Results from analysis of the Amy Rix Prospect samples has highlighted a broad zone of oxide nickel mineralisation from surface over three adjacent drill traverses over a strike distance of 500m (refer Talisman ASX announcement 20 May 2019 '*Sinclair Exploration Update*'). This zone of gossanous nickel mineralisation remains open along strike in both directions.

Results from analysis included:

- SNAC0195 14m @ 0.73% Ni from surface (inc. 4m @ 1.29% Ni from 4m)
- SNAC0196 24m @ 0.77% Ni from surface
- SNAC0197 21m @ 1.03% Ni from surface (inc.10m @ 1.34% Ni from 4m)
- SNAC0198 11m @ 0.69% Ni from surface (inc. 2m @ 1.34% Ni from 4m)
- SNAC0199 13m @ 0.66% Ni from surface
- SNAC0200 32m @ 0.78% Ni from surface

Follow up work, with mapping and rock chipping of the outcrop is required to be conducted to validate the AC anomalies with further deeper RC drilling dependent on the outcome of this validation exercise.

Targets across M36/446 and M37/735 were generated from aeromagnetic data and previous geological interpretations. These targets were identified as potentially prospective ultramafic basal contact zones. Wide spaced drilling failed to intersect any significant nickel mineralisation, however lithologies provide further information for future interpretations and review.

CODY WELL (M37/1089)

AC drilling across the Cody Well Prospect was completed to test the northern extension of mineralisation along the Sinclair trend. The geology of the area is interpreted to be a narrow north-south striking mafic/ultramafic sequence, between granites to the east and west. Drilling intersected a variety of lithologies including granitic intrusives, and sediments. Wide spaced drilling failed to intersect significant nickel mineralisation.

One RC hole was drilled at Cody Well North in March 2019 with drilling encountering sulphidic ultramafic lithologies, and a variety of sediments. The hole was cased for future geophysical surveys. No significant intersections were returned.

SCHMITZ WELL (M37/1136, M37/1137, M37/1126)

AC drilling across the Schmitz Well tenements was designed to test the extent of mineralisation between the Schmitz Well mineralisation to the south and the Delphi mineralisation to the north on the interpreted southern extension of the Sinclair trend. Historic geological interpretation based on aeromagnetic data identified a narrow north-south trending sequence of mafic and ultramafic lithologies.

Wide spaced AC drilling failed to intersect significant nickel mineralisation, however geological information gained will assist in future planning, and interpretation of the local trends.

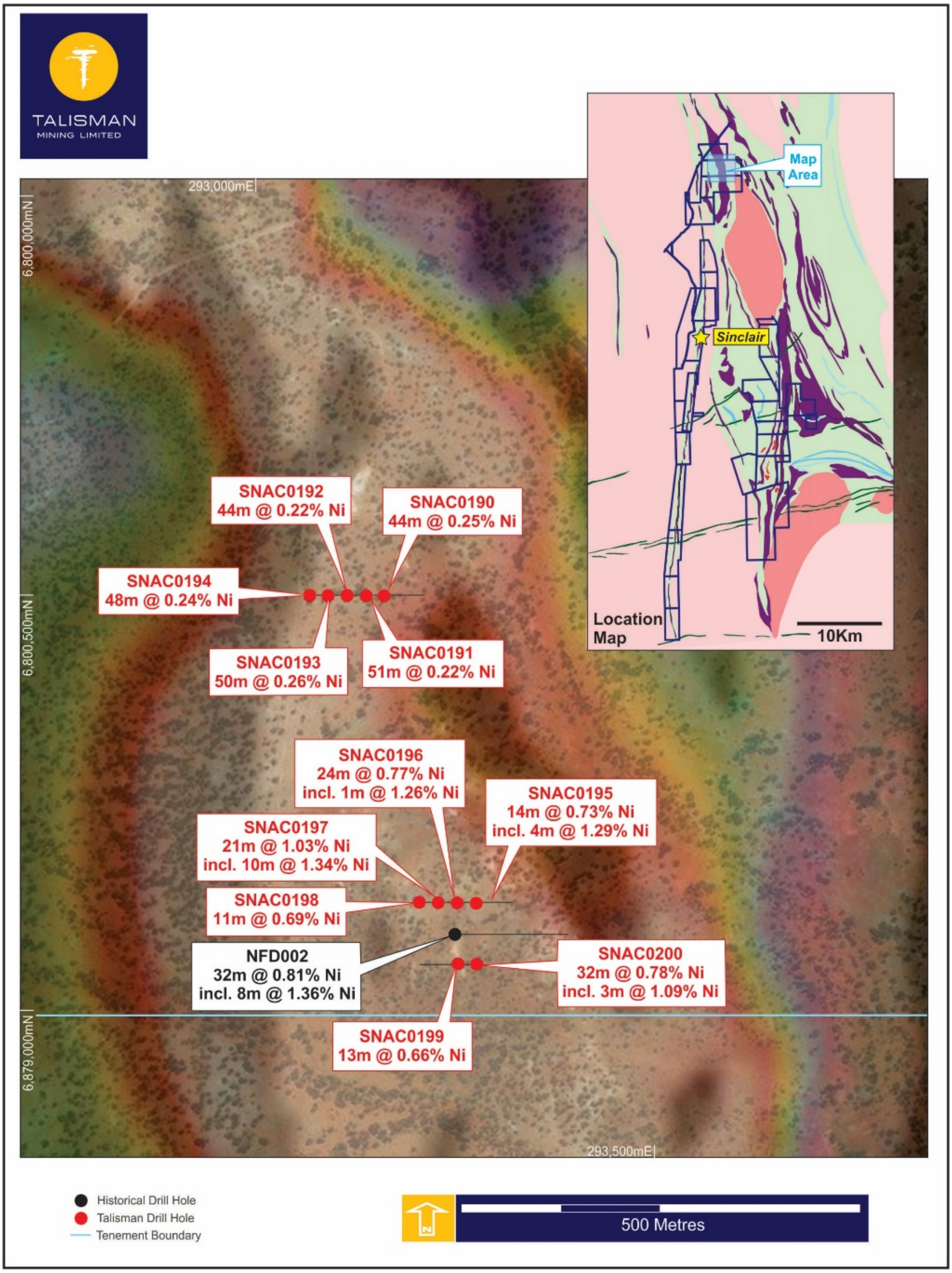

Figure 14: Amy Rix Prospect showing historic and recent Talisman air-core drilling intersections overlain on a regional magnetic image.

One RC hole was drilled at Schmitz Well South in March 2019 with drilling encountering sulphidic ultramafic lithologies, and a variety of sediments. No significant intersections were returned.

STURT MEADOWS (M37/362)

A single traverse of AC drilling was completed across a section of M37/362 to test the southern extension of the Bannockburn shear. Drilling encountered deep transported material >90m, with holes typically terminated at blade refusal in residual bedrock.

Drilling failed to intersect any significant gold or nickel mineralisation, however geological information gained will assist in future planning and interpretation of the local trends.

OUTCAMP WELL AND PARNASSUS

Two RC holes were drilled at the Outcamp Well and Parnassus Prospects to test the interpreted ultramafic basal contact under cover. Drilling encountered sulphidic ultramafic lithologies, and a variety of sediments. No significant intersections were returned.

MINERAL RESOURCE ESTIMATE AND EXPLORATION TARGET

Talisman completed a Mineral Resource Estimate (MRE) for Sinclair in August 2018. The MRE is based on historic RC and diamond drilling completed by Xstrata Nickel Australasia Operations Pty Ltd and incorporates remnant nickel sulphide mineralisation adjacent to existing mine development and extensional mineralisation continuing immediately down plunge of existing mine workings.

The MRE process resulted in an Indicated and Inferred Mineral Resource, reported in accordance with JORC 2012, of 720,000t @ 2.3% Ni for 16,200t of contained nickel. Full details of the resource are presented on page 21.

The MRE is based on a recently completed reinterpretation of the massive and disseminated/stringer sulphide mineralisation at the Sinclair deposit by Talisman's geological team. The MRE was completed by an independent consultant, in conjunction with Talisman. Nickel mineralisation at the Sinclair deposit continues beyond the current underground mine infrastructure and has been identified in drilling for a further 1,200m down-plunge from the end of previous mining development. The first 500m of this continuation has been drilled at a sufficient density to enable a JORC Inferred Resource classification *(Figure 15)*.

Further to the north, the continuation of the Sinclair deposit down-plunge mineralisation has only limited drilling for a further 700m on a 100-200m spaced drill pattern *(Figure 15)*, and this mineralisation forms an **Exploration Target** ranging between approximately **670,000t @ 2.0% Ni** for **13,700t** of contained nickel and **790,000t @ 2.5% Ni** for **19,900t** of contained nickel *(Table 1)*. The Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource (for full details refer to TLM ASX announcement *"Sinclair Nickel - Talisman Maiden JORC Mineral Resource"*, dated 31 August 2019).

Exploration Target

	Tonnage	Ni %	Ni t
Lower - 10%	670,000	2.0	13,700
Upper +10%	790,000	2.5	19,900

Table 1: Sinclair Nickel Project – Exploration Target at approximate range (± 10%) of grades and tonnes around a median at a 1.5% Ni cut-off.

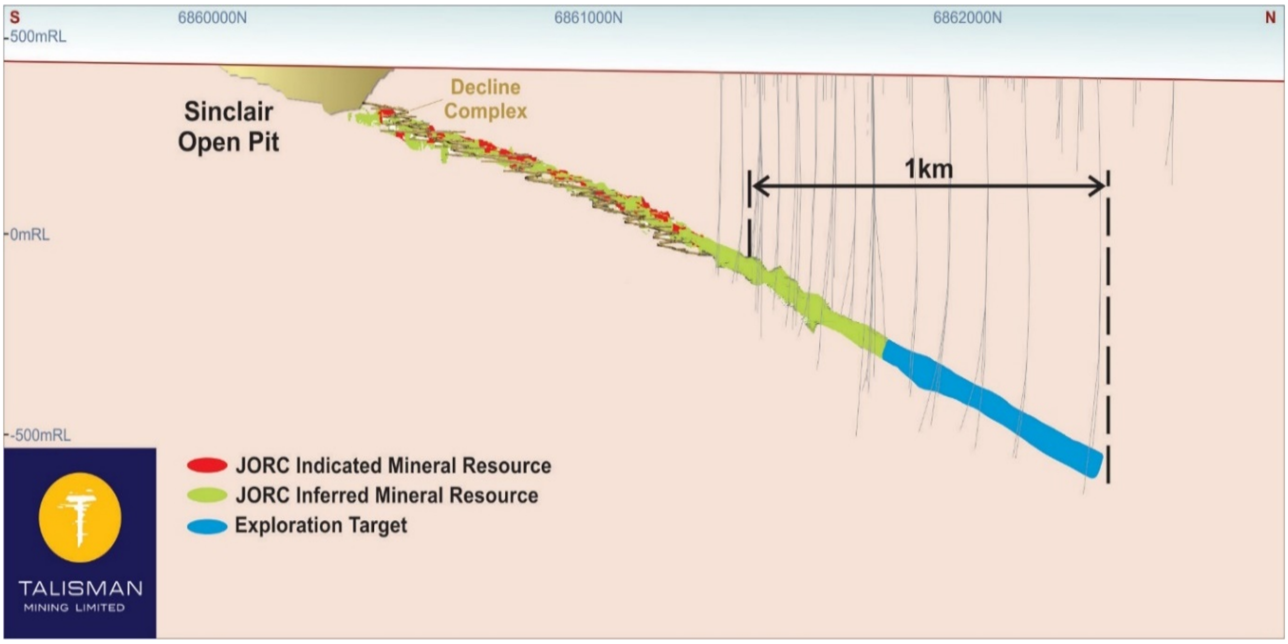

Figure 15: Sinclair Nickel Project – Mineral Resource Estimate: Resource Classification.

2019 MINERAL RESOURCE STATEMENT

Sinclair Mineral Resource – 100% Basis

The Mineral Resource estimate for the Sinclair Deposit (previously announced by the Company refer ASX announcement *"Sinclair Nickel - Talisman Maiden JORC Mineral Resource"* published on 31 August 2018), prepared in accordance with JORC (2012) and detailed in Table 2, has been classified as an Indicated and Inferred Mineral Resource based primarily on historic RC and diamond drilling completed by Xstrata Nickel Australasia Operations Pty Ltd and incorporates remnant nickel sulphide mineralisation adjacent to existing mine development and extensional mineralisation continuing immediately down plunge of existing mine workings. Nickel mineralisation at the Sinclair Deposit continues beyond the current underground mine infrastructure and has been identified in drilling for a further 1,200m down-plunge from the end of previous mining development. The first 500m of this continuation has been drilled at a sufficient density to enable a JORC Inferred Resource classification.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimate in the original market announcement continue to apply and have not materially changed.

Mineral Resource estimate on 100% Basis[4] as at 31 August 2018

Deposit	Classification	Tonnes (t)[4]	Grade Ni (%)[4]	Ctd Metal Ni (t) [4]
Sinclair	Indicated	250,000	2.4	6,000
	Inferred	460,000	2.2	10,200
	Total	**720,000**	**2.3**	**16,200**

Note: Mineral Resource is based on a 1.5% Ni cut-off

Table 2: Mineral Resource estimate for the Sinclair Deposit (100% basis).

Mineral Resource Estimation Governance

The Sinclair Mineral Resource estimate is reported in accordance with the JORC (2012) guidelines. Information that relates to the Sinclair JORC 2012 compliant Mineral Resource and Ore Reserve estimate is information previously published by Talisman and is available on the Talisman and ASX websites (see announcement "Sinclair Nickel - Talisman Maiden JORC Mineral Resource", dated 31 August 2018).

The Sinclair Mineral Resource estimate was completed by Mr Brian Wolfe, Principal Geologist of the firm International Resource Solutions Pty Ltd ("IRS") which specialises in mineral resource estimation, evaluation and exploration, under the supervision of a suitably qualified Talisman Competent Person. The Company is satisfied with the procedures that IRS had in place for the estimation of the Sinclair Mineral Resource. Suitably qualified Talisman personnel have also reviewed relevant underlying documentation and are satisfied with the methodologies used by IRS in this estimate.

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.

No new information that is considered material is included in this document. All information relating to exploration results has been previously released to the market and is appropriately referenced in this document. JORC tables are not considered necessary to accompany this document.

4 Estimations have been rounded to the nearest 1,000t, 0.1% Ni grade and 1,000t Ni metal. Differences may occur due to rounding.

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 Brian Wolfe, who is a member of the Australasian Institute of Geoscientists. Mr Wolfe 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 Wolfe consents to the inclusion in this report of the matters based on 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 Mining Ltd.'s current expectations, estimates and assumptions about the industry in which Talisman Mining Ltd operates, and beliefs and assumptions regarding Talisman Mining Ltd.'s 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 Mining Ltd. 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 presentation. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Talisman Mining Ltd 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	Location and Blocks (Area)	Tenement Status	Talisman Equity (%)	Expiry Date	Joint Venture Partner / Farm-In Party
SINCLAIR NICKEL PROJECT	Western Australia	N/A			N/A
E37/1231	3	Granted	100%	28-08-21	
L36/198	(103.1 HA)	Granted	100%	19-04-28	
L37/175	(83.9 HA)	Granted	100%	19-04-28	
M36/444	(568.0 HA)	Granted	100%	27-03-29	
M36/445	(973.0 HA)	Granted	100%	27-03-29	
M36/446	(843.0 HA)	Granted	100%	27-03-29	
M37/362	(981.5 HA)	Granted	100%	20-05-34	
M37/383	(841.7 HA)	Granted	100%	28-01-35	
M37/384	(536.7 HA)	Granted	100%	28-01-35	
M37/385	(926.8 HA)	Granted	100%	28-01-35	
M37/386	(983.8 HA)	Granted	100%	28-01-35	
M37/424	(891.0 HA)	Granted	100%	03-02-36	
M37/426	(505.0 HA)	Granted	100%	03-02-36	
M37/427	(821.0 HA)	Granted	100%	03-02-36	
M37/590	(120.0 HA)	Granted	100%	27-03-29	
M37/692	(136.1 HA)	Granted	100%	27-03-29	
M37/735	(959.0 HA)	Granted	100%	27-03-29	
M37/816	(818.4 HA)	Granted	100%	27-03-29	
M37/818	(806.5 HA)	Granted	100%	27-03-29	
M37/819	(380.2 HA)	Granted	100%	28-08-29	
M37/1063	(604.0 HA)	Granted	100%	27-03-29	
M37/1089	(574 HA)	Granted	100%	22-04-29	
M37/1090	(478 HA)	Granted	100%	22-04-29	
M37/1126	(603 HA)	Granted	100%	27-03-29	
M37/1127	(603 HA)	Granted	100%	27-03-29	
M37/1136	(986 HA)	Granted	100%	27-03-29	
M37/1137	(850 HA)	Granted	100%	27-03-29	
M37/1148	(44.78 HA)	Granted	100%	27-03-29	
M37/1168	(190 HA)	Granted	100%	27-03-29	
M37/1223	(675 HA)	Granted	100%	27-03-29	
M37/1275	(1,961 HA)	Granted	100%	29-07-28	

Project / Tenement	Location and Blocks (Area)	Tenement Status	Talisman Equity (%)	Expiry Date	Joint Venture Partner / Farm-In Party
LACHLAN PROJECT	NSW				
EL8615	(726km^2)	Granted	100%	07-07-23	Bacchus Resources Pty Ltd (right to 20% interest)
EL8659	(373km^2)	Granted	100%	18-10-23	
EL8677	(193km^2)	Granted	100%	08-12-23	
EL8414	(174km^2)	Granted	0%	02-12-24	Peel Mining Ltd (TLM earning up to 75%)
EL8547	(205km^2)	Granted	0%	03-04-22	Bacchus Resources Pty Ltd (TLM earning up to 80%)
EL8571	(258km^2)	Granted	0%	23-05-22	
EL8638	(192km^2)	Granted	0%	31-08-22	
EL8657	(134m^2)	Granted	0%	10-10-22	
EL8658	(256km^2)	Granted	0%	13-10-22	
EL8680	(20km^2)	Granted	0%	08-12-22	
EL8718	(86km^2)	Granted	100%	27-03-24	N/A
EL8719	(191km^2)	Granted	100%	27-03-24	
EL8814	(92km^2)	Granted	80%	14-12-24	Bacchus Resources Pty Ltd[5]
OTHER	NSW				
EL8451	(276km^2)	Granted	0%	16-07-19	Peel Mining Ltd (TLM earning up to 75%)

5 Talisman and its 100% owned subsidiary Haverford Holdings Pty Ltd ("Haverford") entered into a joint venture with Bacchus in relation to EL8814. Talisman and Haverford have given notice to withdraw from this joint venture and are progressing with the transfer of their joint venture interest to Bacchus. Haverford will continue to be registered holder of EL8814 until this process has been completed.

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 2019. 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.

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 metal 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 (ASX: ZNT) since April 2016 and resigning on 5 March 2018. In February 2018 he was appointed as the Chairman of Kin Mining Ltd (ASX: KIN) where he remained until his resignation on 24 July 2019. He is also the Chair of Geelong Grammar School, a Director of Independent Schools Victoria, a Trustee of the RE Ross Trust and a Director of Hillview Quarries Pty Ltd.

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 17 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.

In the 3 years immediately before the end of the financial year, Dan did not serve as a Director of any other ASX listed entities.

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 in the United Kingdom, and is Member of the Australasian Institute of Mining and Metallurgy.

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, gold, nickel, zinc and lead, and iron ore. 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 was appointed as a non-executive director of Kin Mining Ltd (ASX: KIN) on Feb 2018.

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 was appointed as a non-executive director of Joyce Corporation Ltd on 1 July 2017 and served as Chair of Strategen Environmental Consulting Pty Ltd and Community First International Ltd.

Karen is the Chair of the Audit Committee and a member of the Nomination and Remuneration Committees. With her extensive experience in finance and having chaired a number of Audit Committees, Karen is considered qualified to hold these responsibilities.

Alan Senior

Asscshp Mech Eng, FIEAUST, FAusIMM

Non-Executive Director
7 November 2007 – 30 November 2018

Former Non-Executive Director (Independent)

Alan graduated from the West Australian Institute of Technology (Curtin University) with an Associateship in Mechanical Engineering in 1968. He is an engineer with extensive experience in design and project development, mainly associated with the mining and mineral processing industry in Australia.

Prior to joining Talisman, Alan operated as an independent consultant servicing the mineral processing industry. Before joining the Board of Jubilee in 2003, he led the team which completed the feasibility study for the Cosmos Nickel Project and its successful implementation, followed three years later by the transition from open cut to underground mining. Alan was a non-executive Director of Jubilee Mines NL up until its purchase by Xstrata.

Alan was Chairman of Talisman for over 8 years. He served on the Company's Audit, Nomination and Remuneration Committees until his retirement on 30 November 2018.

In the 3 years immediately before the end of the financial year, Alan did not serve as a Director of any other ASX listed entities.

Peter Benjamin

B.Sc. (Hons), Grad Dip (Exploration), (Bus Admin), GAICD, MAusIMM, FAIM

Non-Executive Director
24 July 2019 - current

Non-Executive Director (Independent)

Peter is a geologist with over 40 years' experience in senior exploration, project, operational and executive management roles for both junior and mid-tier resource companies. These roles have included significant experience in the development and subsequent operations for open pit and underground precious, base metal and bulk mineral mines throughout Australia. Peter has extensive experience in managing and implementing exploration strategies which have led to the successful and ongoing discoveries and delineation of new mineral resources and ore reserves. Peter has previously held senior management roles at Iluka Resources Limited, Shaw River Manganese Ltd and Kalamazoo Resources Ltd. Peter is now a consultant for the resources industry, mainly focusing on gold, base metals and mineral sands.

In the 3 years immediately before the end of the financial year, Peter served as a non-executive director of Kalamazoo Resources Pty Ltd since March 2015 until he resigned in July 2016. He was appointed as managing director at Kalamazoo Resources Ltd (ASX: KZR) in July 2016 and resigned in July 2018. He also served as a non-executive director of North Rossa Pty Ltd from August 2016 to September 2017, and was a non-executive director of Capricorn Resources Limited (ASX: CMM) from November 2018 to March 2019.

Peter is a member of the Audit, Nomination and Remuneration Committees. With his extensive geological and senior exploration management experience, Peter is considered qualified to hold these responsibilities.

COMPANY SECRETARIES

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 27 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), FCIS

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 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

Dividends paid to members during the financial year were as follows:

- A special dividend of 6.375 cents per share franked to 100% was paid on 21 December 2018.

Since the end of the financial year the Directors have not recommended any further payment of dividends in respect of the financial year.

FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Financial performance

During the financial year, the Group reported an operating profit after tax of $46.2 million (2018: loss after tax $10.5 million). The Group reported an operating loss after tax from continuing operations of $6.7 million (2018: loss after tax $4.2 million).

Revenue for the year of $0.4 million (2018: $0.06 million) consisted primarily of bank interest earned on the Group's short-term deposits held during the year.

During the financial year the Company completed a Share Sale Agreement with Sandfire Resources NL (Sandfire), its partner in the Monty Mining Joint Venture and Springfield Exploration Joint Venture (collectively the Doolgunna Project), where Sandfire acquired Talisman A Pty Ltd, the subsidiary which held the Company's 30% interest in the Doolgunna Project on a debt-free and cash-free basis. Completion occurred on 12 October 2018 and the Company recorded a profit on sale of $55.8 million.

Financial position

As at 30 June 2019, the Group had net assets of $17.4 million (2018: $11.6 million) including $10.6 million of cash and cash equivalents (2018: $0.4 million).

SUBSEQUENT EVENTS

On 24 July 2019, Peter Benjamin was appointed as a non-executive director of the Company.

On 26 August 2019, the Company announced to the ASX that it had entered into a farm in agreement on the Lucknow Gold Project. The Group can earn an initial 51% interest by sole funding $0.7 million of exploration expenditure within a 24 month period and a further 19% interest by sole funding an additional $0.8 million of exploration expenditure over a further 24 month period.

On 27 September 2019, the Company announced to ASX that it had entered into a binding Share Sale Agreement with Saracen Mineral Holdings Limited ("Saracen"), for the Company to dispose of its entire interest in the share capital of its wholly owned subsidiary Talisman Nickel Pty Ltd (the holder of the Company's interest in the Sinclair Nickel Project), to Saracen ("Share Sale"). As part of the consideration for the Share Sale, the Company, Talisman Nickel Pty Ltd and Saracen have also executed two NSR Royalty Deeds, for further information see Note 26.

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, 12 board meetings, 3 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	12	12	3	3	1	1	1	1
Alan Senior	4	4	2	2	-	-	-	-
Daniel Madden	12	12	3	3	1	1	1	1
Brian Dawes	12	12	3	3	1	1	1	1
Karen Gadsby	12	11	3	3	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 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	419,000	2,500,000
Daniel Madden	50,000	7,500,000
Brian Dawes	353,333	1,750,000
Karen Gadsby	311,334	1,750,000

SHARE OPTIONS

Share options granted to Directors and key management personnel

At the date of this report, share options granted to the Directors and key management personnel 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	2,500,000	Talisman Mining Ltd	2,500,000
Daniel Madden	7,500,000	Talisman Mining Ltd	7,500,000
Brian Dawes	1,750,000	Talisman Mining Ltd	1,750,000
Karen Gadsby	1,750,000	Talisman Mining Ltd	1,750,000
Shaun Vokes	2,500,000	Talisman Mining Ltd	2,500,000
Anthony Greenaway	2,500,000	Talisman Mining Ltd	2,500,000

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

Issuing entity	Grant Date	Expiry date of options	Number of shares under option	Exercise price of options	Fair Value	Vesting Date
Talisman Mining Limited	11-Nov-16	31-Oct-19	150,000	$0.364	$0.270	30-Jun-17
Talisman Mining Limited	11-Nov-16	31-Oct-19	140,000	$0.404	$0.230	30-Jun-18
Talisman Mining Limited	11-Nov-16	31-Oct-21	40,000	$0.464	$0.320	30-Jun-19
Talisman Mining Limited	11-Nov-16	31-Oct-21	40,000	$0.504	$0.320	30-Jun-20
Talisman Mining Limited	07-May-19	31-Oct-20	2,527,780	$0.141	$0.029	31-Oct-19
Talisman Mining Limited	07-May-19	31-Oct-20	2,527,779	$0.158	$0.026	31-Oct-19
Talisman Mining Limited	07-May-19	31-Oct-20	2,527,777	$0.176	$0.024	31-Oct-19
Talisman Mining Limited	07-May-19	31-Oct-21	2,527,780	$0.141	$0.040	30-Apr-20
Talisman Mining Limited	07-May-19	31-Oct-21	2,527,777	$0.158	$0.038	30-Apr-20
Talisman Mining Limited	07-May-19	31-Oct-21	2,527,776	$0.176	$0.036	30-Apr-20
Talisman Mining Limited	07-May-19	31-Oct-22	2,527,780	$0.141	$0.049	31-Oct-20
Talisman Mining Limited	07-May-19	31-Oct-22	2,527,776	$0.158	$0.047	31-Oct-20
Talisman Mining Limited	07-May-19	31-Oct-22	2,527,775	$0.176	$0.045	31-Oct-20

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 2019 and is included on page 31.

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 2019.

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 25 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

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 38 and forms part of this Directors' report for the year ended 30 June 2019.

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 2019. 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
Brian Dawes	Non-Executive Director
Karen Gadsby	Non-Executive Director
Alan Senior	Non-Executive Director (Retired 30 November 2018)

Other Key Management

Anthony Greenaway	General Manager – Geology
Shaun Vokes	Chief Financial Officer/ Co-Company Secretary

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

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 Group. 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 Group 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 2019 and 30 June 2018.

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 Equity Plan' (EEEP) 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 price 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 Group'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 2019, the Remuneration Committee recommended bonuses totalling $35,000 be paid to two 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 30 June 2016 General Meeting. For the financial year ended 30 June 2019, this pool was utilised to a level of $219,912 (inclusive of superannuation). The fee paid for the 2019 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 formalised in an employment contract. The major provisions of the agreements related to the remuneration are set out below.

Key Management Personnel	Term of Agreement	Key Agreement Terms	Notice Period
Daniel Madden	Ongoing employment agreement	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	Ongoing employment agreement	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	Ongoing employment agreement	Termination benefit payable on early termination by the Group (other than for gross misconduct) is equal to one months' 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		Share-based payment	Total	
	Salary & fees	Bonus	Non-monetary	Super-annuation	Long service leave accrual	Options (i)		% of compensation linked to performance
	$	$	$	$	$	$	$	%
2019								
Directors								
Jeremy Kirkwood	80,000	-	-	7,600	-	45,295	132,895	34.08%
Daniel Madden	350,000	25,000	20,819	35,625	5,834	165,745	603,023	31.63%
Alan Senior (ii)	20,833	-	-	1,979	-	10,150	32,962	30.79%
Brian Dawes	50,000	-	-	4,750	-	31,562	86,312	36.57%
Karen Gadsby	50,000	-	-	4,750	-	31,562	86,312	36.57%
Executives								
Shaun Vokes	265,000	10,000	-	26,125	-	56,222	357,347	18.53%
Anthony Greenaway	275,000	-	-	26,125	-	56,222	357,347	15.73%
	1,090,833	35,000	20,819	106,954	5,834	396,758	1,656,198	
2018								
Directors								
Jeremy Kirkwood	80,000	-	-	7,600	-	55,380	142,980	38.73%
Daniel Madden	350,000	25,000	24,196	35,625	5,833	221,520	662,174	37.23%
Alan Senior	50,000	-	-	4,750	-	36,920	91,670	40.27%
Brian Dawes	50,000	-	-	4,750	-	36,920	91,670	40.27%
Karen Gadsby	50,000	-	-	4,750	-	36,920	91,670	40.27%
Executives								
Shaun Vokes	216,666	25,000	-	20,583	-	73,840	336,089	29.41%
Anthony Greenaway	216,666	25,000	-	20,583	-	73,840	336,089	29.41%
	1,013,332	75,000	24,196	96,266	5,833	535,340	1,749,967	

(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. The values above represent the accounting expense recorded over the vesting period of the options. The options were granted in the 2017 and 2019 financial years.

(ii) Alan Senior retired as a Non-Executive Director on 30 November 2018.

SHARE-BASED REMUNERATION GRANTED AS COMPENSATION

Options granted to directors during the financial year were approved by shareholders at an extraordinary general meeting of the Company on 7 May 2019. Options issued to other Company employees were issued under the employee and executive equity plan. For details of share-based payments granted during the year refer to Note 19.

			During the financial year		
Name	Number granted	Number vested and exercisable	% of grant vested	% of grant forfeited	% of compensation for the year consisting of options
Jeremy Kirkwood	2,500,000	-	0%	0%	34.08%
Daniel Madden	7,500,000	-	0%	0%	27.49%
Brian Dawes	1,750,000	-	0%	0%	36.57%
Karen Gadsby	1,750,000	-	0%	0%	36.57%
Shaun Vokes	2,500,000	-	0%	0%	15.73%
Anthony Greenaway	2,500,000	-	0%	0%	15.73%

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

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
Jeremy Kirkwood	750,000	FY16/17
Daniel Madden	3,000,000	FY16/17
Alan Senior	300,000	FY16/17
Brian Dawes	500,000	FY16/17
Karen Gadsby	500,000	FY16/17
Shaun Vokes	1,000,000	FY16/17
Anthony Greenaway	1,000,000	FY16/17

OTHER INFORMATION

Shares held by Key Management Personnel

	Opening balance at 1 July	Shares received on exercise of options	Net other change	Balance on resignation	Closing balance at 30 June	Balance held nominally
	Number	Number	Number	Number	Number	Number
2019						
Directors						
Jeremy Kirkwood	419,000	-	-	N/A	419,000	-
Alan Senior	116,666	-	-	(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	-	-
Anthony Greenaway	-	-	-	N/A	-	-
	1,250,333	-	-	(116,666)	1,133,667	86,667
2018						
Directors						
Jeremy Kirkwood	219,000	-	200,000	N/A	419,000	-
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	-	-
Anthony Greenaway	-	-	-	N/A	-	-
	1,050,333	-	200,000	-	1,250,333	86,667

Options held by Key Management Personnel

	Opening balance at 1 July	Granted as remuneration	Options Exercised	Options Lapsed/ Cancelled/ Forfeited	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
2019									
Directors									
Jeremy Kirkwood	750,000	2,500,000	-	(750,000)	N/A	2,500,000	-	-	-
Daniel Madden	3,000,000	7,500,000	-	(3,000,000)	N/A	7,500,000	-	-	-
Alan Senior	500,000	-	-	(300,000)	(200,000)	-	-	-	-
Brian Dawes	500,000	1,750,000	-	(500,000)	N/A	1,750,000	-	-	-
Karen Gadsby	500,000	1,750,000	-	(500,000)	N/A	1,750,000	-	-	-
Executives									
Shaun Vokes	1,000,000	2,500,000	-	(1,000,000)	N/A	2,500,000	-	-	-
Anthony Greenaway	1,000,000	2,500,000	-	(1,000,000)	N/A	2,500,000	-	-	-
	7,250,000	18,500,000	-	(7,050,000)	(200,000)	18,500,000	-	-	-
2018									
Directors									
Jeremy Kirkwood	750,000	-	-	-	N/A	750,000	-	150,000	450,000
Daniel Madden	3,000,000	-	-	-	N/A	3,000,000	-	600,000	1,800,000
Alan Senior	500,000	-	-	-	N/A	500,000	-	100,000	300,000
Brian Dawes	500,000	-	-	-	N/A	500,000	-	100,000	300,000
Karen Gadsby	500,000	-	-	-	N/A	500,000	-	100,000	300,000
Executives									
Shaun Vokes	1,000,000	-	-	-	N/A	1,000,000	-	200,000	600,000
Anthony Greenaway	1,000,000	-	-	-	N/A	1,000,000	-	200,000	600,000
	7,250,000	-	-	-	-	7,250,000	-	1,450,000	4,350,000

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, 27 September 2019

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 Group's financial position as at 30 June 2019 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, 27 September 2019

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2019, 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
27 September 2019

L Di Giallonardo
Partner

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the 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 Talisman Mining Limited 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 2019 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. We have determined the matters described below to be the key audit matter to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Discontinued Operations and Assets and Liabilities Classified as Held for Sale Note 5	
On 8 June 2018, the Group announced its intention to sell its interest in the Springfield Joint Venture to Sandfire Resources NL. As a result of this transaction, the Springfield Joint Venture was accounted for as a discontinued operation and the assets and liabilities of the Springfield Joint Venture were classified as held for sale as at 30 June 2018. The transaction was completed on 12 October 2018 and the operation has been treated as a discontinued operation for the year ended 30 June 2019. On 27 September 2019, the Group entered into a Share Sale Agreement to sell its current holdings in the Sinclair Project asset which is held by Talisman Nickel Pty Ltd. As a result of this transaction, Talisman Nickel Pty Ltd is accounted for as a discontinued operation and the assets and liabilities of the company have been classified as held for sale as at 30 June 2019. The recognition and disclosure of these transactions in the financial report are complex and required significant audit attention, as the Group was required to separate its assets, liabilities and operations into continuing and discontinued operations. This has a significant impact on the disclosure of the financial results and financial position of the Group. We considered this to be a key audit matter as it is important to users' understanding of the financial statements as a whole.	Our procedures included but were not limited to the following: • We ensured that the accounting for this matter is in line with the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*; • We reviewed the share sale agreements giving rise to these transactions; • We considered the fair values of the assets and liabilities being disposed of; and • We ensured that the appropriate disclosures have been made in the financial statements.

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 2019, 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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 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 Company and 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 Company or 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 Company's or 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 Company or 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.

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 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

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Talisman Mining Limited for the year ended 30 June 2019 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

L Di Giallonardo
Partner

Perth, Western Australia
27 September 2019


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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	30 Jun 19 $ `000	30 Jun 18 $ `000
Assets			
Current Assets			
Cash and cash equivalents	8	10,591	470
Trade and other receivables	9	270	253
Assets classified as held for sale	5(ii)	16,123	21,350
Total Current Assets		26,984	22,073
Non-Current Assets			
Receivables	9	120	179
Property, plant and equipment	10	334	2,772
Intangible assets	11	55	24
Deferred exploration and evaluation expenditure	12	-	14,000
Total Non-Current Assets		509	16,975
Total Assets		**27,493**	**39,048**
Liabilities			
Current Liabilities			
Trade and other payables	14	945	788
Provisions	16	56	50
Liabilities directly associated with assets held for sale	5(ii)	9,139	17,774
Total Current Liabilities		10,140	18,612
Non-Current Liabilities			
Provisions	16	-	8,792
Total Non-Current Liabilities		-	8,792
Total Liabilities		**10,140**	**27,404**
Net Assets		**17,353**	**11,644**
Equity			
Issued capital	17	31,866	60,882
Reserves	18	240	1,679
Accumulated losses		(14,753)	(50,917)
Total Equity		**17,353**	**11,644**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 Jun 19 $ `000	Restated (i) 30 Jun 18 $ `000
Continuing operations			
Revenue	2	432	60
Other income	2	10	-
Exploration expenditure expensed as incurred	12	(3,242)	(1,484)
Employee benefits expense	2	(1,760)	(1,626)
Legal and Corporate Advisory expenses	2	(914)	(399)
Administrative expenses		(871)	(452)
Occupancy expenses	2	(122)	(119)
Finance costs		(75)	-
Impairment of available-for-sale financial assets		-	(107)
Depreciation and amortisation expense		(117)	(77)
Loss before income tax expense from continuing operations		**(6,659)**	**(4,204)**
Income tax (expense)	3	-	-
Loss after tax from continuing operations		**(6,659)**	**(4,204)**
Discontinued operations			
Profit / (loss) after tax from discontinued operations	5	52,895	(6,319)
Net profit / (loss) for the year		**46,236**	**(10,523)**
Other comprehensive income for the year, net of tax			
Items that have been reclassified to profit or loss			
Net change in the fair value of available-for-sale financial assets		-	(14)
Other comprehensive loss for the year, net of tax		**-**	**(14)**
Total comprehensive income / (loss) for the year		**46,236**	**(10,537)**
Earnings / (loss) per share:			
From continuing and discontinued operations:			
Basic earnings / (loss) per share (cents per share)	6	24.90	(5.67)
Diluted earnings / (loss) per share (cents per share)	6	24.90	n/a
From continuing operations:			
Basic loss per share (cents per share)	6	(3.59)	(2.26)
Diluted loss per share (cents per share)	6	(3.59)	n/a

(i) The comparatives have been restated for the discontinued operation.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	30 Jun 19	30 Jun 18
		$ `000	$ `000
		inflows/(outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(3,305)	(2,495)
Payments for exploration and evaluation		(4,758)	(4,066)
Transaction finance costs		(483)	(1,659)
Receipts of R&D tax rebate		-	84
Interest received		447	100
Net cash used in operating activities	8	(8,099)	(8,036)
Cash flows from investing activities			
Payments for mine properties and development		-	(6,026)
Payments for property, plant and equipment		(311)	(7,099)
Proceeds from disposal of entity (net of sale costs)	5(i)	71,230	-
Reallocation of cash to available for sale assets	5(ii)	(27)	(4,879)
Net cash provided by / (used in) investing activities		70,892	(18,004)
Cash flows from financing activities			
Proceeds from borrowings	8,15	2,036	14,915
Transaction costs relating to borrowings	8	(105)	-
Repayment of borrowings	8,15	(18,628)	-
Dividends paid	7,18	(11,838)	-
Return of capital	17	(29,016)	-
Net cash provided by / (used in) financing activities		(57,551)	14,915
Net increase / (decrease) in cash held		5,242	(11,125)
Cash and cash equivalents at the beginning of the period (*)		5,349	11,595
Cash and cash equivalents at the end of the period	8	**10,591**	**470**
(*) Cash and cash equivalents at 30 June 2018		470	
Cash previously classified as available for sale at 30 June 2018		4,879	
Adjusted opening cash and cash equivalents balance		5,349	

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital $ `000	Accumulated Losses $ `000	Dividend Payment Reserve $ `000	Asset Revaluation Reserve $ `000	Share-based Payments Reserve $ `000	Total Equity $ `000
Balance at 1 July 2017	60,882	(40,574)	-	14	1,293	21,615
Loss for the period	-	(10,523)	-	-	-	(10,523)
Other comprehensive loss	-	-	-	(14)	-	(14)
Total comprehensive loss for the period	**-**	**(10,523)**	**-**	**(14)**	**-**	**(10,537)**
Recognition of share-based payments	-	-	-	-	566	566
Unlisted options lapsed	-	180	-	-	(180)	-
Balance at 30 June 2018	**60,882**	**(50,917)**	**-**	**-**	**1,679**	**11,644**
Balance at 1 July 2018	60,882	(50,917)	-	-	1,679	11,644
Profit for the period	-	46,236	-	-	-	46,236
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	**-**	**46,236**	**-**	**-**	**-**	**46,236**
Profit set aside for dividend (*)	-	(11,838)	11,838	-	-	-
Dividends paid	-	-	(11,838)	-	-	(11,838)
Return of capital	(29,016)	-	-	-	-	(29,016)
Recognition of share-based payments	-	-	-	-	372	372
Unlisted options forfeited	-	-	-	-	(45)	(45)
Unlisted options cancelled or lapsed	-	1,766	-	-	(1,766)	-
Balance at 30 June 2019	**31,866**	**(14,753)**	**-**	**-**	**240**	**17,353**

(*) Transfer of proportion of current period profit to reserve to facilitate payment of fully franked special dividend of 6.375 cents per ordinary share paid on 21 December 2018.

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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 incorporated and operating in Australia.

The Company's Registered Office and its principal place of business are as follows:

Level 11 / 2 Mill Street
Perth
Western Australia 6000

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. 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 Group's principal activities are exploration for 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 2019

In the year ended 30 June 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group 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 Group and, therefore, no material change is necessary to Group accounting policies.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Group has adopted AASB 9 from 1 July 2018.

The Directors have determined that there is no material impact of the new and revised standard on the Group and therefore no material change is necessary to Group accounting policies.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue and AASB 111 Construction Contracts and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has adopted AASB 9 from 1 July 2018.

The Directors have determined that there is no material impact of the new and revised standard on the Group and therefore no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. 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 16 Leases

AASB 16 replaces AASB 117 Leases. AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee, effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

Impact on Operating Leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss
- separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has elected not to early adopt AASB 16 but has conducted an initial assessment of the impact of the new standard and have determined that there is no material impact. As at 30 June 2019, the Group has $294,143 of non-cancellable operating lease commitments, predominantly relating to a property lease. The Group expects an increase in reported earnings before interest, tax, depreciation and amortisation (EBITDA) and an increase in lease assets and liabilities recognition.

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 27 September 2019.

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.

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 19.

Provision for restoration and rehabilitation

The provision for restoration and rehabilitation 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 restoration and 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 restoration and 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 restoration and 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.

(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 reassesses 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 the 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.

Revenue

	30 Jun 19 $ `000	30 Jun 18 $ `000
Bank interest	432	60
	432	60

Other Income

	30 Jun 19 $ `000	Restated 30 Jun 18 $ `000
Other income	10	-
	10	-

Other Expenses

	30 Jun 19 $ `000	30 Jun 18 $ `000
Loss for the year includes the following expenses:		
Non-cash share based payment expense	326	566
Other employee benefits	1,434	1,060
Operating lease rental expense	122	119

Legal and Corporate Advisory Expenses

	30 Jun 19 $ `000	Restated[(i)] 30 Jun 18 $ `000
Corporate advisory fees	610	136
Other legal fees	304	263
	914	399

(i) The comparatives have been restated for the discontinued operation.

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 differences 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.

R&D tax rebates are presented with the government grant approach. The credit will be recognised in profit before tax over the periods necessary to match the benefit of the credit with the costs for which it is intended to compensate. These periods will then depend on whether the R&D costs are capitalised or expensed as incurred.

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 19 $`000	30 Jun 18 $`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 profit / (loss) before income tax	46,236	(10,523)
Income tax expense / (benefit) calculated at 30% (2018: 30%)	13,871	(3,157)
Non-deductible expenses	103	149
Tax losses and deferred tax balances not recognised	(13,974)	(3,008)
Income tax benefit reported in the statement of comprehensive income	-	-

	30 Jun 19 $`000	30 Jun 18 $`000
Unrecognised deferred tax balances		
Deferred tax assets compromise of:		
Tax losses carried forward	2,797	14,787
Impairment of financial assets	45	2,175
Provisions	73	-
Other deferred tax balances	342	745
	3,257	17,707
Deferred tax liabilities compromise of:		
Exploration expenditure capitalised	113	707
Other deferred tax balances	-	-
	113	707
Income Tax expense not recognised directly in equity during the year	-	-

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

Talisman management has determined the operating segments based on the reports reviewed by the Board for strategic decision making. The Group operates in one geographical segment, being Australia and has identified the following operating segments: Monty Operation and Regional Exploration.

The Monty Operation represented the Group's 30% joint venture interest in the Monty Cu-Au Project (Monty). Sandfire Resources NL (Sandfire) acquired the Group's 30% interest in Monty, which was held by Talisman A Pty Ltd, on 12 October 2018. For further information see Note 5.

The Group's General Manager - Geology is responsible for budgets and expenditures relating to the Group's Regional Exploration activities. Regional Exploration activities do not normally derive any income. Should a project generated by Regional Exploration activities commence generating income or lead to the development of a mining operation, that operation would then be disaggregated from Regional Exploration and become reportable in a different segment. Regional exploration activities classified as discontinued operations were those incurred in relation to the Sinclair Nickel Project held by Talisman Nickel Pty Ltd. For further information see Note 5.

Segment Results

	Continued Operations	Discontinued Operations			
	Regional Exploration	Monty Project	Regional Exploration	Unallocated Items	Consolidated
	$ `000	$ `000	$ `000	$ `000	$ `000
30 June 2019					
Segment revenues / income	-	15	-	442	457
Segment profit / (loss) before income tax expense	(3,582)	55,847	(2,952)	(3,077)	46,236
Segment assets	389	-	16,123	10,981	27,493
Segment liabilities	(472)	-	(9,139)	(529)	(10,140)
30 June 2018					
Segment revenues / income	-	154	40	60	254
Segment (loss) before income tax expense	(1,488)	(3,916)	(2,403)	(2,716)	(10,523)
Segment assets	16,737	21,350	-	961	39,048
Segment liabilities	(8,831)	(17,774)	-	(799)	(27,404)

NOTE 5: DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal groups) and the sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary, after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

At balance date, the Group has accounted for the following two operations as discontinued operations:

i) Talisman A Pty Ltd (Doolgunna Project Joint Venture) – disposed of during the year; and

ii) Talisman Nickel Pty Ltd (Sinclair Nickel Project) – treated as an asset classified as held for sale.

Discontinued Operations – Group Financial Performance Summary

The financial performance for the Group's two discontinued operations is presented below:

	30 Jun 19 $ `000	Restated (i) 30 Jun 18 $ `000
Financial performance of discontinued operations		
Gain on disposal of subsidiary	56,973	-
Other Income	36	194
Expenses		
Exploration expenditure written off	(803)	-
Exploration expenditure expensed as incurred	(1,394)	(3,129)
Employee benefits expense	-	(35)
Legal and corporate advisory expenses	-	(37)
Care and maintenance expenses	(512)	(455)
Administrative expenses	-	(298)
Finance costs	(409)	(1,659)
Realised foreign exchange	(732)	-
Unrealised foreign exchange	-	(644)
Unwinding of discount on provisions	(264)	(256)
Profit / (loss) before income tax	52,895	(6,319)
Income tax	-	-
Profit / (loss) after income tax	52,895	(6,319)

(i) The comparatives have been restated for the discontinued operation.

i) DISPOSAL OF TALISMAN A PTY LTD (DOOLGUNNA PROJECT JOINT VENTURE)

During the year, the Company completed a Share Sale Agreement with Sandfire Resources NL (Sandfire), its partner in the Monty Mining Joint Venture and Springfield Exploration Joint Venture (collectively the Doolgunna Project Joint Venture) whereby Sandfire acquired Talisman A Pty Ltd, the subsidiary which held the Company's 30% interest in the Doolgunna Project Joint Venture, on a debt-free and cash-free basis. Completion of the sale transaction occurred on 12 October 2018. At 30 June 2018, the Group had assets classified as held for sale of $21.35 million and liabilities associated with assets held for sale of $17.774 million in relation to Talisman A Pty Ltd.

Consideration received or receivable

	30 Jun 19 $ `000	30 Jun 18 $ `000
Disposal consideration	72,300	-
Less: net asset disposal of Talisman A Pty Ltd	(2,451)	-
Less: costs of sale paid	(855)	-
Gain on disposal before settlement of project financing	68,994	-
Repayment of loan project financing out of disposal consideration	(12,021)	-
Gain on disposal before income tax	56,973	-
Income tax expense(i)	-	-
Gain on disposal after income tax	56,973	-
Loss for the period from discontinued operation	(1,126)	(3,916)
Profit / (loss) after tax from discontinued operation	55,847	(3,916)

(i) The tax expense related to the gain on disposal of Talisman A Pty Ltd has been offset by available brought forward income tax losses. These income tax losses relate to numerous components of the Group's activities over several years and as a result, it is considered impracticable to calculate the amount that would relate to the discontinued operation.

Net assets at the date of sale

	30 Jun 19 $ `000
Cash	214
Other receivables	240
Assets under construction	7,199
Mine development	9,032
Total assets	16,685
Trade creditors	1,305
Rehabilitation, restoration and dismantling provision	908
Loan – project financing	12,021
Total liabilities	14,234
Net assets	2,451

Net cash inflow on disposal

	30 Jun 19 $ `000
Cash and cash equivalents consideration received or receivable	72,300
Net cash and cash equivalents disposed of	(214)
Net cash received on disposal	72,086
Less: costs of sale paid	(856)
Proceeds from disposal of entity (net of sale costs)	71,230

Financial performance from discontinued operation

The financial performance presented for the period 1 July 2018 to the date of disposal, 12 October 2018:

	30 Jun 19 $ `000	30 Jun 18 $ `000
Financial performance from operations		
Revenue	15	154
Expenses	(1,141)	(4,070)
Loss before tax from discontinued operation	(1,126)	(3,916)
Income tax expense	-	-
Loss for the period from discontinued operation	(1,126)	(3,916)

Cash flows

Cash flows presented for the period 1 July 2018 to the date of disposal, 12 October 2018, included in the various categories in the consolidated statement of cash flows:

	30 Jun 19 $ `000	30 Jun 18 $ `000
Net cash flows from operating activities	(479)	(1,236)
Net cash flows from investing activities	(214)	(11,739)
Net cash flows from financing activities	(16,277)	13,255
Net cash flows	(16,970)	280

ii) ASSET CLASSIFIED AS HELD FOR SALE - TALISMAN NICKEL PTY LTD (SINCLAIR NICKEL PROJECT)

On 27 September 2019, the Company entered into a binding Share Sale Agreement with Saracen Mineral Holdings Limited ("Saracen"), for the Company to dispose of its entire interest in the share capital of its wholly owned subsidiary Talisman Nickel Pty Ltd (the holder of the Company's interest in the Sinclair Nickel Project), to Saracen ("Share Sale"). As part of the consideration for the Share Sale, the Company, Talisman Nickel Pty Ltd and Saracen have also executed two NSR Royalty Deeds, for further information see Note 26.

Financial Performance

The financial performance of the discontinued operation is presented below:

	30 Jun 19 $ `000	30 Jun 18 $ `000
Financial performance of discontinued operations		
Other Income	21	40
Expenses		
Exploration expenditure written off	(803)	-
Exploration expenditure expensed as incurred	(1,394)	(1,695)
Legal and Corporate Advisory expenses	-	(37)
Care and Maintenance expenses	(512)	(455)
Unwinding of discount on provisions	(264)	(256)
Loss before income tax	(2,952)	(2,403)
Income tax	-	-
Loss after income tax	(2,952)	(2,403)

The major classes of assets and liabilities of Talisman Nickel Pty Ltd comprising the operation classified as held for sale at balance date, are as follows:

	30 Jun 19 $ `000
ASSETS	
Cash	27
Trade and other receivables	241
Inventory	22
Property, plant and equipment	2,636
Deferred exploration and evaluation expenditure	13,197
	16,123
LIABILITIES	
Trade Creditors	83
Rehab, restoration and dismantling provision	9,056
	9,139
Net assets classified as held for sale	6,984

NOTE 6: EARNINGS/LOSS PER SHARE

Basic earnings/loss per share is calculated as net profit/loss 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/loss 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, or in the event there are no dilutive potential ordinary shares in existence.

	30 Jun 19	Restated(i) 30 Jun 18
	cents	cents
Basic earnings / (loss) per share	24.90	(5.67)
Diluted earnings per share	24.90	n/a
Basic loss per share from continuing operations	(3.59)	(2.26)
Diluted loss per share from continuing operations	(3.59)	n/a
	$ `000	$ `000
Net profit / (loss) for the year	46,236	(10,523)
Net loss for the year from continuing operations	(6,659)	(4,204)
	Number	Number
Weighted average number of ordinary shares for the purpose of basic and diluted earnings / (loss) per share	185,699,879	185,699,879

(i) The comparatives have been restated for the discontinued operation.

NOTE 7: DIVIDENDS

Dividends declared and paid during the year

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Special franked dividend for 2019: 6.375 cents (2018: nil cents)	11,838	-

The special dividend was franked to 100% and was paid on 21 December 2018.

Franking account balance

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2018: 30%)	-	5,074

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for:

(a) franking credits that will arise form the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

NOTE 8: 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.

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.

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Cash at bank and on hand	511	390
Short-term deposits	10,080	80
	10,591	470

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 19	30 Jun 18
	$ `000	$ `000
Profit / (loss) for the year after tax	46,236	(10,523)
Adjustments for:		
Gain on disposal of asset	-	(40)
Gain on disposal of business	(56,973)	-
Depreciation and amortisation included in income statement	117	77
Unwinding discount rate on mine closure provision	264	256
Impairment of available-for-sale financial assets	-	107
Equity settled share-based payments	372	566
Unlisted options forfeited	(45)	-
Unrealised foreign exchange	47	644
Exploration expenditure written off	803	-
Transaction costs related to loans and borrowings	105	-
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	(268)	(392)
Increase/(decrease) in liabilities:		
Trade and other payables	1,237	1,263
Provisions	6	6
Net cash used in operating activities	(8,099)	(8,036)

Change in liabilities arising from financing activities

	Consolidated		
	Project Finance Facility	Working Capital Facility	Total
	$ `000	$ `000	$ `000
30 June 2019			
Opening balance	-	-	-
Prior year re-classification of financing liabilities as available for sale	15,559	-	15,559
Foreign currency differences	1,033	-	1,033
Net cash from financing activities	-	2,036	2,036
Net cash (used in) financing activities	(16,592)	(2,036)	(18,628)
Other changes	-	-	-
Closing balance	-	-	-
30 June 2018			
Opening balance	-	-	-
Foreign currency differences	644	-	644
Net cash from financing activities	14,915	-	14,915
Other changes (re-classification of financing liabilities as available for sale)	(15,559)	-	(15,559)
Closing balance	-	-	-

NOTE 9: 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. There are no receivables at balance date that are past-due.

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.

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Current Assets		
Goods and services tax recoverable	113	121
Other debtors	65	78
Prepayments	92	54
	270	253
Non-Current Assets		
Other debtors - security bonds	120	179
	120	179

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 improve-ments	Plant and equipment	Motor vehicles	Total
	$ `000	$ `000	$ `000	$ `000	$ `000
Year ended 30 June 2019					
At 1 July 2018, net of accumulated depreciation	103	-	2,636	33	2,772
Additions	101	26	-	150	277
Disposals	-	-	-	-	-
Reclass to available for sale assets (i)	-	-	(2,636)	-	(2,636)
Depreciation charge for the year	(49)	(2)	-	(28)	(79)
	155	24	-	155	334
Year ended 30 June 2018					
At 1 July 2017, net of accumulated depreciation	59	1	2,786	59	2,905
Additions	77	-	7,049	-	7,126
Disposals	-	-	-	-	-
Reclass to available for sale assets (i)	-	-	(7,199)	-	(7,199)
Depreciation charge for the year	(33)	(1)	-	(26)	(60)
	103	-	2,636	33	2,772

	Office furniture and equipment	Leasehold improve-ments	Plant and equipment	Motor vehicles	Total
	$ `000	$ `000	$ `000	$ `000	$ `000
At 30 June 2019					
Cost or fair value	804	52	-	427	1,283
Accumulated depreciation	(649)	(28)	-	(272)	(949)
Net carrying amount	155	24	-	155	334
At 30 June 2018					
Cost or fair value	703	26	2,636	277	3,642
Accumulated depreciation	(600)	(26)	-	(244)	(870)
Net carrying amount	103	-	2,636	33	2,772

(i) Refer Note 5.

The carrying value of plant and equipment held under finance lease and hire purchase contracts as at 30 June 2019 is nil (2018: nil).

NOTE 11: 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 19	30 Jun 18
	$ `000	$ `000
Software license		
Cost	110	41
Accumulated amortisation	(55)	(17)
Carrying value at end of financial year	55	24

NOTE 12: 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 19 $ `000	30 Jun 18 $ `000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	14,000	14,000
Expenditure incurred	4,636	4,613
	18,636	18,613
Exploration expensed as incurred	(4,636)	(4,613)
Expenditure written off	(803)	-
Reclass to available for sale assets (i)	(13,197)	-
Carrying value at end of financial year	-	14,000

(i) Refer Note 5.

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 19		30 Jun 18	
	$ `000	$ `000	$ `000	$ `000
Sinclair	8,069	2,197	5,872	1,697
Springfield(i)	28,056	-	28,056	1,434
Halloween West JV	587	-	587	-
Lachlan Copper	4,724	3,242	1,482	1,482
Other Exploration Expenses	90	-	90	-
	41,526	5,439	36,087	4,613

(i) Includes the previous Halloween Project

NOTE 13: 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.

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 19 $ `000	30 Jun 18 $ `000
Opening Balance	-	2,098
Cost	-	6,026
Restoration and rehabilitation provision capitalised	-	908
Reclassification to available for sale assets[(i)]	-	(9,032)
Net carrying amount at end of financial year.	-	-

(i) Refer Note 5

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.

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.

Employee leave benefits

	30 Jun 19 $ `000	30 Jun 18 $ `000
Current		
Trade payables	696	482
Employee benefits	168	253
Other payables	81	53
	945	788

NOTE 15: BORROWINGS

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

	30 Jun 19 $ `000	30 Jun 18 $ `000
Secured		
Project Finance Facility	-	-
Working Capital Facility	-	-
Total secured borrowings	-	-

	Working Capital Facility $`000	Project Finance Facility [(i)] $`000	Total $`000
Balance as at as at 1 July 2018	-	-	-
Classified as available for sale	-	15,559	15,559
Drawdown of loan facility	2,036	-	2,036
Exchange differences	-	1,033	1,033
Repayment of loan facility	(2,036)	(16,592)	(18,628)
Balance as at 30 June 2019	-	-	-

(i) Refer Note 5. In the prior year the Project Finance Facility ('PFF') liability was reclassified to liabilities directly associated with assets held for sale. On 12 October 2018, immediately prior to completion of the divestment of the Group's interest in the Doolgunna Projects Joint Venture, the outstanding liabilities under the PFF and the Working Capital Finance Facility were repaid in full to the Taurus Mining Finance Fund. Upon repayment both facilities were closed. Refer below for details of the borrowing arrangements.

Fair value disclosures

Details of the fair value of the Group's borrowings are set out in Note 20.

Summary of borrowing arrangements

On 27 October 2017, the Group entered into a secured Project Financing Facility (PFF) with Taurus Mining Finance Fund (Taurus) for US$20 million. The PFF was guaranteed by the parent company and secured by the Group's interest in the Monty project and is subject to a fixed interest rate of 6.75% p.a. The PFF was to mature on 30 September 2020.

The PFF also included a royalty of 2.25% on the Group's gross payable copper and gold metal-in-ore sales receipts from Monty. The obligation to pay the royalty ceases once the Group has received revenue from Monty sales containing 29,700 tonnes of copper and 16,500 ounces of gold. Under the terms of the PFF, the Group was also subject to certain financing covenants including debt coverage ratios and distribution restrictions.

On 28 June 2018, the Group entered into a secure Working Capital Facility (WCF) with Taurus for US$3 million. The WCF was secured by the Company's shares in Haverford Holdings Pty Ltd (a 100% owned subsidiary that holds the Company's interest in its NSW tenements) and Talisman Nickel Pty Ltd (a 100% owned subsidiary that holds the Company's interest in the Sinclair Nickel Project). The WCF was subject to a fixed interest rate of 6.75% and matures on 30 June 2020.

On 12 October 2018 immediately prior to completion of the divestment of the Group's interest in the Doolgunna Project to Sandfire, the outstanding liabilities under the PFF and WCF were repaid in full to Taurus. Upon repayment both facilities were closed. Sandfire, via its acquisition of Talisman A Pty Ltd, assumed an amended form of the existing 2.25% gross royalty revenue held by Taurus over Talisman's 30% share of Monty production.

Financing Facilities Available

At balance date, the following financing facilities were available:

in United States Dollars	30 Jun 19 $ `000	30 Jun 18 $ `000
Total Facilities		
Project Facility	-	20,000
Working Capital Facility	-	3,000
	-	23,000
Facilities used at balance date		
Project Facility	-	11,500
Working Capital Facility	-	-
	-	11,500
Facilities unused at balance date		
Project Facility	-	8,500
Working Capital Facility	-	3,000
	-	11,500
Total facilities		
Facilities used at balance date	-	11,500
Facilities unused at balance date	-	11,500
	-	23,000

	30 Jun 19 $ `000	30 Jun 18 $ `000
Upfront fees	-	795
Foreign exchange - unrealised	15	644
Interest expense	359	683
Commitment and other fees	215	181
Total borrowing costs	589	2,303

The borrowing transaction costs have been expensed to profit and loss as the loans were settled as part of the divestment of the Group's interest in the Doolgunna Projects Joint Venture.

NOTE 16: 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 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	50	8,792
Unwinding and discount rate adjustment	-	264
Reclassification of Sinclair restoration and rehabilitation provision to available for sale(i)	-	(9,056)
Long service leave arising during the year	6	-
Balance at the end of financial year	56	-

(i) Refer to Note 5

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Current		
Employee benefits	56	50
	56	50
Non-Current		
Restoration and rehabilitation	-	8,792
	-	8,792

NOTE 17: ISSUED CAPITAL

	30 Jun 19	30 Jun 18
	$	$
Ordinary shares		
Issued and fully paid	31,866,023	60,881,617

	30 Jun 19		30 Jun 18	
	Number	$	Number	$
Movements in ordinary shares on issue				
At 1 July	185,699,879	60,881,617	185,699,879	60,881,617
Return of capital (i)	-	(29,015,594)	-	-
At 30 June	185,699,879	31,866,023	185,699,879	60,881,617

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

(i) on 8 March 2019 the Company returned capital of 15.625 cents per share to all shareholders (by equal capital reduction).

Ordinary shares entitled 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 19.

NOTE 18: RESERVES

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 19 for further details of these plans.

	30 Jun 19 $ `000	30 Jun 18 $ `000
Accumulated Losses		
Balance at beginning financial year	(50,917)	(40,574)
Net profit / (loss) for the year	45,703	(10,523)
Dividends paid	(11,838)	-
Transfer on expiry of unexercised options	1,766	180
Balance at end of financial year	(15,286)	(50,917)
Reserves		
Share-based payment reserve	240	1,679
Balance at end of financial year	240	1,679

Movement in these reserves are set out in the Statement of Changes in Equity.

NOTE 19: SHARE-BASED PAYMENT PLANS

Executive and Employee Equity Plan ("EEEP")

The Group has an Executive and Employee Equity Plan ("EEEP") for executives and employees of the Group. In accordance with the provisions of the EEEP, 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 EEEP not exceeding 5% of the Company's issued capital at any one time.

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

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:

Grant Date	Expiry date of options	Number of shares under option	Exercise price of options	Fair Value	Vested Date	Number Lapsed
11-Nov-16	31-Oct-18	1,755,000	$0.48	$0.23	11-Nov-16	(1,755,000)

The following options were forfeited during the financial year:

Grant Date	Expiry date of options	Number of shares under option	Exercise price of options (i)	Fair Value	Vested Date	Number Forfeited
11-Nov-16	31-Oct-21	100,000	$0.46	$0.32	30-Jun-19	(100,000)
11-Nov-16	31-Oct-21	100,000	$0.50	$0.32	30-Jun-20	(100,000)

The following options were cancelled during the financial year:

Grant Date	Expiry date of options	Number of shares under option	Exercise price of options (i)	Fair Value	Vested Date	Number Cancelled
11-Nov-16	31-Oct-19	1,400,000	$0.36	$0.27	30-Jun-17	(1,400,000)
11-Nov-16	31-Oct-19	1,400,000	$0.40	$0.23	30-Jun-18	(1,400,000)
11-Nov-16	31-Oct-21	1,400,000	$0.46	$0.32	30-Jun-19	(1,400,000)
11-Nov-16	31-Oct-21	1,400,000	$0.50	$0.32	30-Jun-20	(1,400,000)

(i) Exercise price adjusted after 15.625 cents per share return of capital on 8 March 2019. Refer note 17 for details.

The following options were issued during 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	7-May-19	31-Oct-20	2,527,780	$0.14	$0.03	31-Oct-19
Talisman Mining Limited	7-May-19	31-Oct-20	2,527,779	$0.16	$0.03	30-Apr-20
Talisman Mining Limited	7-May-19	31-Oct-20	2,527,777	$0.18	$0.02	31-Oct-20
Talisman Mining Limited	7-May-19	31-Oct-21	2,527,780	$0.14	$0.04	31-Oct-19
Talisman Mining Limited	7-May-19	31-Oct-21	2,527,777	$0.16	$0.04	30-Apr-20
Talisman Mining Limited	7-May-19	31-Oct-21	2,527,776	$0.18	$0.04	31-Oct-20
Talisman Mining Limited	7-May-19	31-Oct-22	2,527,780	$0.14	$0.05	31-Oct-19
Talisman Mining Limited	7-May-19	31-Oct-22	2,527,776	$0.16	$0.05	30-Apr-20
Talisman Mining Limited	7-May-19	31-Oct-22	2,527,775	$0.18	$0.04	31-Oct-20

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	11-Nov-16	31-Oct-19	150,000	$0.36	$0.27	30-Jun-17
Talisman Mining Limited	11-Nov-16	31-Oct-19	140,000	$0.40	$0.23	30-Jun-18
Talisman Mining Limited	11-Nov-16	31-Oct-21	40,000	$0.46	$0.32	30-Jun-19
Talisman Mining Limited	11-Nov-16	31-Oct-21	40,000	$0.50	$0.32	30-Jun-20
Talisman Mining Limited	7-May-19	31-Oct-20	2,527,780	$0.14	$0.03	31-Oct-19
Talisman Mining Limited	7-May-19	31-Oct-20	2,527,779	$0.16	$0.03	30-Apr-20
Talisman Mining Limited	7-May-19	31-Oct-20	2,527,777	$0.18	$0.02	31-Oct-20

Issuing entity	Grant Date	Expiry date of options	Number of shares under option	Exercise price of options	Fair Value	Vested Date
Talisman Mining Limited	7-May-19	31-Oct-21	2,527,780	$0.14	$0.04	31-Oct-19
Talisman Mining Limited	7-May-19	31-Oct-21	2,527,777	$0.16	$0.04	30-Apr-20
Talisman Mining Limited	7-May-19	31-Oct-21	2,527,776	$0.18	$0.04	31-Oct-20
Talisman Mining Limited	7-May-19	31-Oct-22	2,527,780	$0.14	$0.05	31-Oct-19
Talisman Mining Limited	7-May-19	31-Oct-22	2,527,776	$0.16	$0.05	30-Apr-20
Talisman Mining Limited	7-May-19	31-Oct-22	2,527,775	$0.18	$0.04	31-Oct-20

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

	30 Jun 19		30 Jun 18	
	Number	$	Number	$
Movements in options over ordinary shares on issue				
At 1 July	7,925,000	1,678,836	9,705,000	1,292,836
Directors' and employees' remuneration	22,750,000	371,164	-	569,794
Unlisted options forfeited	(200,000)	(44,670)	(30,000)	(3,692)
Unlisted options cancelled	(5,600,000)	(1,359,616)	-	-
Unlisted options lapsed	(1,755,000)	(405,932)	(1,750,000)	(180,102)
At 30 June	23,120,000	239,782	7,925,000	1,678,836

The fair value of options granted during the year was $837,523 (2018: nil).

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

November 2016 Options Inputs into model	1	2	3	4	5
Exercise price	$ 0.48	$ 0.52	$ 0.56	$ 0.62	$ 0.66
Exercise price post capital return (i)	$ 0.32	$ 0.36	$ 0.40	$ 0.46	$ 0.50
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

(i) Exercise price adjusted after 15.625 cents per share return of capital on 8 March 2019. Refer note 17 for details.

May 2019 Options Inputs into model	1	2	3	4	5	6	7	8	9
Exercise price	$ 0.14	$ 0.16	$ 0.18	$ 0.14	$ 0.16	$ 0.18	$ 0.14	$ 0.16	$ 0.18
Grant date share price (5 day VWAP)	$0.088	$0.088	$0.088	$0.088	$0.088	$0.088	$0.088	$0.088	$0.088
Expected volatility	98%	98%	98%	98%	98%	98%	98%	98%	98%
Risk-free interest rate	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	1.50	1.50	1.50	2.50	2.50	2.50	3.50	3.50	3.50

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.

NOTE 20: FINANCIAL INSTRUMENTS

(a) Introduction

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

- Credit risk
- Liquidity risk
- Interest rate risk
- Capital risk
- Foreign currency 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
(includes assets classified as held for sale and associated liabilities)

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Financial assets		
Cash and cash equivalents	10,618	5,349
Receivables	285	618
Available-for-sale investments	-	-
	10,903	5,967
Financial liabilities		
Trade and other payables	1,028	2,095
Borrowings	-	15,559
	1,028	17,654

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.

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
2019							
Financial Assets							
Non-interest bearing	114	-	-	-	-	51	165
Variable interest rate	538	-	-	-	-	-	538
Fixed interest rate	-	80	10,120	-	-	-	10,200
	652	80	10,120	-	-	51	10,903
Financial Liabilities							
Non-interest bearing	841	-	187	-	-	-	1,028
Fixed interest rate	-	-	-	-	-	-	-
	841	-	187	-	-	-	1,028
2018							
Financial Assets							
Non-interest bearing	618	-	-	-	-	-	618
Variable interest rate	5,269	-	-	-	-	-	5,269
Fixed interest rate	-	80	-	-	-	-	80
	5,887	80	-	-	-	-	5,967
Financial Liabilities							
Non-interest bearing	1,893	-	202	-	-	-	2,095
Fixed interest rate	-	-	15,559	-	-	-	15,559
	1,893	-	15,761	-	-	-	17,654

(e) Interest rate risk

The Group is not exposed to interest rate risk on existing finance facilities as the Group's borrowings are at fixed interest rates for the respective terms of the facilities. (Refer to Note 15).

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 profit would have increased by $2,688 (2018: net loss reduced by $26,000).

(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) Foreign currency exchange rate risk management

The Group undertakes certain borrowing transactions denominated in United States Dollars, hence exposures to exchange rate fluctuations arises.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at balance date are as follows:

	Consolidated			
	Liabilities		Assets	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
US Dollars	21	11,500	1	321

Foreign currency sensitivity analysis

The sensitivity analysis below details the Group's sensitivity to an increase/decrease in the Australian dollar against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, including external loans within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower and adjusts their translation at balance date by a 1% increase in foreign currency rates.

A 1% increase in the currency rate is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates.

At balance date, if foreign exchange rates had been 1% higher and all other variables were held constant, the Group's:

- Net profit would increase by $291 (2018: net loss increase of $151,249) and
- Equity reserves would increase/decrease by $Nil (2018: $Nil).

NOTE 21: COMMITMENTS AND CONTINGENCIES

Commitments

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 19	30 Jun 18
	$'000	$'000
Exploration expenditure		
Within one year	2,971	3,367
After one year but not more than five years	10,814	11,458
Greater than five years	13,229	17,710
	27,014	32,535

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.

Talisman Nickel Pty Ltd (Sinclair Nickel Project) was classified as an asset held for sale at 30 June 2019. Its share of total exploration expenditure commitments at that date was $23,074,030.

Operating leases

Operating lease arrangements comprise an agreement for the rental of office space with a lease term of 1 or 3 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 19	30 Jun 18
	$'000	$'000
Non-cancellable operating lease commitments		
Within one year	155	160
After one year but not more than five years	139	267
Greater than five years	-	-
	294	427

Contingencies

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

There are no other no material contingent liabilities or assets as at 30 June 2019 and no material contingent liabilities or assets were incurred in the interval between the period end and the date of this financial report.

NOTE 22: 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 (July 2018 – November 2018)
Brian Dawes	Non-Executive Director
Karen Gadsby	Non-Executive Director

Executives

Shaun Vokes	Chief Financial Officer/Company Secretary
Anthony Greenaway	General Manager – Geology

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 19	30 Jun 18
	$	$
Short-term employee benefits	1,146,652	1,112,528
Post-employment benefits	106,954	96,266
Other long-term benefits	5,834	5,833
Share-based payments(i)	396,758	535,340
Total key management personnel compensation	1,656,198	1,749,967

(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 23: INTEREST IN SUBSIDIARIES

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

Name		Equity Interest		Investment	
	Country of Incorporation	2019 %	2018 %	2019 $	2018 $
Talisman A Pty Ltd	Australia	-	100	-	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 24: 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

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 2019 and for the year then ended in relation to Talisman Mining Limited as a single entity are noted below.

	30 Jun 19	30 Jun 18
	$ `000	$ `000
Assets		
Current assets	10,721	573
Non-current assets	327	346
Total assets	11,048	919
Liabilities		
Current liabilities	529	801
Total liabilities	529	801
Net assets	10,519	118
Equity		
Issued capital	31,866	60,882
Share based payment reserve	240	1,679
Accumulated losses	(21,587)	(62,443)
Total equity	10,519	118

	Year ended	
	30 Jun 19	30 Jun 18
	$ `000	$ `000
Profit / (loss) for the year	50,928	(11,518)
Other comprehensive income	-	(14)
Total comprehensive income / (loss)	50,928	(11,532)

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. However, the parent entity itself is not responsible for any minimum exploration expenditure commitments.

Operating leases

Operating lease arrangements comprise an agreement for the rental of office space with a lease term of 1 or 3 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 19	30 Jun 18
	$ `000	$ `000
Non-cancellable operating lease commitments		
Within one year	143	149
After one year but not more than five years	139	267
Greater than five years	-	-
	282	416

NOTE 25: AUDITOR'S REMUNERATION

The auditor of Talisman Mining Limited is HLB Mann Judd.

	30 Jun 19	30 Jun 18
	$	$
Preparation of Fringe Benefit Tax Return	2,000	2,000
Audit of Western Australian Tenement Exploration Expenditure	1,500	-
Audit or review of the financial report	44,046	37,500
Total Remuneration of Auditors	47,546	39,500

NOTE 26: SUBSEQUENT EVENTS

Peter Benjamin Board Appointment

On 24 July 2019, Peter Benjamin was appointed as a non-executive director of the Company.

Lucknow Gold Project Farm In Agreement

On 26 August 2019, the Company announced to the ASX that it had entered into a farm in agreement on the Lucknow Gold Project. The Group can earn an initial 51% interest by sole funding $0.7 million of exploration expenditure within a 24 month period and a further 19% interest by sole funding an additional $0.8 million of exploration expenditure over a further 24 month period.

Sinclair Nickel Project Transaction

On 27 September 2019, the Company announced to the ASX that it had entered into a binding Share Sale Agreement ("SSA") with Saracen Mineral Holdings Limited ("Saracen"), for the Company to dispose of its entire interest in the share capital of its wholly owned subsidiary Talisman Nickel Pty Ltd ("Talisman Nickel"), the holder of the Company's interest in the Sinclair Nickel Project, to Saracen ("Share Sale"). The Company, Talisman Nickel and Saracen have also executed two NSR Royalty Deeds, described below, as part of the Share Sale.

Completion of the Share Sale is subject to minimal conditions and is not conditional on the Company convening a general meeting.

Share Sale Agreement and NSR Royalty

In consideration for the Share Sale, at completion the Company is to receive net cash from Saracen equal to A$10.0 million (calculated on a cash free debt free basis) subject to post-completion adjustments as agreed by the parties under the SSA. In addition, the Company, Talisman Nickel and Saracen have also executed two uncapped, perpetual NSR Royalty Deeds: one that provides for a 2% Net Smelter Return royalty associated with any metal production from the Sinclair Nickel Project tenements, and one that provides for a 2% Net Smelter Return regarding base metal production from Saracen's 100% owned Waterloo Nickel Project tenement (together the "NSR Royalties").

Payment of the NSR Royalties is guaranteed by Saracen. Each of Saracen and Talisman Nickel may sell, assign or otherwise dispose of part or all of their interest in either the Sinclair Nickel Project tenements area or the Waterloo Nickel Project tenement area, provided that the relevant buyer or assignee agrees to assume, be bound by and perform the obligations under the relevant NSR Royalty Deed of whichever of Saracen or Talisman Nickel sold or assigned their interest. The Company has granted a right of last refusal to Saracen and Talisman Nickel (or any subsequent buyer or assignee of Saracen's or Talisman Nickel's obligations under the relevant NSR Royalty Deed) on any sale or disposal of the Company's rights to the NSR Royalties.

DIRECTORS' DECLARATION

Talisman Mining Limited

The Directors of the Group declare that:

1. the consolidated financial statements, comprising the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, and accompanying notes are in accordance with the Corporations Act 2001, and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group;

2. the Managing Director and the Chief Financial Officer of the Group have each declared as required by Section 295A that:

   (a) the financial records of the Group for the financial year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view.

3. 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.

4. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Board of Directors

Daniel Madden

27 September 2019

ADDITIONAL SECURITIES EXCHANGE INFORMATION

AS AT 23 SEPTEMBER 2019

1. NUMBER OF HOLDERS OF EQUITY SECURITIES

(a) Distribution of holders of equity securities

Range	No. of holders	Securities
1 to 1,000	163	79,165
1,001 to 5,000	506	1,570,692
5,001 to 10,000	414	3,546,614
10,001 to 100,000	892	34,828,436
100,001 and Over	253	145,674,972
Total	2,228	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 572 (holding a total of 1,166,043 shares) given a share value of $0.10 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:
Level 11, 2 Mill Street
Perth, Western Australia 6000
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	MRS JASMINE KAILIS	5,590,000	3.01
4	HARMANIS HOLDINGS PTY LTD	4,437,575	2.39
5	TYCHE HOLDINGS PTY LTD	3,850,000	2.07
6	JETOSEA PTY LTD	3,850,000	2.07
7	TYCHE HOLDINGS PTY LTD	3,510,000	1.89
8	BACK9 NOMINEES PTY LTD	3,500,000	1.88
9	HARMANIS HOLDINGS PTY LTD	3,080,451	1.66
10	MICHAEL J KARIN SUPER FUND PTY LTD	2,723,490	1.47
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,515,425	1.35
12	INVESTMENT HOLDINGS PTY LTD	2,500,000	1.35
13	BACK9 INVESTMENT MANAGEMENT PTY LTD	2,200,000	1.18
14	MR JOHN FORD	2,036,768	1.10
15	SIREB PTY LTD	1,904,464	1.03
16	MR PETER CHARLES WIGHAM	1,740,500	0.94
17	NEW FRONTIER RESOURCES PTY LTD	1,563,928	0.84
18	MR BRIAN ERNEST ZUCAL & MR STEPHEN BRIAN ZUCAL	1,550,000	0.83
19	SYDNEY FUND MANAGERS LIMITED	1,500,000	0.81
20	TYCHE HOLDINGS PTY LTD	1,470,000	0.79

7. UNQUOTED EQUITY SECURITIES

Class	Exercise Price $		Expiry Date	Number	Number of holders
Unlisted options	$	0.36	31-Oct-19	150,000	5
Unlisted options	$	0.40	31-Oct-19	140,000	4
Unlisted options	$	0.46	31-Oct-21	40,000	3
Unlisted options	$	0.50	31-Oct-21	40,000	3
Unlisted options	$	0.14	31-Oct-20	2,527,780	15
Unlisted options	$	0.16	31-Oct-20	2,527,779	15
Unlisted options	$	0.18	31-Oct-20	2,527,777	15
Unlisted options	$	0.14	31-Oct-21	2,527,780	15
Unlisted options	$	0.16	31-Oct-21	2,527,777	15
Unlisted options	$	0.18	31-Oct-21	2,527,776	15
Unlisted options	$	0.14	31-Oct-22	2,527,780	15
Unlisted options	$	0.16	31-Oct-22	2,527,776	15
Unlisted options	$	0.18	31-Oct-22	2,527,775	15

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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