

**NEW Talisman**  
GOLD MINES LIMITED

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**HALF YEARLY REPORT**  
to 30 September 2017



## REPORT TO THE SHAREHOLDERS OF NEW TALISMAN GOLD MINES LTD

Half year ended 30 September 2017

### Dear Shareholders

The Directors of New Talisman Gold Mines Ltd are pleased to provide the following report on progress your company has made in the period to 30 September 2017 and its financial position at the end of the period.

We are drawing to the end of what has been one of the busiest years in NTL's history and a year in which the Company has been reshaped on many levels. Among the many accomplishments of the past year there are three that really stand out:

- Commencement of operations at the Talisman Mine – on the 6th of June 2017 the Company mobilised to site and in six short months has executed a significant body of work. The site is now fully established, appropriate services are in place, we have rehabilitated approximately 600m of the underground tunnel network and extraction of ore from underground has begun.

We are very pleased to note that this was all accomplished within budget and that only one minor safety incident was reported. Progress on the underground works is discussed in more detail further in this announcement.

- Modelling and resource estimation of the Talisman Deeps - Upgrading of a significant portion of the mineral resource estimate to be compliant with JORC 2012 reporting standards. Three modules covering the Dubbo, Woodstock and the Talisman/Bonanza zones, were released to the market between 12 July and 05 September, 2017. The net results of which were to more than double the mines estimate of Mineral Resources from 229,000 Oz AuEq to 469,000 Oz AuEq at an average grade of 15.1g/t AuEq. This total includes some 312,000 Oz AuEq at an average grade of 21.98g/t in the Dubbo Zone of the mine.

This has set the stage for building a highly profitable mine as your Company sets about developing one of the highest-grade underground deposits in New Zealand and beyond.

- The acquisition of 100% of the Rahu gold project from Newcrest New Zealand Ltd. NTL has long held the belief that the Rahu Project, located immediately along the strike of the Maria vein which has been extensively mined at Karangahake and historically produced gold at grade of 27.1g/t AuEq, may host a significant epithermal gold system. An aggressive drilling campaign is planned to test this theory and planning is at an advanced stage.

Based to the above significant achievements, investors showed their confidence in the Company resulting in an increase in the share price from 0.5c to 1.6c after peaking at nearly 3.0c. This is a 220% increase based on the current share price after the raising of a further approximately 2M NZD from the SPP.

### Corporate

During the period under review the company completed a successful SPP raising just under \$2M at a premium to the prevailing share price traded during the issue period. This demonstrates the significant support for the project by current shareholders who have been rewarded with an attached 1 for 5 option. This has a generous five-year term which has recently traded at 0.7c providing shareholders with long term incentives.

A portion of the funds raised will be applied to the Rahu Project.

## Talisman Mine (100% New Talisman Gold Mines Limited)

Following detailed operational planning of the project, and securing financial resources through the capital raising in mid-2016, the Company established itself at the mine site in June 2017. The initial part of the project was focussed on establishing the engineering infrastructure to support underground works and refurbishing the underground tunnel network between the No8 Level Portal and the Mystery workings. The refurbishment is now nearing completion while prospecting is ramping up and extraction of ore from the underground workings commenced in December 2017.

### Mine Refurbishment

Refurbishment of the underground workings continues with excellent progress being made by the underground team. Remedial works have now progressed more than 600m into the mine at the location of the second bypass which is the final step to make the No 8 level drive fully trafficable all the way to the Mystery Workings. The team have faced many geotechnical challenges along the way and have completed the works to date without any serious incidents.

With the focus of the project now shifting from rehabilitation to prospecting and extraction, two locations have been identified through which access to No's 9 and 10 level may be achieved. A detailed geotechnical assessment of these areas is underway. Access to these levels will allow the team to undertake sampling activities in the highly prospective areas of the high-grade Dubbo Zone directly below the area delineated by the 2004 exploration programme. The intersection of the Maria vein here in 1989 borehole BM37

assayed at 656g/t gold over 1.8m which included 1154g/t over 1.0m. This with channel sampling and drilling by NTL confirmed the presence of a high-grade shoot that has been further supported by modelling work of historic grade data in the recent mineral resource upgrade.

NTL announced on 05 December 2017 that extraction and stockpiling of ore has commenced at the Talisman mine site. The ore is currently being stockpiled while treatment options are being reviewed.

### Prospecting

Prospecting activities continue in full swing at the Talisman Mine with several sources of broken ore having been identified. Grab samples taken of an ore stockpile on 7 Level have yielded assay results of between 5.8g/t and 8.18g/t gold and between 16g/t and 70g/t silver. It is thought that the pile may contain between 90 and 140 tonnes which is readily available at a very low cost.

Grab samples taken from broken ore flowing from an historic stope adjacent to the No 8 Level Second Bypass have assayed at between 4.53 and 7.68 g/t gold and 38 and 45 g/t silver. Transport of this material to a stockpile close to the portal is now underway in preparation for transport to an off-site stockpile location.

Prospecting activities are also underway at Taukani Hill where previous sampling of the quartz vein outcrop yielded gold assay results ranging between 0.06g/t and 345g/t. The Company wishes to increase its knowledge of this highly prospective area along with other targets in the mining permit and develop a more detailed exploration programme for inclusion into the broader mine development schedule.



Figure 1 - Team members demonstrating the mono wheel stretcher carrier purchased for underground rescue.

## Mineral Resource Estimate

In late 2016 the Company undertook a programme to upgrade the Mineral Resource estimate to be compliant with JORC 2012 reporting standards. This exercise was prompted by the acquisition of a large database of historic geological and geochemical information relating the deeper extents of the Maria Vein. Information on this estimate was released to the market in three modules covering the Dubbo, Woodstock and Talisman Bonanza zones of the Maria vein.

The net result of this exercise was to revise the estimate of mineral resources available to the Talisman Project from 917,000 tonnes at 6.9g/t Au for 204,000 Oz Au to 950,000 tonnes at 15.1g/t AuEq for 469,000 Oz AuEq. Tabulations of the Mineral Resource estimate for the Dubbo, Woodstock and Bonanza blocks, reported in Compliance with the 2012 JORC Code is set out in Table 1. The Table also contains the Mineral Resource Estimate for the Crown and Mystery Blocks, reported in compliance with the 2004

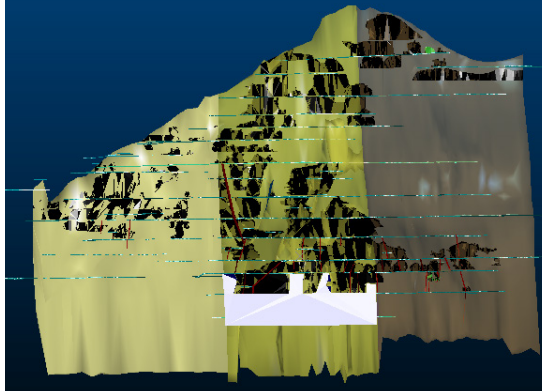


Figure 3 - Long Section of the Maria vein showing the Woodstock Zone on the left, Dubbo on the right and Talisman/Bonanza in the middle.

JORC Code, and a consolidated table for the project area. Full details of the methodology can be found in the individual company releases of 12 July 2017, 25 July 2017 and 05 September 2017.

Small differences in tonnage, grade and ounces are due to rounding.

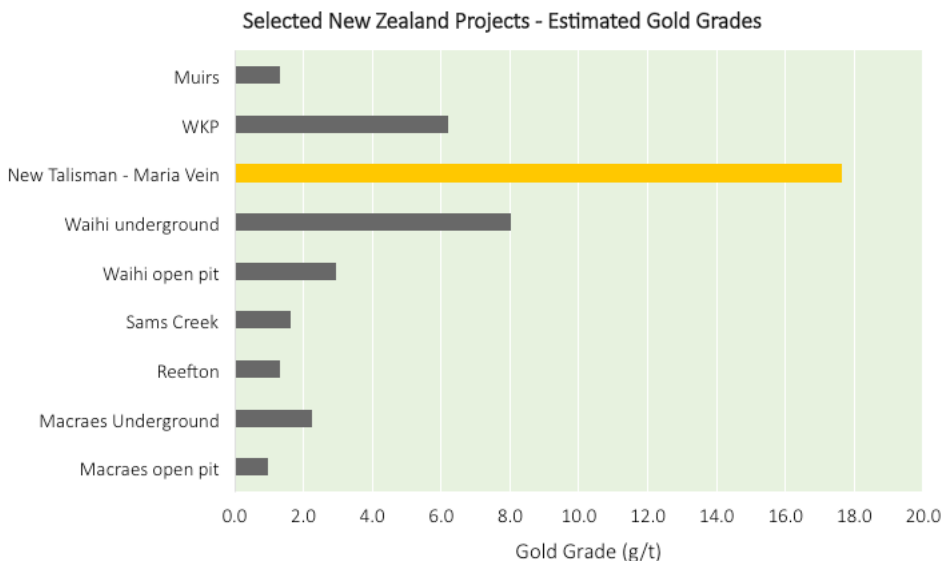
JORC 2012 Compliant				JORC 2004 Compliant			
<b>Woodstock</b>				<b>Mystery</b>			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	50,500	5.2	8,500	Measured	9,200	6.4	1,900
indicated	46,600	3.6	5,300	indicated	12,100	6.5	2,530
inferred	106,000	8.0	27,330	inferred	30,900	6.4	6,420
<b>Total resources</b>	<b>203,100</b>	<b>6.3</b>	<b>41,170</b>	<b>Total resources</b>	<b>52,200</b>	<b>6.5</b>	<b>10,840</b>
<b>Dubbo</b>				<b>Crown</b>			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	13,000	96.9	40,700	Measured	30,100	6.7	6,380
Indicated	3,100	74.9	7,500	indicated	35,900	6.7	7,770
Inferred	436,000	18.9	264,600	inferred	80,100	6.6	17,230
<b>Total Resources</b>	<b>452,100</b>	<b>22.0</b>	<b>312,829</b>	<b>Total resources</b>	<b>146,100</b>	<b>6.7</b>	<b>31,380</b>
<b>Bonanza</b>				<b>2004 Compliant Total</b>			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	-	-	-	Measured	39,300	6.5	8,270
indicated	-	-	-	indicated	48,000	6.7	10,290
inferred	97,000	23.6	73,600	inferred	111,000	6.6	23,650
<b>Total resources</b>	<b>97,000</b>	<b>23.6</b>	<b>73,601</b>	<b>Total resources</b>	<b>198,300</b>	<b>6.6</b>	<b>42,220</b>
<b>Total 2012 Compliant</b>				<b>Mineral Resources Total NTL</b>			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	63,500	24.1	49,200	Measured	102,800	17.4	57,480
Indicated	49,700	8.0	12,800	Indicated	97,700	7.4	23,100
Inferred	639,000	17.8	365,580	Inferred	750,000	15.9	389,200
<b>Total Resources</b>	<b>752,200</b>	<b>17.6</b>	<b>427,600</b>	<b>Total Resources</b>	<b>950,500</b>	<b>15.1</b>	<b>469,800</b>

Table 1 - Mineral resource estimate of Maria Vein, Dubbo Zone

Gold equivalents have been used as the historic data is expressed in bullion values. These have been converted to gold equivalents based on the gold price during the main historic mining period to 1919 where gold price was a constant £4.25 or USD20.47. All more recent exploration data has been converted to gold equivalents at the same metal prices for consistency of resource estimation and reporting.

This cements the Talisman deposit firmly amongst the ranks of the highest-grade gold deposits in New Zealand as can be seen from the following graph.

Beyond the Mineral Resource Estimate set out above, the exercise also identified some 387,000m<sup>2</sup> within the vein wireframe, measured on the plane of the resource model, that can be classified as an



exploration target. The mineralised zone is expected to range between 1.2 and 1.8 metres in thickness with a grade range of between 7.4 and 12.9 g/t AuEq for between 277,000 Oz AuEq and 726,000 Oz AuEq. This target constitutes an Exploration Target as defined in the 2012 JORC Code. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

### Pre-feasibility Study

In 2013 the company completed a Pre-Feasibility Study on development of the Talisman Mine. This study proposed a mine plan, focussed on the high confidence areas adjacent to No 8 level, to produce some 32,000 ounces of gold from 106,000 tonnes of ore over a five-year period with an average Run of Mine grade of 9.9g/t Au. At a then gold price of USD 1,700/Oz and a USD: NZD exchange rate of 1:0.8 the project yielded an indicative NPV10% of NZD 16.5 million at an on mine cash cost of below NZD700/Oz.

The Company is in the process of revisiting this study as we believe that several factors have changed that will materially affect the project metrics positively. Chief among these factors is the revised mineral resource estimate discussed in the preceding section. This indicates that input grades to the mining plan are likely to be higher than previously estimated. This is expected to have a positive effect on production costs as more gold will be produced for the same effort. Costs are based on tonnage not gold content i.e. one tonne of low grade ore attracts the same cost profile as a tonne of high grade ore, but the revenue profile varies along with the contained metal.

## Scoping Study

Good progress has been made on the Talisman Deeps scoping study. This study aims to set out a blue print for the development of the much larger Talisman Deeps operation based on the significantly expanded 469,000 AuEq Oz Mineral resource, as discussed earlier in this report.

By its nature a PFS is a technical study as defined in the JORC Code and can be used for the purposes of defining an Ore Reserve. Because of this a PFS is confined to examining only the higher confidence Measured and Indicated Resources and cannot take account of the extensive information available pertaining to the deeper extents of the mine where the Mineral Resources are classified in the Inferred Resource category. While indicative of the short to medium term potential of the project this is not reflective of the considerable value increase posed by the depth extensions of the vein system. Mine design and production scheduling covering the much

larger, 469,000 Oz AuEq mineral resource, is likely to point towards a significantly larger, longer life operation than has previously been considered. It is equally likely that, considering the increased grade of the recently upgraded mineral resource (6.6g/t AuEq vs 15.1 g/t AuEq), that economic prospects for the project will increase significantly.

A Scoping Study, as referred to above, is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The study will also identify opportunities for the exploration activities to be undertaken to gain the information required to increase confidence in portions of the Exploration Target highlighted during the recent mineral resource upgrade. Current information indicates that in the Talisman/Bonanza Zone this Exploration Target covers an

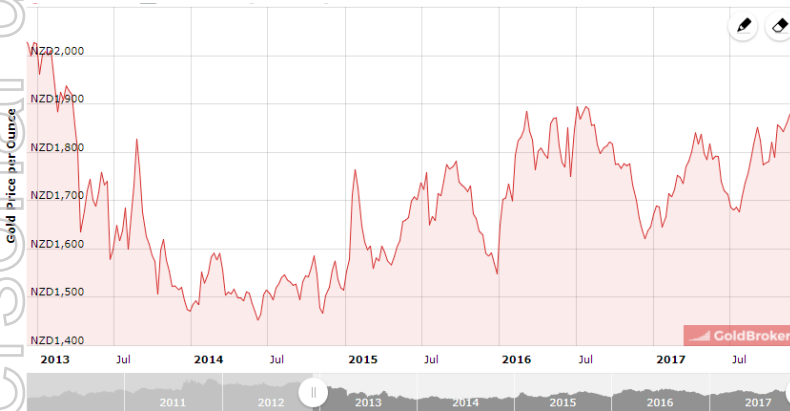


Figure 4 - Graph of gold price in NZD showing recovery since the lows of 2014



Figure 5 - Graph of the NZD gold price noting consolidation above \$1600 over the past year and \$1750 since July 2017



area of some 154,000m<sup>2</sup> on the plane of the Maria vein wireframe and is likely to yield a vein width of between 1.6m and 2.4m with mean AuEq grade ranging between 17.10g/t and 21.6g/t.

This target constitutes an Exploration Target as defined in the 2012 JORC Code. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

### Gold price

Since reaching its low point of NZD1,450/Oz in mid-2014 the gold price has recovered appreciably and has recently tested highs of NZD1,900/Oz last seen in 2013.

Over the last quarter the price has been consistently over NZD1,750/Oz and at the time of writing is NZD 1,845/Oz. It is expected that this price will have a material effect on investor confidence in the sector and your company is poised to take advantage of the situation.

### Concentrator Plant

Representative samples of ore from both the Mystery and Dubbo veins have been despatched for metallurgical test-work in South Africa. This test-work will inform the final design of the plant to ensure that metal recovery is fit for purpose before deciding on proceeding with a pilot plant.

The current proposal includes a crushing and grinding circuit followed by a gravity concentrator which may be supplemented by a froth flotation

cell. A closed loop water system is proposed ensuring that no contamination of natural water ways will take place. All metals contained in the feed stock will be recovered to the concentrate while reject material will be completely inert and suitable for placement as backfill.

The plant being tested provides the opportunity to produce a high-grade concentrate while still meeting the requirements of traffic movement flows from the mine specified in the existing resource consent.

Upon completion of this metallurgical programme NTL will have a greater understanding of precious metal recoveries achievable on low, medium and high-grade feedstock from the mine.

NTL have been approached by several parties regarding the potential for purchase of high grade concentrate.

### Tenure

The Talisman Mine is held under a mining permit, MMP51326, which was granted in 2009 for a period of 25 years, we are compliant with the conditions of that permit. The operation is an existing mine on conservation land and the Company holds all the necessary permits and consents to execute the work programme.

Low sovereign risk is one of the factors that makes New Zealand an attractive destination for foreign investors. It is considered unlikely that the New Zealand government would take any drastic steps to upset the status quo.

## Rahu Project (wholly owned subsidiary 100% Rahu Resources Pty Ltd)

NTL has a long association with the Rahu project, completing during its tenure, comprehensive exploration and evaluation work that identified what the Company has interpreted as a 1.5 km plus long northern extension to the mineralisation hosting the gold deposits at Talisman.

In 2016 NTL entered into a joint venture with Newcrest New Zealand Exploration Pty Ltd, a subsidiary of Newcrest Mining Limited, to further explore and develop the project. Initially, Newcrest held 80% of the project with the remaining 20% held by NTL. On 22 September 2017, NTL entered into a sale and purchase agreement with Newcrest which resulted in the successful acquisition of Newcrest's 80% share.

During the time of their involvement with the project the Newcrest team carried out a significant programme of work on the permit, this included:

- Extensive field investigations.
- Spectral analysis of drill core to identify hydrothermal clay alteration patterns that indicate proximity to gold mineralisation.
- Relogged drill core and reinterpreted the rock type, structure and geochemistry;
- Updated the geological model and determined drill targets.

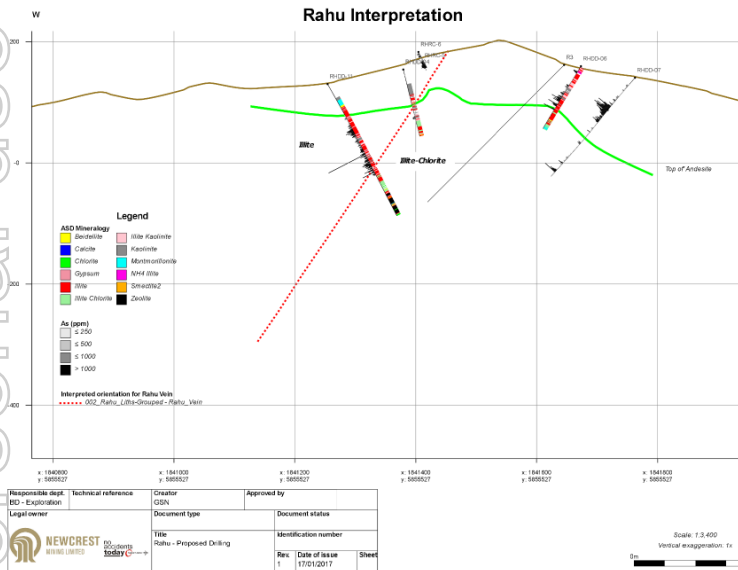


Figure 6 - Shows the projected mineralised structure (red dashed line) to be targeted with the planned first deep drill hole.

All data gathered during the period was transferred to NTL who have continued with further analysis.

Based on the Newcrest's and NTL's interpretive work, the area selected for the first drill hole has distinctive clay hydrothermal alteration patterns plus the mineral adularia, indicative of proximity to gold mineralisation in Waihi Gold District epithermal vein systems.

NTL has previously delineated a small resource at Rahu, however the main target for a high-grade extension of Talisman lies at depth.

Newcrest were supportive of NTL's belief that geological evidence points towards to the area being the upper extent of what could be a significant epithermal gold deposit.

Your company is completing its geological work to validate the deep target and finalising its drill hole planning and administrative work for drilling in the first quarter of the new year.

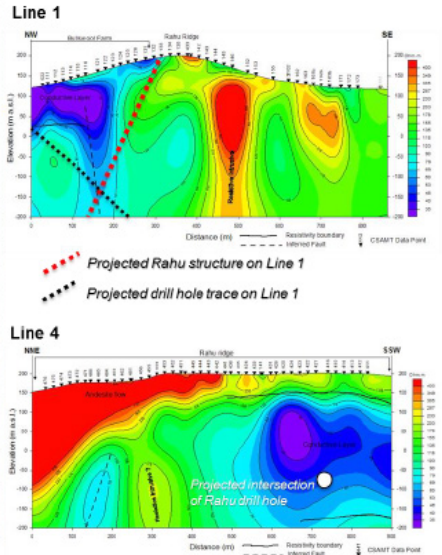
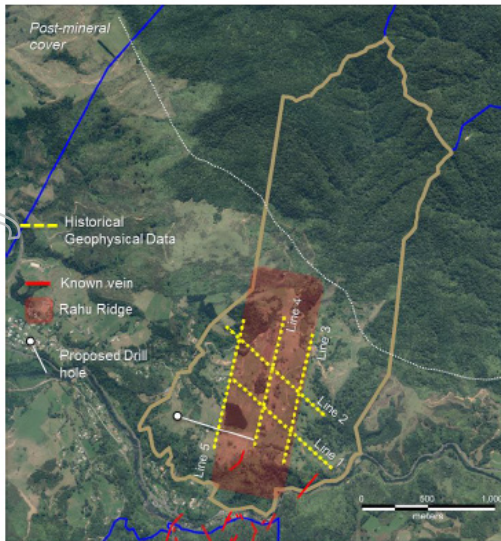


Figure 7 shows the results of a CSAMT geophysical survey that shows the top of the host andesite host rock is nearest surface at the southern end of the prospect.

## Valuation

The current book value represents only the capitalised expenditure and does not consider the resource and grade uplift, project development status or changes to the ownership structure of the Rahu Project.

The company intends to complete a valuation encompassing the entire resource model by the end of the financial year upon completion of all upgrades to 2012. This will also include the adjusted pre-feasibility study.

## Tenement Holdings

Project	Permit Number	Ownership
Talisman	MMP 51326	100% New Talisman Gold Mines Ltd
Rahu	MEP 60144	100% Rahu Resources Pty Ltd a 100% owned subsidiary of NTL

## About New Talisman Gold Mines Ltd

New Talisman Gold is a dual listed (NZSX & ASX: NTL) with over 2800 shareholders who are mainly from Australia and New Zealand and has been listed since 1986. It is a leading New Zealand minerals development and exploration company with a mining permit encompassing the Talisman mine, one of New Zealand's historically most productive gold mines. The company has commenced prospecting and upgrading activities at the mine, and advance the exploration project and increase its considerable global exploration target into JORC 2012 resources.

Its gold properties near Paeroa in the Hauraki District of New Zealand are a granted mining permit, including New Zealand's highest-grade underground gold mine, a JORC 2012 compliant mineral resource of over 427,000 ounces AuEq at an average above 15 g/t AuEq and a JORC compliant reserve statement. The company owns 100% of exploration permit Rahu, which lies along strike from the Talisman mine of which 80% was recently acquired from Newcrest Mining. The company will shortly commence exploration activities at Rahu.



### Cautionary Statement for Public Release

Certain information contained in this public release may be deemed “forward-looking” within the meaning of applicable securities laws. Forward-looking statements and information relate to future performance and reflect the Company’s expectations regarding execution of business strategy, business prospects and opportunities of New Talisman Gold Mines and its related subsidiaries. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions and inherent operating risks. There are no assurances the Company can fulfil forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially because of risks facing the Company, some of which are beyond the Company’s control. Although the Company believes that any forward-looking statements and information contained in this press release is based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information, whether because of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.

### Competent Person Statements

The information in this report that relates to exploration results, exploration targets and mineral resources is based on information compiled by or supervised by Mr Murray Stevens and Mr Wayne Chowles. Mr Stevens is a consulting geologist and director of New Talisman Gold Mines Ltd, who is a corporate member of the AusIMM. Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Mr Chowles is a Mining Engineer and member of the AusIMM. Mr Chowles is a full-time employee of New Talisman Gold Mines Limited, he has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”.

Both Mr Chowles and Mr Stevens consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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 estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcement.

# NEW TALISMAN GOLD MINES LIMITED

## Consolidated Statement of Financial Position

As at 30 September 2017

	Note	30-Sep-17 \$NZ Unaudited	31-Mar-17 \$NZ Audited	30-Sep-16 \$NZ Unaudited Restated
<b>Equity</b>				
Attributable to parent company shareholders		12,999,911	13,559,993	13,869,073
<b>Term liabilities</b>				
Provision for closure and rehabilitation		16,755	Nil	Nil
Total term liabilities		16,755	Nil	Nil
<b>Current liabilities</b>				
Payables		222,096	103,866	148,696
Other		15,840	-	49,973
Employee benefits		40,558	30,147	29,302
<b>Total current liabilities</b>		<b>278,494</b>	<b>134,013</b>	<b>227,971</b>
<b>Total liabilities</b>		<b>295,249</b>	<b>134,013</b>	<b>227,971</b>
<b>Total equity and liabilities</b>		<b>13,295,160</b>	<b>13,694,006</b>	<b>14,097,044</b>
<b>Current assets</b>				
Cash		4,370,016	5,754,398	6,460,024
Receivables and prepayments		208,625	53,790	83,780
<b>Total current assets</b>		<b>4,578,641</b>	<b>5,808,188</b>	<b>6,543,804</b>
<b>Non-current assets</b>				
Property, plant & equipment		77,442	12,761	11,867
Assets under construction	6	8,607,398	7,843,882	7,525,706
Intangible assets	5	15,637	11,637	1,162
Investments		16,042	17,538	14,505
<b>Total non-current assets</b>		<b>8,716,519</b>	<b>7,885,818</b>	<b>7,553,240</b>
<b>Total assets</b>		<b>13,295,160</b>	<b>13,694,006</b>	<b>14,097,044</b>
<b>Net tangible assets per security</b>		0.62 cents	0.80 cents	1.03 cents

For and on behalf of the Board:



Charbel Nader  
Dated: 6 December 2017



M G Hill  
Dated: 6 December 2017

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

# NEW TALISMAN GOLD MINES LIMITED

## Consolidated Statement of Comprehensive Income

For six months ended 30 September 2017

	Note	6 Months 30-Sep-17 \$NZ Unaudited	6 Months 30-Sep-16 \$NZ Unaudited
<b>Continuing Operations</b>			
Interest received		75,076	8,423
Capital Loss on Disposal of Shares		-	(284,361)
Gain/(Loss) on share revaluation		(1,496)	385,693
Operating and administrative expenses		(634,912)	(502,039)
<b>Loss from operations</b>		<b>(561,332)</b>	<b>(392,284)</b>
<b>Loss before tax for the period</b>		<b>(561,332)</b>	<b>(392,284)</b>
Income tax expense		-	-
<b>Total comprehensive income/(loss)</b>		<b>(561,332)</b>	<b>(392,284)</b>
Net loss attributable to equity holders of the parent		(561,332)	(392,284)
Comprehensive loss attributable to equity holders of the parent		(561,332)	(392,284)
<b>Earnings per share</b>			
Basic earnings/(loss) per share from continuing operations		(0.027) cents	(0.029) cents
Comprehensive earnings/(loss) per share from continuing operations		(0.026) cents	(0.027) cents

# NEW TALISMAN GOLD MINES LIMITED

## Consolidated Statement of Changes in Equity

For six months ended 30 September 2017

	Note	6 months 30-Sep-17 \$NZ Unaudited	6 months 30-Sep-16 \$NZ Unaudited
Total comprehensive income/(loss)		(561,332)	(392,284)
Proceeds from share capital issued	4	1,250	6,373,013
Equity at beginning of period		13,559,993	7,888,344
Equity at end of period		12,999,911	13,869,073

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

# NEW TALISMAN GOLD MINES LIMITED

## Consolidated Statement of Cash Flows

For six months ended 30 September 2017

	Note	6 months 30-Sep-17 \$NZ Unaudited	6 months 30-Sep-16 \$NZ Unaudited
<b>Cash flows from operating activities</b>			
Cash inflows		1,547	7,913
Cash outflows		(562,583)	(464,967)
<b>Net cash outflows from operating activities</b>	7	(561,036)	(457,054)
<b>Cash flows from investing activities</b>			
Cash inflows		-	293,684
Cash outflows		(824,282)	(234,225)
<b>Net cash inflows/(outflows) from investing activities</b>		(824,282)	59,459
<b>Cash flows from financing activities</b>			
Cash inflows	4	1,250	6,422,986
Cash outflows		-	-
<b>Net cash inflows from financing activities</b>		1,250	6,422,986
<b>Net increase / (decrease) in cash held</b>			
Effect of changes in exchange rates		(1,384,068)	6,025,391
		(314)	(21,548)
Cash at beginning of period		5,754,398	456,181
Cash at end of period		4,370,016	6,460,024
<b>CASH COMPRISES:</b>			
Cash at bank		265,016	6,355,024
Short term deposits		4,105,000	105,000
		4,370,016	6,460,024

This statement is to be read in conjunction with the accompanying notes and the previous year's annual financial statements.

# NEW TALISMAN GOLD MINES LIMITED

## Notes to the interim financial statements

### 1. General

New Talisman Gold Mines Limited is a profit-oriented company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX).

The company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements of the group have been prepared in accordance with the Financial Markets Conduct Act 2013 and comply with NZX Listing Rule 10.6.1. The group consists of New Talisman Gold Mines Limited (the "company") and its subsidiaries ("Group") and these financial statements are the consolidated financial statements of the group. The group is engaged in mine development and mineral exploration.

These financial statements were approved for issue by the Directors on 6 December 2017.

#### Statement of compliance

These interim consolidated financial statements presented are for New Talisman Gold Mines Limited and its wholly-owned subsidiaries, Coromandel Gold Limited, Northland Minerals Limited and Rahu Resources Pty Limited ("Group"). The information is presented in New Zealand currency which is the company's functional currency. The interim financial statements are condensed in accordance with NZ IAS-34, Interim Financial Reporting. These consolidated financial statements have not been audited. The comparative information for the year ended 31 March 2017 has been audited. The comparative information for the period ended 30 September 2016 has not been audited.

### 2. Accounting policies

The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those adopted in the preparation of the annual financial statements for the year ended 31 March 2017. Those policies are set out in the annual report for the year ended 31 March 2017. There have been no changes to those accounting policies.

### 3. Seasonality of operations

The results are unaffected to any significant extent by seasonality factors.

### 4. Share Capital

#### Share Capital Movement

	6 months 30-Sep-17 \$NZ	6 months 30-Sep-16 \$NZ
Share Capital Opening balance	35,164,939	28,791,926
Proceeds from Rights issues	1,250	6,373,013
Proceeds from private placements	-	-
Balance at end of period	35,166,189	35,164,939

At balance date 2,157,271,250 shares, 134,321,508 listed options and 4,250,000 unlisted options were on issue.

### 5. Prospecting Costs

Prospecting costs & mining tenements	6 months 30-Sep-17 \$NZ	Year ended 31 Mar 17 \$NZ	6 months 30-Sep-16 \$NZ
Opening balance	11,637	1,162	1,162
Development expenditure	4000	10,475	9,950
Less prospecting expenditure written off	-	-	(9,950)
Balance at end of period	15,637	11,637	1,162

New Talisman Gold Mines Limited purchased the shares in Newcrest New Zealand Exploration Pty Limited on 21 September 2017. This purchase dissolves the joint venture agreement between New Talisman Gold Mines and Newcrest Mining Limited for joint ownership of the Rahu Minerals Exploration Permit No. 60144. The purchase of the shares in New Zealand Exploration Pty Limited includes the permit mentioned above.

## 6. Mining Tenements

Talisman Mine Development	6 months 30-Sep-17 \$NZ	Restated Year ended 31 Mar 17 \$NZ	Restated 6 months 30-Sep-16 \$NZ
Opening balance	7,843,882	7,290,672	7,290,672
Development expenditure	763,516	553,210	235,034
Balance at end of period	8,607,398	7,843,882	7,525,706

Development expenditure consists of mining development costs, professional salaries, data acquisitions and a small portion of overhead expenses relating to the operation of the mine. Management assesses the allocation of directly attributable overheads at the end of each reporting date.

## 7. Reconciliation of net deficit and operating cash flow

	6 months Sep 2017 \$NZ Unaudited	6 months Sep 2016 \$NZ Unaudited
Net deficit after taxation	(561,332)	(392,284)
Add non-cash items:		
Depreciation	8,838	827
Exchange (gain)/loss	314	21,548
Share based payments for consultancy fees	-	-
Capital loss on disposal of investment	-	284,361
Loss / (Gain) on revaluation of shares	1,496	(389,520)
	10,648	(82,784)
Add (less) movement in working capital:		
Decrease (increase) in debtors	535	-
Increase (decrease) in creditors	144,482	61,209
Decrease (increase) in accrued income	(73,530)	(431)
Decrease (increase) in Prepayments	(44,039)	(9,927)
Decrease (increase) in GST	(37,800)	(32,837)
	(10,352)	18,014
Net cashflows from operating activities	(561,036)	(457,054)

## 8. Expenses

A percentage of certain expenses including wages, consulting fees and other operational expenditure are capitalised to exploration tenements and assets under construction based on a calculation prepared by management which is reviewed at each reporting date.

## 9. Commitments

Capital commitments at the end of the period were \$nil. The company has signed a lease agreement for office rental of \$1,517.03 per month plus GST which expires in March 2018.

## 10. Going concern

The financial report has been prepared on a going concern basis. The company has raised sufficient funds to commence bulk sampling. The directors expect to ensure that financial obligations can continue to be met for longer than 12 months.

### **11. Events subsequent to balance date**

The company received approximately \$1.9 million in October 2017 through a successful equity offer to shareholders which will be used to further the development of the Talisman Mine and the Rahu project.

### **12. Related Party Transactions**

Payments for consulting services to companies in which directors and major shareholders have a substantial interest amounted to NZ\$247,982. Director fees of \$65,657 were payable at the end of the reporting period. There were no related party receivables at balance date and no related party debts were written off during the year.

### **13. Board Appointments and Retirements**

There were no changes to the board of directors during this period.

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of New Talisman Gold Mines Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of New Talisman Gold Mines Limited ("the company") and its subsidiaries (together "the group"), which comprises the consolidated statement of financial position as at 30 September 2017, the consolidated half year statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year then ended of the group, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the entity comprising the company at the half-year's end or from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of New Talisman Gold Mines Limited does not present fairly, in all material respects, the financial position of New Talisman Gold Mines Limited as at 30 September 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards applicable to review engagements.

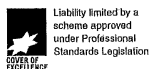
#### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Companies Act 1993 including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2017 and its performance for the half-year ended on that date; and complying with International Standards on Auditing

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(New Zealand). As the auditor of New Talisman Gold Mines Limited, NZ SRE 2410 required that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

In conducting our review, we have complied with the independence requirements of the Companies Act 1993. We confirm that the independence declaration required by the Companies Act 1993, which has been given to the directors of New Talisman Gold Mines Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Scott Bennison  
A partner of KS Black & Co

Dated: 6/12/17  
Sydney

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**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE COMPANIES ACT  
1993 TO THE DIRECTORS OF NEW TALISMAN GOLD MINES LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 30 September 2017 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Companies Act 1993* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of New Talisman Gold Mines Limited and the entities it controlled during the period.

Scott Bennison  
A partner of KS Black & Co



Dated in Sydney on this 6<sup>th</sup> day of December 2017

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## COMPANY DIRECTORY

### DIRECTORS

Charbel Nader (Chairman, Independent)  
J Murray McKee (Independent Director)  
Tony Haworth (Independent Director)  
Murray R Stevens (Non-executive Director)  
Matthew G Hill (Chief Executive Officer)

### COMPANY SECRETARY

S Jane Bell

### Registered (Head) Office

541 Parnell Road, Parnell  
Auckland, New Zealand  
Telephone (+64 9) 303-1893  
Facsimile (+64 9) 303-1612  
Email: [info@newtalisman.co.nz](mailto:info@newtalisman.co.nz)  
Website: [www.newtalisman.co.nz](http://www.newtalisman.co.nz)

### PRINCIPAL OFFICE IN AUSTRALIA

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Facsimile (+61 8) 9481-2041

### BANKERS

Westpac Bank, Auckland  
National Australia Bank, West Perth

### AUDITORS

K S Black & Co  
Level 5  
350 Kent Street,  
Sydney, 2000

### SOLICITORS

Chapman Tripp, Auckland  
Simpson Grierson, Auckland  
Williams & Hughes, Perth

### SECURITIES LISTED

New Zealand Stock Exchange  
Code: Shares NTL; Options NTLOB  
Australian Securities Exchange  
Code: Shares NTL; Options NTLOB

### SHARE REGISTRARS

#### New Zealand:

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Takapuna, Auckland 0622  
New Zealand  
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### Managing your shareholding online:

To change your address, update your payment instructions and view your investment portfolio including transactions please visit

[www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

### General enquiries can be directed to:

[enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

Please assist our registrar by quoting your CSN or shareholder number