



Talisman Mining Limited

ABN 71 079 536 495

Financial report for the half-year ended

31 December 2020

Corporate Directory

Board of Directors

Mr Kerry Harmanis	Non-Executive Chairman
Mr Brian Dawes	Non-Executive Director
Mr Jeremy Kirkwood	Non-Executive Director
Mr Peter Benjamin	Non-Executive Director

Company Secretary

Mr Alexander Neuling

Registered and Principal Office

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Perth, Western Australia 6000
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Fax: +61 8 9382 8200
Website: www.talismanmining.com.au

Auditors

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Level 4, 130 Stirling Street
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Share Registry

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Level 12, QV1 Building
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Securities Exchange Listing

Australian Securities Exchange Limited
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Perth, Western Australia 6000

ASX code:TLM

Contents

	<i>Page</i>
Review of Operations	4
Competent Person's Statement.....	13
Forward-Looking Statements	13
Directors' Report.....	14
Auditor's Independence Declaration.....	15
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	16
Condensed Consolidated Statement of Financial Position	17
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows.....	19
Notes to the Condensed Consolidated Financial Statements.....	20
Directors' Declaration	28
Independent Auditor's Review Report.....	29

Review of Operations

COVID-19

During the half year ended 31 December 2020, Talisman Mining Limited (**Talisman or the Company**) continued to maintain measures across its corporate office and exploration sites to protect the safety and well-being of all our employees and contractors. During the September quarter, the Company returned to standard working hours and arrangements for all staff, with the provision of flexible working arrangements when required, and has been able to continue with exploration activities at our key projects. The Company continues to monitor the global pandemic with respect to any potential impacts on current and future work activities.

Lachlan Copper-Gold Project

Talisman's Lachlan Copper-Gold Project area covers approximately 2,500km² of exploration tenure including an extensive strike extent along the Gilmore Suture, a major structural trend in the region of the central Lachlan Fold Belt of New South Wales (*Figure 1*). The area is considered prospective for low-sulphidation epithermal gold systems, orogenic gold and base metal systems, VMS and Cobar-Style gold and base-metal systems and Skarn deposits. Regionally the area hosts several major mineral occurrences and operating mines.



Figure 1: Lachlan Copper-Gold Project tenure and simplified geology¹.

¹ Refer Talisman ASX announcements dated 26 March 2020 and 5 May 2020 for full details of Bacchus Farm-in Agreement.

Talisman 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.

On-ground exploration during the half year ended 31 December 2020 included reconnaissance mapping, soil sampling, RC drilling and geophysical surveys.

Blind Calf Copper-Gold Prospect (EL8719)

Four reverse circulation (RC) drill holes were completed at the Blind Calf Cu-Au Prospect during the reporting period targeting down-hole electromagnetic (DHEM) conductors identified from previous Talisman drilling² (Figure 2). The holes varied in depth from 92 to 200m.

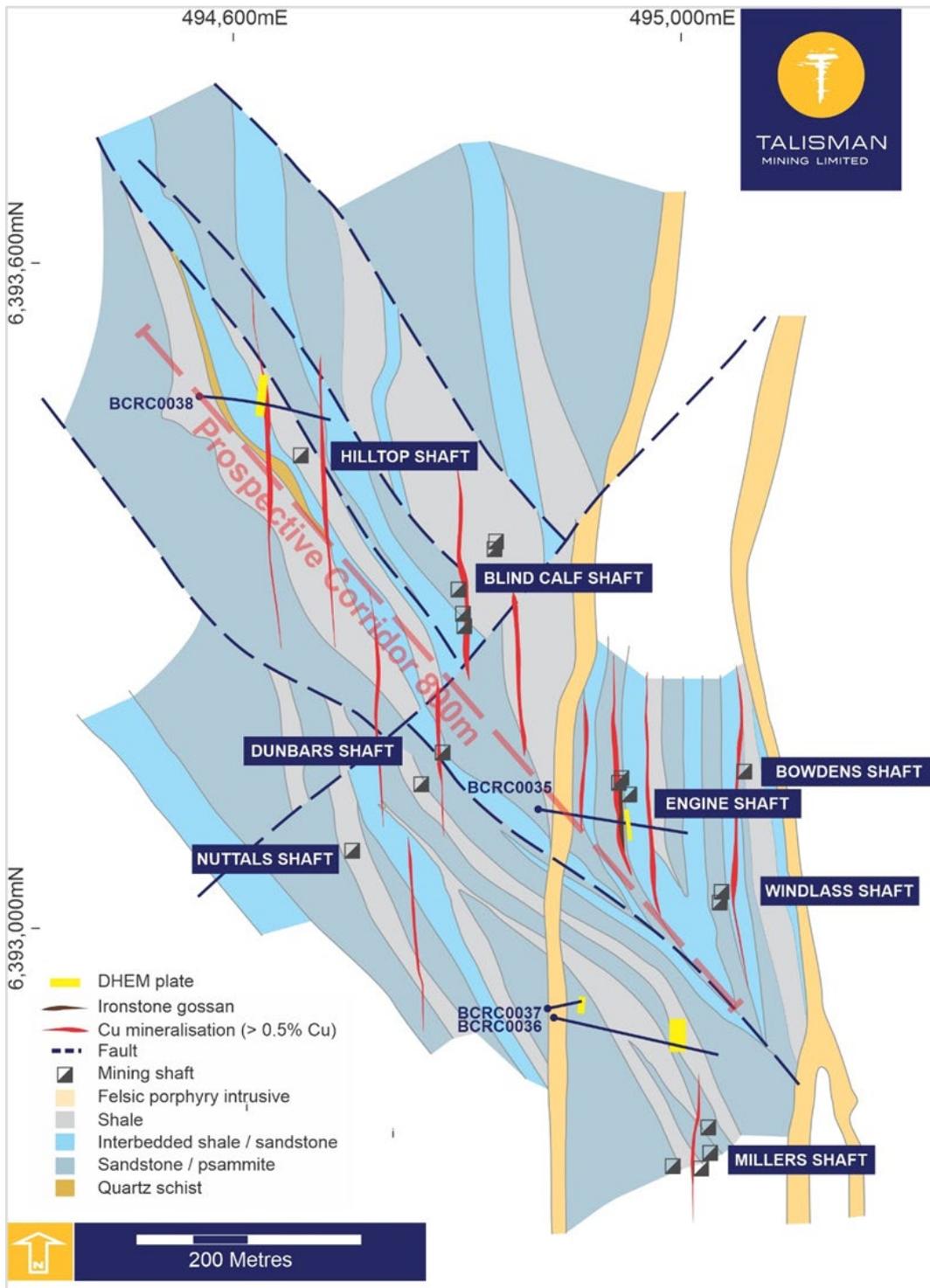


Figure 2: Blind Calf Prospect geological interpretation showing recent drilling and tested DHEM conductors.

² Refer Talisman ASX announcement dated 20 November 2020 and 22 February 2021 for full details including JORC tables.

Assay results were received subsequent to the end of the reporting period, confirming the presence of mineralisation approximately 100 metres to the south-east of the Blind Calf/Dunbars copper lode system (where previous drilling returned significant intervals of high-grade copper mineralisation).

The drilling encountered low-level copper mineralisation as well as a significant copper and gold intersection in BCRC0035, with assays of:

- o BCRC0035 – **1m at 1.03% Cu from 127m**; and
- o BCRC0035 – **2m at 2.42g/t Au from 127m (incl. 1m at 3.97g/t Au)**³.

These results, together with recent and historical mining and drilling results, indicate a highly prospective NW-SE trending corridor with extensive copper mineralisation extending from the Hilltop Shaft to the Windlass Shaft (*Figure 2*). This corridor encompasses a total strike extent of approximately 800 metres and is interpreted to represent a larger copper mineralising system which is rated as a high-priority target for follow-up exploration.

The copper mineralisation at the prospect is hosted within a deformed sequence of Ordovician sedimentary lithologies, including shale, siltstone, and wacke units. The mineralisation is structurally controlled and forms an echelon array of roughly north-south trending lenses (*Figure 2*).

Bedrock drilling to date has been focused on the Blind Calf lens where economic grade and width intersections have been encountered, although drilling remains relatively shallow within this highly prospective corridor (*Figure 3*).

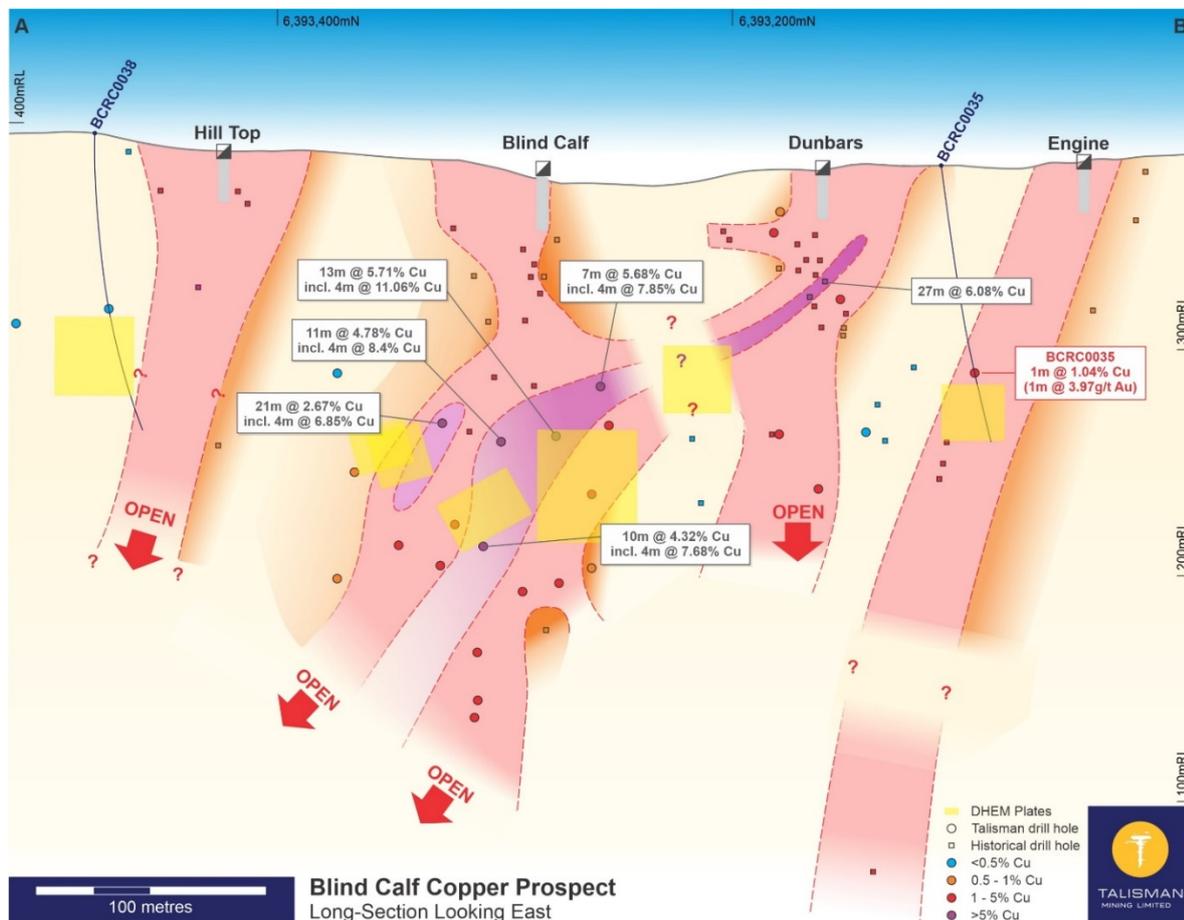


Figure 3: Blind Calf Prospect long-section showing mineralised lenses and DHEM targets⁴.

Ongoing exploration will include detailed soil sampling as well as geological and structural mapping with the objective of gaining a better understanding of the larger mineralising system. Additionally, DHEM surveys will be completed on these four holes during the first quarter of 2021 with a potential program of follow-up drilling to be undertaken pending the results of these activities.

³ Refer Talisman ASX announcement dated 22 February 2021 for full details including JORC tables

⁴ Refer ASX announcements dated 26 February 2018, 5 July 2018, 30 November 2018 and 9 September 2019 for full details including JORC tables.

Cumbine Gold Prospect (EL8414)

A two-hole, 488m reconnaissance RC program was completed at Cumbine during the reporting period, targeting an area 500-600m along strike to the south and south-west from ore-grade mineralisation intersected in previous and historical drilling.

The drilling returned encouraging results, intersecting fine-grained volcanoclastic and medium-grained felsic volcanic lithologies as well as significant gold mineralisation in hole CURC006⁵. The gold mineralisation is hosted predominantly within a medium-grained felsic volcanic lithology and has a strong association with quartz veining, pyrite and sericite alteration (refer *Figure 3*).

Best intervals are listed below.

- CURC0006 – **13m at 1.11g/t Au from 234 metres**
- CURC0006 – **1m at 1.29g/t Au from 258 metres**

The drilling also intersected low-level gold mineralisation in hole CURC0005, which is interpreted to be the up-dip extension of the mineralisation intersected in hole CURC0006. The interval in CURC0005 assayed 6 metres at 0.12g/t Au from 81 metres⁴.

These results are highly encouraging and have extended the footprint of known gold mineralisation in the area. The results also support the interpretation of a north-west trending structure that has the potential to host additional gold mineralisation (*Figure 4*).

Planned exploration activities at Cumbine will focus on in-fill soil sampling and mapping, with the objective of better understanding the controls on gold mineralisation and providing targets for future drilling.

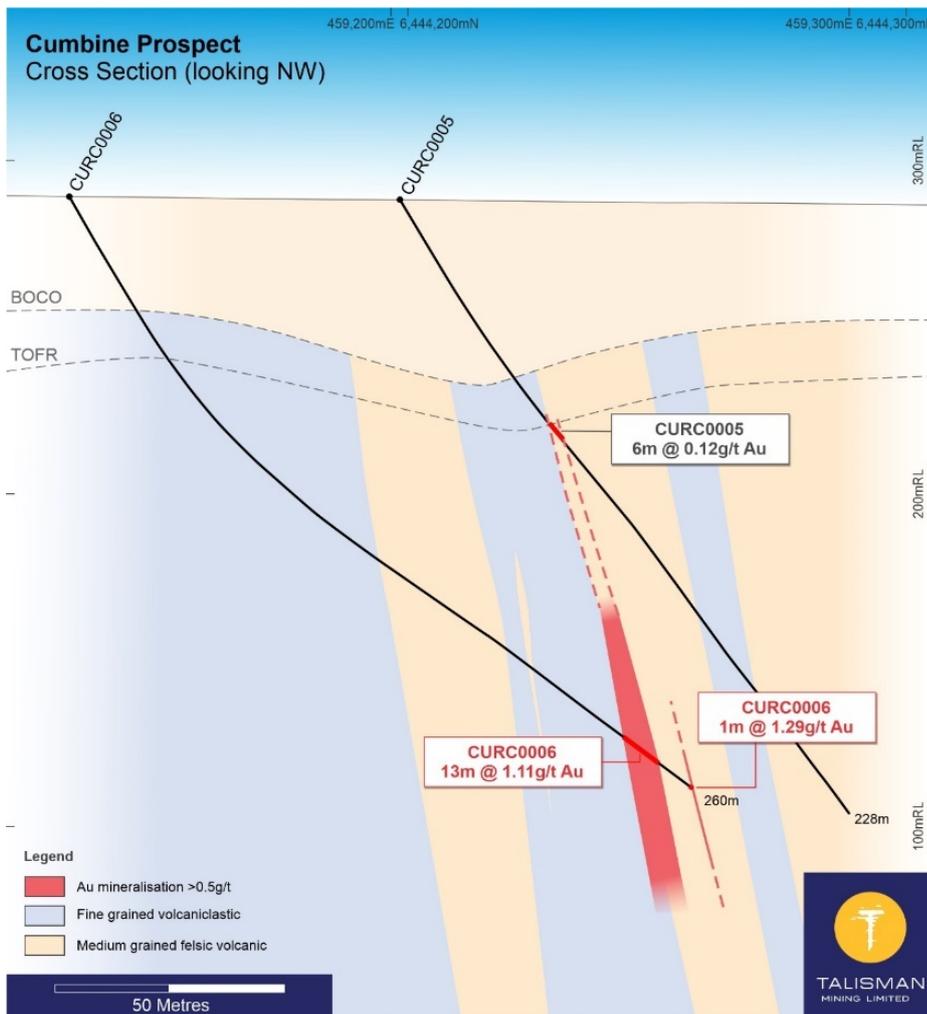


Figure 4: Cumbine Gold Prospect cross-section (looking NW), showing holes CURC0005 and CURC0006.

⁵ Refer Talisman ASX announcement dated 01 December 2020 for full details including JORC tables.

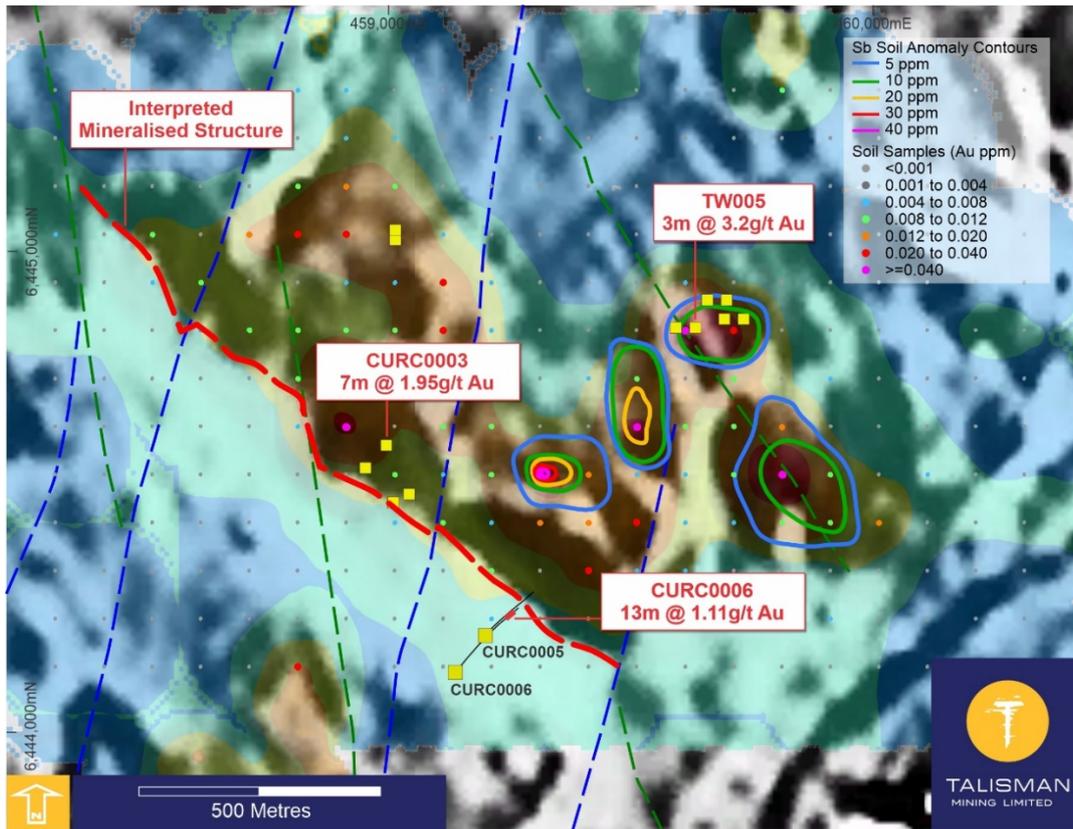


Figure 5: Cumbine Gold Prospect showing previous drilling⁴, soil geochemistry and recent RC drilling.

Babinda Copper Prospect (EL8658)

During the reporting period, Talisman completed a ground electromagnetic survey over the Babinda Copper Prospect⁶, with the data processed and interpreted by Southern Geoscience Consultants Pty Ltd. The survey included 104 stations and 4.95 line kilometres.

The survey did not detect any conductors that could be attributed to a massive sulphide body. The prospect is considered to have the potential to host copper mineralisation, however further geological interpretation and review will be undertaken to assess future exploration activities in the near term.

⁶ Refer Talisman ASX announcement dated 20 October 2020 for full details.

Lucknow Gold Project

During the half year ended 31 December 2020, Talisman completed its maiden two-hole diamond drilling program at the high-grade Lucknow Gold Project in NSW (Figure 6).

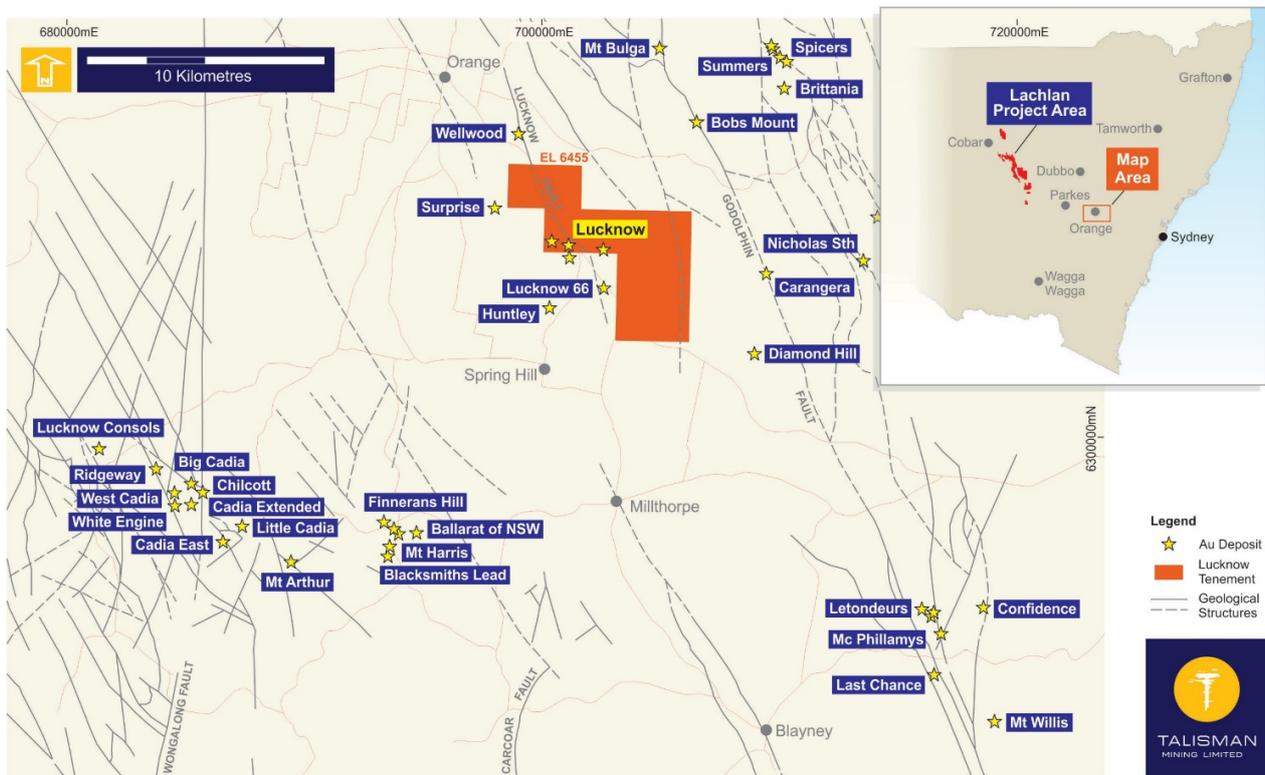


Figure 6: Lucknow Gold Project tenure

The program was designed to test the interpreted fault offset position of the historical gold lodes at Lucknow and represented the first drilling program by any explorer into this target area.

Geological interpretations based on historical drilling by previous explorers and mine records show an easterly-dipping contact between an ultramafic unit and an andesitic volcanic. Mine records indicate that the bonanza grade gold mineralisation occurs within east-west trending lodes as steeply plunging shoots at or near the andesite-ultramafic footwall contact.

Moving to the west away from the contact results in a gradual decrease in gold grades and vein mineralogy, with historical mine plans showing that stoping extended out approximately 150m from the contact in some areas.

The gold lodes and the ultramafic contact at Lucknow are interpreted to have been truncated and offset by a sub-horizontal fault at a depth of approximately 240m below surface. A three-dimensional model of the geology was constructed by Talisman to help define drill targets and support the position of the interpreted horizontal fault.

The first diamond drill hole (LUDD0001) was completed to a final depth of 621.5m. It intersected a highly fractured zone which is interpreted to represent the flat-lying fault that has offset the main lode controlling stratigraphy, however it did not intersect the targeted ultramafic contact due to what appears to be a second cross-cutting fault.

The lower portion of the hole intersected stringer/sulphide mineralisation in carbonate-rich zones at depth in the targeted position, to the west of and below the historical workings. These zones are interpreted to represent the more distal extensions of the main gold lodes, with significant intersections received including⁷:

⁷ Refer Talisman ASX announcement dated 24 July 2020 for full details including JORC tables.

- LUDD0001: 0.81m @ 2.34 g/t Au from 467.1m
Inc: 0.14m @ 4.10 g/t Au from 467.1m
0.45m @ 1.34 g/t Au from 491.5m

The second diamond hole (LUDD0002), which was designed to test the area to the west of historical stoping in the Darcy Shaft (Figure 7), was completed at an end-of-hole depth of 471.4m⁸.

The hole intersected a zone of strong foliation and quartz veining from 297m to 303m down-hole, which is interpreted to represent the flat-lying fault that has offset the main lode controlling stratigraphy.

Below this flat-lying structure, LUDD0002 intersected the ultramafic/komatiitic unit and the komatiite-andesite contact at 322.7m and, below that, the footwall andesite unit to the end of the hole at 471.4m. The hole also intersected a zone of quartz veining and sulphides from 370.14m to 371.0m, which is interpreted to represent the footwall extension to the historical Darcy Lode mineralisation (Figure 7 and Figure 8).

The hole returned low grade gold mineralisation in the interpreted target zone (0.86m at 0.26g/t Au from 370.14m)⁷.

The Lucknow Gold Project remains prospective for the discovery of additional gold mineralisation, with the current geological interpretation suggesting that the prospective contact has been offset to the north-west by a sinistral fault which is trending north-west and dipping moderately to the north-east.

This newly interpreted target corridor to the north-west along the Lucknow Fault shows evidence of gold mineralisation in areas of minimal previous exploration (Figure 9) and will be a focus of further geological interpretation and review to inform potential future drilling.

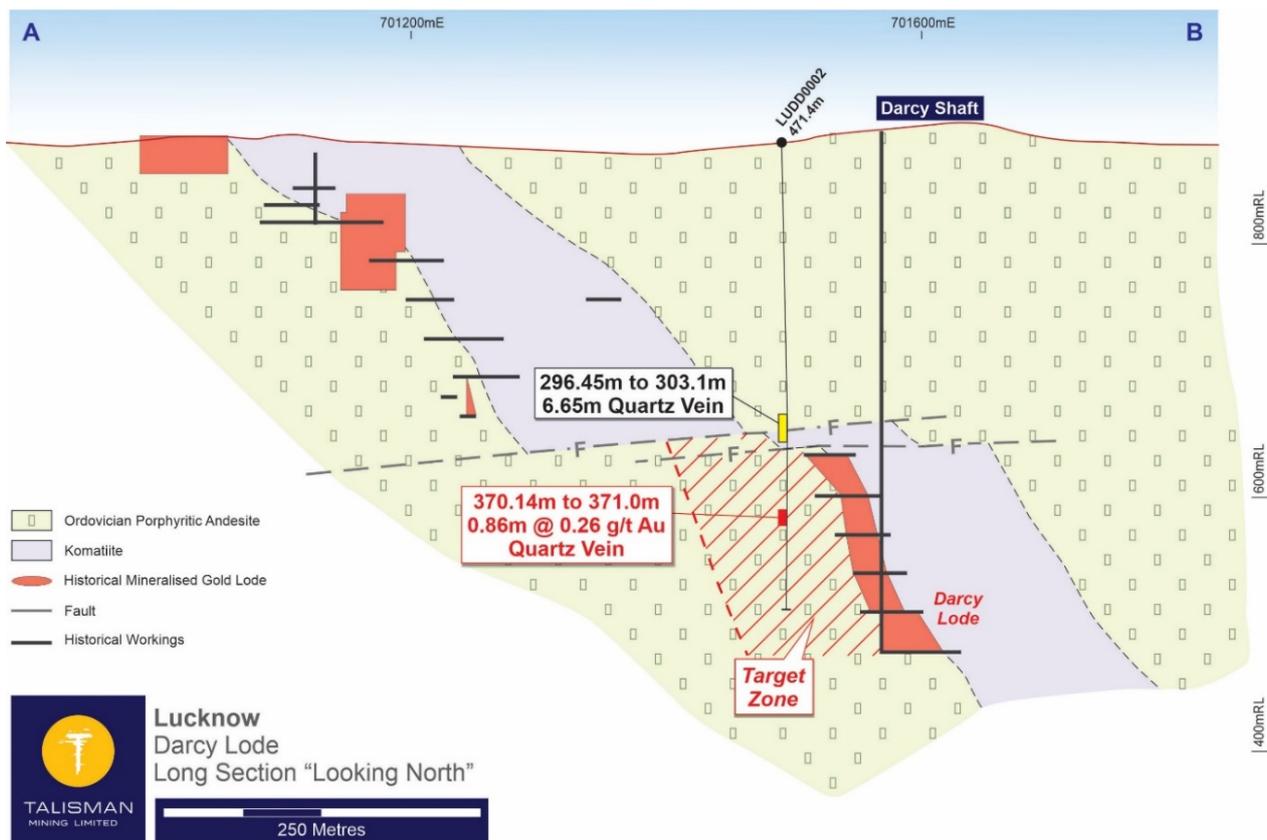


Figure 7: Long-section view (looking north) through Darcy Lode showing interpreted pierce point of hole LUDD0002.

⁸ Refer Talisman ASX announcement dated 27 August 2020 for full details including JORC tables.

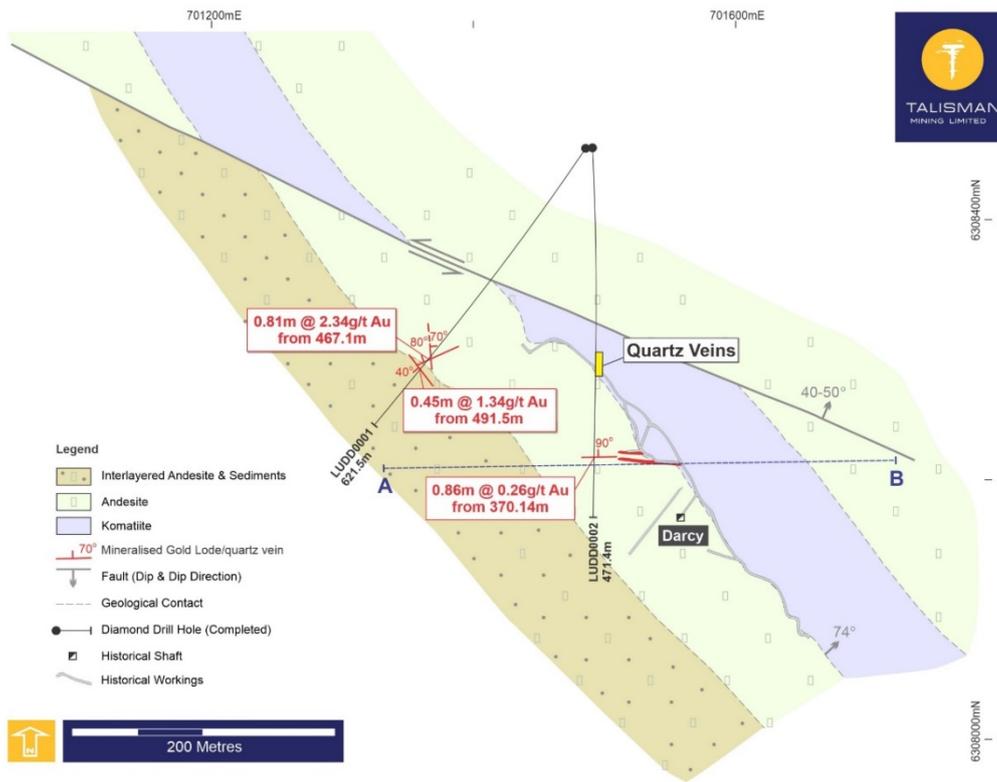


Figure 8: Composite plan view (600mRL), showing interpreted geology and completed TLM drill holes.

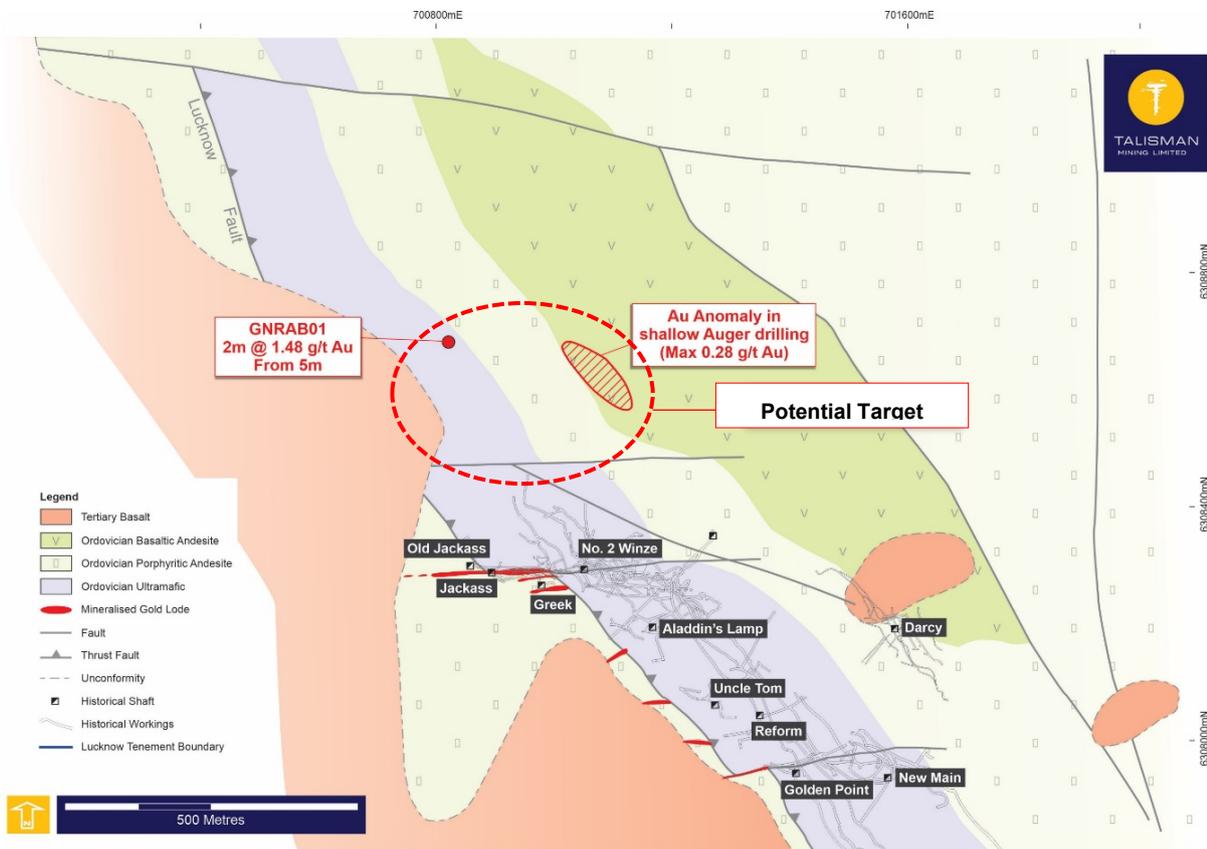


Figure 9: Lucknow Gold Project mine shaft locations and simplified geology.

Future Exploration Activities

Lachlan Copper-Gold Project

Talisman will continue to progress systematic and cost-effective exploration activities to ensure the prioritisation of generated targets on an ongoing, iterative basis.

Planned work in the 2021 calendar year includes (but is not limited to):

- in-fill soil sampling and mapping at the Cumbine Gold and Blind Calf Copper-Gold Prospects (currently in progress) with the objective of better understanding the controls on mineralisation and providing targets for future drilling;
- first pass soil sampling, mapping and auger drilling at various gold and copper prospects to assist in identifying targets for future drilling; and
- completion of DHEM surveys at the Blind Calf Copper-Gold Prospect.

Lucknow Gold Project

During calendar year 2021 Talisman intends to continue to progress Land Access Agreements over areas covered by the newly interpreted target corridor to the north-west along the Lucknow Fault. Once these agreements have been finalised a program of soil sampling (including auger drilling) and mapping will commence to provide targets for future drilling.

Corporate

Joint Ventures

During the reporting period, as announced to the ASX⁹, Haverford Holdings Pty Ltd (**Haverford**), a 100%-owned subsidiary of Talisman, entered into an unincorporated joint venture with Peel Mining Limited (ASX:PEX, **Peel**) over Peel's Mt Walton (EL8414) and Michelago (EL8451) Projects (collectively the **Peel Tenements**). Haverford has a 75% interest in the Peel Tenements and will act as the initial manager of the joint venture.

Both Haverford and Peel are now required to contribute funds to ongoing exploration activities on the Peel Tenements based on their percentage interest (Haverford 75% and Peel 25%) in order to maintain their respective interests. Standard dilution clauses apply to the parties' interests and, should a party's interest dilute to below 10%, it will automatically convert to a net smelter royalty of 1.5%.

In addition, as announced to the ASX⁸, Talisman B Pty Ltd (**TLMB**), a 100%-owned subsidiary of Talisman, has entered into an unincorporated joint venture with privately-owned Lucknow Gold Ltd (**LGL**) over LGL's Lucknow Gold Project (EL6455) (Lucknow Project). TLMB has a 51% interest in the Lucknow Project and will act as manager of the joint venture.

Both TLMB and LGL are now required to contribute funds to future activities on the Lucknow Project based on their percentage interest (TLMB 51% and LGL 49%) to maintain their respective interests. Standard dilution clauses apply to the parties' interests and, should a party's interest dilute to below 10%, it will automatically convert to a net smelter royalty of 1.0%.

Royalties

As previously announced to the ASX¹⁰, Talisman holds a portfolio of minerals royalties on projects associated with the commodities iron ore, copper-gold and nickel. During the reporting period, an announcement was made by Mineral Resources Limited (ASX: MIN) (**MIN**) dated 23 October 2020, regarding, among other things, the commencement of proceedings by Fortescue Metals Group Limited (**FMG**) in relation to the Wonmunna mining leases M47/1423, M47/1424 and M47/1425 (Wonmunna Mining Leases) which are now indirectly owned by MIN.

Talisman is currently entitled to a 1% gross royalty from the holder of the Wonmunna Mining Leases on all metals produced and sold from the Wonmunna Mining Leases. Talisman's right to receive a royalty in

⁹ Refer Talisman ASX announcement dated 20 October 2020 for full details.

¹⁰ Refer Talisman ASX announcements dated 01 October 2010, 17 February 2011, 12 October 2018 and 09 September 2019 for full details.

relation to future production from the Wonmunna Mining Leases may be adversely impacted depending on the outcome of FMG's proceedings.

While the precise impact of FMG's proceedings on the Wonmunna Mining Leases and Talisman's royalty is not currently clear, Talisman is seeking advice in relation to this matter and will update the market as appropriate.

New Project Opportunities

Talisman's business development team is continuing to review potential precious and base metal growth opportunities in Australia that complement its existing asset portfolio.

A range of opportunities including projects at the exploration stage and more advanced assets with near-term development and production potential, as well as value-accretive corporate transactions, have been, and continue to be, assessed to make sure Talisman finds the best assets with the potential to create long-term shareholder value.

Competent Person's Statement

Information in this half year financial report that relates to Exploration Results and Exploration Targets is based on, and fairly represents information and supporting documentation compiled by Mr. Donald Huntly, who is a member of the Australasian Institute of Geoscientists. Mr. Huntly 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 Exploration Results, Mineral Resources and Ore Reserves". Mr. Huntly consents to the inclusion in this report of all technical statements based on his information in the form and context in which they appear.

No new information that is considered material is included in this report. 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 report.

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 announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

Directors' Report

The Directors of Talisman Mining Limited (the Company) submit the financial report of the consolidated entity (referred to hereafter as the Group) for the half-year ended 31 December 2020. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

Mr Kerry Harmanis	Non-Executive Chairman (appointed 15 July 2020)
Mr Jeremy Kirkwood	Non-Executive Chairman (resigned 14 July 2020)
	Non-Executive Director (appointed 15 July 2020)
Mr Daniel Madden	Managing Director (resigned 1 September 2020)
	Non-Executive Director (appointed 2 September 2020, resigned 4 November 2020)
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director (resigned 4 November 2020)
Mr Peter Benjamin	Non-Executive Director

Principal Activities

The principal activity of the Group during the course of the financial half-year was exploration for, and development of, base and precious metals, including copper, copper-gold, gold and nickel.

Financial Performance and Financial Position

During the half-year the Group reported a loss after tax of \$2.6 million (half-year to 31 December 2019: loss after tax \$1.568 million which included an after tax loss from continuing operations of \$4.306 million and a profit after tax from discontinued operations of \$2.738 million from the sale of Talisman Nickel Pty Ltd). The Group spent \$1.265 million on exploration expenditure in New South Wales for continuing operations during the half-year (half-year to 31 December 2019: \$2.221 million).

As at 31 December 2020 the Group had net assets of \$10.73 million (30 June 2020: \$13.252 million) including \$10.137 million of cash and cash equivalents (30 June 2020: \$12.937 million).

Rounding Off of Amounts

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

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page and forms part of this Directors' Report for the half-year ended 31 December 2020.

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



Jeremy Kirkwood
Non-Executive Director
25 February 2021



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Talisman Mining Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
25 February 2021

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

L Di Giallonardo
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2020

	Note	31 Dec 20 \$ '000	31 Dec 19 \$ '000
Continuing operations			
Other income		34	83
Employee benefits expense	2	(808)	(1,113)
Exploration expenditure expensed as incurred	4	(1,265)	(2,221)
Administrative expenses		(201)	(361)
Legal and corporate advisory expense		(212)	(553)
Finance costs		(11)	(4)
Occupancy expenses		(25)	(25)
Depreciation and amortisation expense		(112)	(112)
Loss before income tax expense		(2,600)	(4,306)
Income tax expense	3	-	-
Loss after tax from continuing operations		(2,600)	(4,306)
Discontinued operations			
Profit after tax from discontinued operations	5	-	2,738
Net loss for the period		(2,600)	(1,568)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(2,600)	(1,568)

Loss per share

From continuing and discontinued operations:

Basic loss per share (cents per share)	(1.39)	(0.84)
Diluted earnings per share (cents per share)	n/a	n/a

From continuing operations:

Basic loss per share (cents per share)	(1.39)	(2.31)
Diluted earnings per share (cents per share)	n/a	n/a

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2020

	Note	31 Dec 20 \$ '000	30 Jun 20 \$ '000
Assets			
Current Assets			
Cash and cash equivalents		10,137	12,937
Trade and other receivables		443	305
Total Current Assets		10,580	13,242
Non-Current Assets			
Receivables		-	120
Property, plant and equipment		234	282
Right-of-use assets	9	41	82
Intangible assets		39	47
Total Non-Current Assets		314	531
Total Assets		10,894	13,773
Liabilities			
Current Liabilities			
Trade and other payables		121	379
Provisions		-	56
Lease liabilities	10	43	86
Total Current Liabilities		164	521
Total Liabilities		164	521
Net Assets		10,730	13,252
Equity			
Issued capital	6	31,966	31,966
Reserves		638	765
Accumulated losses		(21,874)	(19,479)
Total Equity		10,730	13,252

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2020

	Issued Capital \$ `000	Accumulated Losses \$ `000	Share-based Payments Reserve \$ `000	Total Equity \$ `000
Balance at 1 July 2019	31,866	(14,753)	240	17,353
Loss for the period	-	(1,568)	-	(1,568)
Total comprehensive loss for the period	-	(1,568)	-	(1,568)
Shares issued during the Year	100	-	-	100
Recognition of share-based payments	-	-	408	408
Unlisted options forfeited	-	-	(4)	(4)
Unlisted options lapsed	-	77	(77)	-
Balance at 31 December 2019	31,966	(16,244)	567	16,289
Balance at 1 July 2020	31,966	(19,479)	765	13,252
Loss for the period	-	(2,600)	-	(2,600)
Total comprehensive loss for the period	-	(2,600)	-	(2,600)
Recognition of share-based payments	-	-	90	90
Unlisted options forfeited	-	-	(12)	(12)
Unlisted options lapsed	-	205	(205)	-
Balance at 31 December 2020	31,966	(21,874)	638	10,730

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2020

	Note	31 Dec 20 \$ `000	31 Dec 19 \$ `000
Cash flows from operating activities			
Payments to suppliers and employees		(1,368)	(1,421)
Payments for exploration and evaluation		(1,394)	(2,975)
Transactions costs related to borrowings		(11)	-
Interest received		27	108
Interest paid		-	(4)
Net cash used in operating activities		(2,747)	(4,292)
Cash flows from investing activities			
Payments for property, plant and equipment		(17)	(71)
Proceeds from disposal of plant and equipment		7	-
Proceeds from disposal of entity (net of sale costs)	5	-	9,868
Net cash provided by/(used in) investing activities		(10)	9,797
Cash flows from financing activities			
Repayment of lease liabilities		(43)	(39)
Net cash used in financing activities		(43)	(39)
Net increase/ (decrease) in cash held		(2,800)	5,466
Cash and cash equivalents at the beginning of the period (*)		12,937	10,618
Cash and cash equivalents at the end of the period		10,137	16,084
(*) Opening cash and cash equivalents as reported			
		12,937	10,591
Cash previously classified as available for sale at beginning of period		-	27
Adjusted opening cash and cash equivalents balance		12,937	10,618

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

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

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2020 and any public announcements made by the Company and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Legislative Instrument 2016/191. The Company is an entity to which the class order applies.

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

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the new Standards and Interpretations effective 1 July 2020 as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards

New Standards and Interpretations applicable for the half year ended 31 December 2020

In the half-year ended 31 December 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2020. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2020.

Statement of compliance

The interim financial statements were authorised for issue on 25 February 2021.

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

Going concern

The interim financial statements have 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.

2. EXPENSES

	Half-year ended 31 Dec 20 \$ '000	Half -year ended 31 Dec 19 \$ '000
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Loss for the period includes the following expenses:

<i>Employee benefits</i>		
Other employee benefits	718	709
Non-cash share-based payment expenses	90	404
<i>Total employee benefits</i>	808	1,113

3. INCOME TAX EXPENSE

	Half-year ended 31 Dec 20 \$ '000	Half-year ended 31 Dec 19 \$ '000
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The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting loss before income tax	(2,600)	(1,568)
Income tax expense calculated at 30% (2019: 30%)	(780)	(470)
Non-Deductible Expenses	11	122
Tax losses and deferred tax balances not previously recognised	769	348
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

	31 Dec 20 \$ '000	30 Jun 20 \$ '000
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Unrecognised deferred tax balances

Deferred tax assets comprise of:

Tax losses carried forward	5,026	4,288
Impairment of financial assets	45	45
Provisions	12	55
Other deferred tax balances	12	25
	5,095	4,413

Deferred tax liabilities comprise of:

Exploration expenditure capitalised	-	-
Other deferred tax balances	13	26
	13	26

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended 31 Dec 20 \$ '000	Year ended 30 Jun 20 \$ '000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	-	-
Expenditure incurred	1,265	3,860
	1,265	3,860
Exploration expensed as incurred	(1,265)	(3,860)
Balance at end of period	-	-

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

	Life to date project expenditure expensed		Project Expenditure expensed in the period	
	31 Dec 20		31 Dec 19	
	\$ '000	\$ '000	\$ '000	\$ '000
Lachlan Copper-Gold	5,867	560	5,307	2,031
Lucknow Gold	875	703	172	172
Other Exploration Expenses	304	2	302	18
Continuing Operations	7,046	1,265	5,781	2,221
Sinclair (*)	-	-	7,086	245
Discontinued Operations	-	-	7,086	245

(*) Group interests in the Sinclair Nickel area were disposed of as part of the Talisman Nickel Pty Ltd sale to the Saracen Mineral Holdings Limited group on 11 October 2019. Refer to Note 5. Project expenditure in the current and comparative periods is included in the profit from discontinued operations.

5. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the prior half-year ended 31 December 2019, the Company completed a Share Sale Agreement with Saracen Nickel Pty Ltd, a wholly owned subsidiary of Saracen Mineral Holdings Limited (Saracen), where Saracen acquired Talisman Nickel Pty Ltd, the subsidiary which held the Company's interest in the Sinclair Nickel Project on a debt-free and cash-free basis. Completion occurred on 11 October 2019. Refer to the 2020 Annual Report for more details.

Consideration received or receivable

	31 Dec 20 \$ '000	31 Dec 19 \$ '000
Disposal consideration (including working capital adjustment)	-	10,390
Less: net asset on disposal	-	(7,090)
Less: costs of sale paid or payable	-	(132)
Gain on disposal before settlement of project financing	-	3,168
Gain on disposal before income tax	-	3,168
Income tax expense ¹	-	-
Gain on disposal after income tax	-	3,168
Loss for the period from discontinued operation – Talisman Nickel Pty Ltd	-	(430)
Profit after tax from discontinued operation	-	2,738

¹ The tax expense related to the gain on disposal 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 cash inflow on disposal

	31 Dec 20 \$ '000	31 Dec 19 \$ '000
Total cash and cash equivalents consideration received	-	10,390
Working capital adjustment	-	(390)
Net cash received on disposal	-	10,000
Less: costs of sale paid	-	(132)
Proceeds from disposal of entity (net of sale costs)	-	9,868

Financial performance from discontinued operations

The financial performance presented for the period 1 July 2019 to the date of disposal, 11 October 2019:

	31 Dec 20 \$ '000	31 Dec 19 \$ '000
<i>Financial performance from operations</i>		
Revenue	-	-
Expenses	-	(430)
Loss before tax from discontinued operations	-	(430)
Income tax expense	-	-
Loss for the period from discontinued operations	-	(430)

Cash flows

Cash flows presented for the period 1 July 2019 to the date of disposal, 11 October 2019, included in the various categories in the condensed consolidated statement of cash flows:

	31 Dec 20 \$ '000	31 Dec 19 \$ '000
Net cash flows from operating activities	-	(478)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	-	451
Net cash flows	-	(27)

6. ISSUED CAPITAL

	31 Dec 20 \$	30 Jun 20 \$
Ordinary shares		
Issued and fully paid	31,966,023	31,966,023

	Half-year ended 31 Dec 20		Year ended 30 Jun 20	
	Number	\$	Number	\$
Movements in ordinary shares on issue				
Opening Balance	186,628,385	31,966,023	185,699,879	31,866,023
Issue of shares to Lucknow Gold ⁽ⁱ⁾	-	-	928,506	100,000
Closing Balance	186,628,385	31,966,023	186,628,385	31,966,023

(i) On 30 October 2019 the Company issued 928,506 shares to Lucknow Gold Ltd ('Lucknow') in satisfaction of subsidiary Haverford Holdings' obligation to pay the first \$100,000 to Lucknow pursuant to a Farm-In Agreement executed on 26 August 2019.

	Half-year ended 31 Dec 20		Year ended 30 Jun 20	
	Number	\$	Number	\$
Movements in options over ordinary shares on issue				
Opening Balance	23,413,334	764,607	23,120,000	239,783
Directors' and employees' remuneration	-	90,116	1,750,000	648,209
Unlisted options forfeited	(333,332)	(12,020)	(1,666,666)	(46,029)
Unlisted options lapsed	(8,083,340)	(205,084)	(290,000)	(77,356)
Closing Balance	14,996,662	637,619	23,413,334	764,607

Share options are exercisable at various exercise prices. The options expire between 31 October 2021 and 31 October 2022.

7. LOSS PER SHARE

Basic and diluted loss per share

	Consolidated	
	Half-year ended 31 Dec 20 \$	Half-year ended 31 Dec 19 \$
From continuing and discontinued operations		
Basic loss per share (cents per share)	(1.39)	(0.84)
Diluted loss per share (cents per share)	n/a	n/a
From continuing operations		
Basic loss per share (cents per share)	(1.39)	(2.31)
Diluted loss per share (cents per share)	n/a	n/a

Loss

	Half-year ended 31 Dec 20 \$'000	Half-year ended 31 Dec 19 \$'000
Loss from continued and discontinued operations used in the calculation of basic Loss per share	(2,600)	(1,568)
Loss from continued operations used in the calculation of basic loss per share	(2,600)	(4,306)

Weighted average number of ordinary shares

The weighted average number of shares for the purposes of the calculation of basic and diluted loss per share is as follows:

	Consolidated	
	Half-year ended 31 Dec 20 Number	Half-year ended 31 Dec 19 Number
Weighted average number of shares for the purpose of basic and diluted loss per share	186,628,385	186,012,745

There was no adjustment to the weighted average number of shares for the calculation of the diluted EPS as this would be antidilutive.

8. SEGMENT REPORTING

Segment Information

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 continuing operating segment: Regional Exploration.

The discontinued operation in the prior period is identified as the Sinclair operation and represented the Group's 100% interest in the Sinclair Nickel Project (**Sinclair**) until 11 October 2019 when Talisman sold its interest to Saracen Mineral Holdings Ltd (**Saracen**). Refer to Note 5.

The Group's Chief Geologist 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.

Segment Results

	Continuing Operations	Discontinued Operations	Unallocated Items	Consolidated
	Regional Exploration	Sinclair Operation		
	\$ '000	\$ '000	\$ '000	\$ '000
31 December 2020				
Segment revenues	-	-	34	34
Segment loss before income tax expenses	(1,294)	-	(1,306)	(2,600)
Segment assets	575	-	10,319	10,894
Segment liabilities	(11)	-	(153)	(164)
31 December 2019				
Segment revenues	-	-	83	83
Segment profit / (loss) before income tax expense	(2,402)	2,738	(1,904)	(1,568)
Segment assets	533	-	16,566	17,099
Segment liabilities	(131)	-	(679)	(810)

9. RIGHT OF USE ASSETS

Carrying Value

31 December 2020	Consolidated	
	Premises	Total
	\$ '000	\$ '000
Cost	164	164
Accumulated depreciation	(123)	(123)
Carrying value as at 31 December 2020	41	41

Reconciliation

31 December 2020	Consolidated	
	Premises	Total
	\$ '000	\$ '000
Balance at 1 July 2020	82	82
Depreciation expense	(41)	(41)
Closing balance	41	41

10. LEASE LIABILITIES

	Consolidated	
	Premises \$ '000	Total \$ '000
Current liabilities	43	43
Non-current liabilities	-	-
Total	43	43

Reconciliation

	Consolidated	
	Premises \$ '000	Total \$ '000
Balance at 1 July 2020	86	86
Principal repayments	(43)	(43)
Closing balance	43	43

The Group leases office premises in Perth, Western Australia. The lease term is 3 years.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due		
	<1 year \$ '000	1-2 years \$ '000	Total \$ '000
Lease payments	44	-	44
Interest	(1)	-	(1)
Net present values	43	-	43

Lease payments not recognised as a liability

Lease payments expensed during the period and not included in the measurement of the lease liability are as follows:

	31 Dec 20 \$ '000
Short term leases	14

At 31 December 2020, the Group was committed to short-term leases, giving rise to total commitments of \$9,000 at that date.

Total cash outflow relating to leases for the period ended 31 December 2020 was \$51,062.

11. CONTINGENT LIABILITIES AND ASSETS

An NSR Royalty deed was executed where the Company was granted an uncapped and perpetual 1.0% Net Smelter Return (NSR) royalty applying to 100% of all contained copper and gold in ore mined and sold within the Monty Mining Joint Venture above the respective contained metal levels in the Monty Mine Plan in place at deed execution (based on the Monty Feasibility Study released in April 2017).

An NSR Royalty deed was executed where the Company was granted an uncapped and perpetual 2.0% NSR royalty for any future metal production from the Sinclair tenements and any future non-precious metal production from Saracen's Waterloo Nickel Project.

A Gross Royalty deed was executed where the Company was granted an uncapped and perpetual 1.0% gross royalty on all metals produced and sold from the Wonmunna Iron Ore project.

It is not practical to estimate the financial effect of any of the royalties described above.

In the opinion of the Directors, there are no other contingent liabilities or assets as at 31 December 2020 and no other contingent liabilities or assets were identified in the interval between the period end and the date of this report.

12. FINANCIAL INSTRUMENTS

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 current receivables and current payables are considered to be a reasonable approximation of their fair values.

13. SIGNIFICANT EVENTS AND TRANSACTIONS

In the opinion of the Directors, there are no other significant events or transactions during the reporting period.

14. EVENTS SUBSEQUENT TO REPORTING DATE

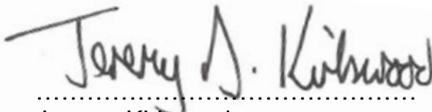
No matters or circumstances have arisen since the end of the half year which significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future years.

Directors' Declaration

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

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



.....
Jeremy Kirkwood
Non-Executive Director
25 February 2021



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Talisman Mining Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Talisman Mining Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
25 February 2021

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

L Di Giallonardo
Partner