Talisman Mining Limited

ABN 71 079 536 495

Financial report for the half-year ended

31 December 2019

Corporate Directory

Board of Directors

Mr Jeremy Kirkwood	Non-Executive Chairman
Mr Daniel Madden	Managing Director
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director
Mr Peter Benjamin	Non-Executive Director

Company Secretaries

Mr Shaun Vokes
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
Perth, Western Australia 6000
Tel: +61 8 9227 7500

Share Registry

Link Market Services
Level 12, QV1 Building
250 St George Terrace
Perth, Western Australia 6000
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Securities Exchange Listing

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Perth, Western Australia 6000

ASX code:TLM

Contents

Page

Review of Operations

Lachlan Copper-Gold Project

Talisman Mining Limited's (**Talisman or the Company**) Lachlan Copper-Gold Project area covers over 3,100km^2 of exploration tenure including an extensive strike extent along the Gilmore Suture (*Figure 1)*. It is considered that this area has the potential to host a variety of deposit types including low sulphation epithermal gold and base metal deposits (similar to the Mineral Hill deposit), structurally controlled gold deposits (similar to the Mt Boppy deposit), structurally controlled copper deposits (similar to the Blind Calf deposit), Cobar style gold and base metal deposits, as well as Skarn deposits.

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

i. *As previously announced to the ASX[1], Haverford Holdings Ltd (Haverford), a 100% owned subsidiary of Talisman, has entered into a Farm-In Agreement (Farm-in) with Bacchus Resources Pty Ltd (Bacchus) over certain Lachlan Copper-Gold Project tenements.*

   In accordance with the terms of the Farm-in:

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

ii. *As previously announced to the ASX[2], Haverford has entered into a Farm-In Agreement (Farm-in) with Peel Mining Limited (ASX:PEX) over PEX's Mt Walton (EL8414) and Michelago (EL8451) Projects (collectively the Peel Tenements). In accordance with the terms of the Farm-in, Haverford can earn up to a 75% interest in the Peel Tenements by sole funding $0.7M of on-ground exploration expenditure over five years.*

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

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

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

On-ground exploration during the reporting period included reconnaissance mapping, soil sampling, RC drilling and geophysical surveys.

Blind Calf Prospect

Reverse circulation (RC) drilling completed at the Blind Calf Prospect during the half year ended 31 December 2019 targeted three areas in the Blind Calf region; down-plunge extensions, down-hole electromagnetic conductors and a number of parallel lodes to the north west, south and south-east of the Blind Calf-Dunbars copper lode system.

Drilling of down-plunge extensions and down-hole electromagnetic conductors at the Blind-Calf Dunbars copper lode system intersected strongly altered volcanic lithologies, with quartz veining and logged copper sulphide mineralisation (chalcopyrite). The best result from this drilling was:

- **10m** @ **4.32% Cu** from 176m including **4m** @ **7.68% Cu** from 180m (BCRC0029) [3].

The high-grade nature of the intersection is consistent with the interpreted high-grade core to the mineralisation. Importantly this hole intersected mineralisation approximately 50m down-plunge from previous high-grade intersections thereby extending the high-grade component (*Figure 2*).

A DHEM survey of BCRC0029 highlighted further off-hole conductors in the area (*Figure 2*).

As a result of this drilling the footprint of the known and interpreted high-grade core has been increased. A program of diamond drilling will be undertaken to focus on this important aspect of the Blind Calf-Dunbars high grade copper lode system (*Figure 2)*.

[3] Refer Talisman ASX announcement dated 9 September 2019 for full details including JORC tables.

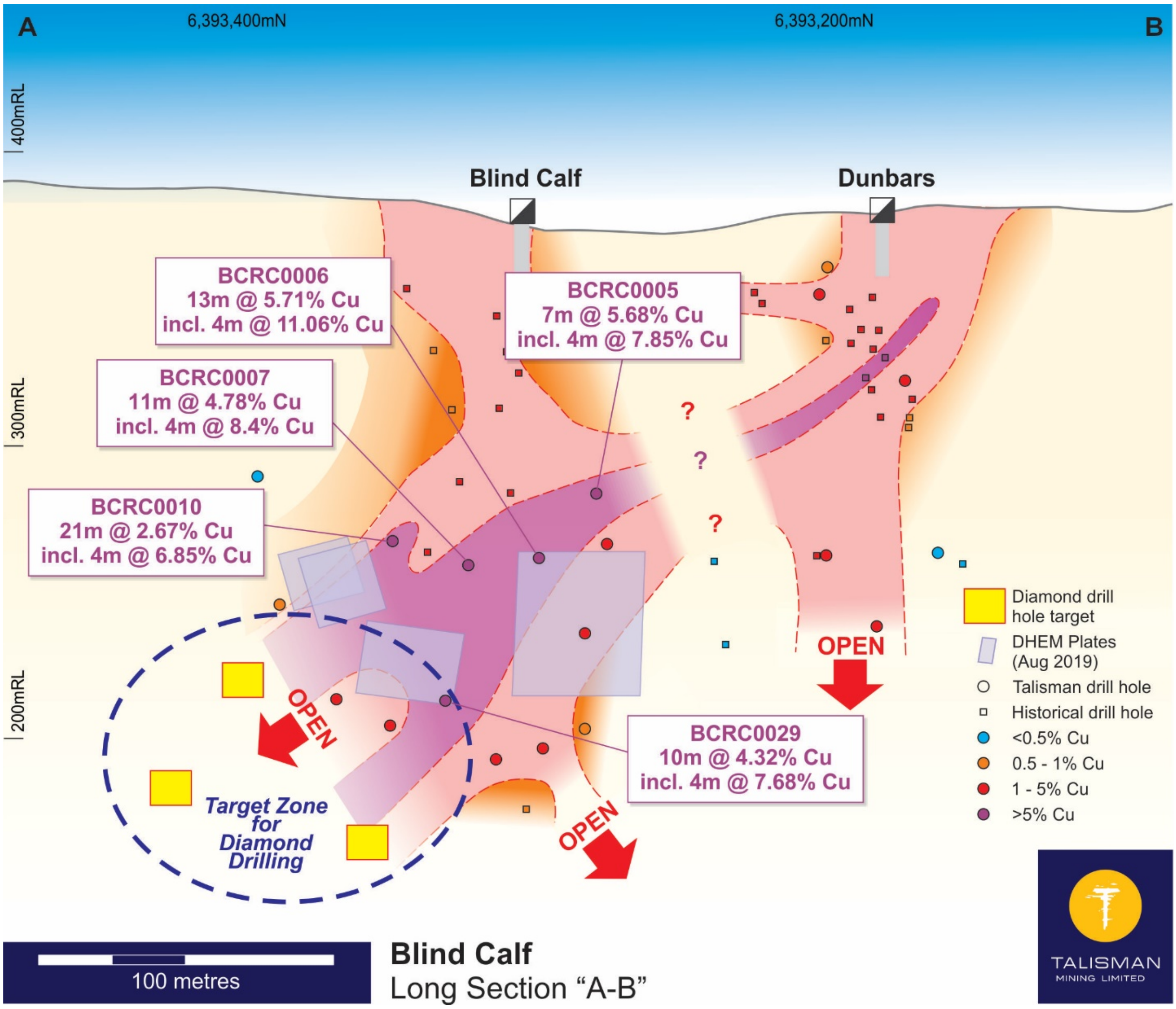

Figure 2: Blind Calf-Dunbars long section showing proposed diamond drill hole targets, current DHEM anomalies and previously reported Talisman and historic drill holes.

RC drilling in the Blind Calf area was also undertaken to test newly interpreted potential parallel lodes proximal to the Blind Calf-Dunbar copper lode system (*Figure 3*) identified as a result of a detailed mapping campaign undertaken by SRK Consulting earlier in 2019.

Assay results confirmed that the mapped and logged zones of shearing and alteration contained anomalously high copper grades (>0.1% Cu).

DHEM surveys were completed on most of the drill sections targeting the parallel lode systems and a total of five new DHEM conductive anomalies were identified at five separate potential lodes. A program of additional RC drilling is planned to test these targets.

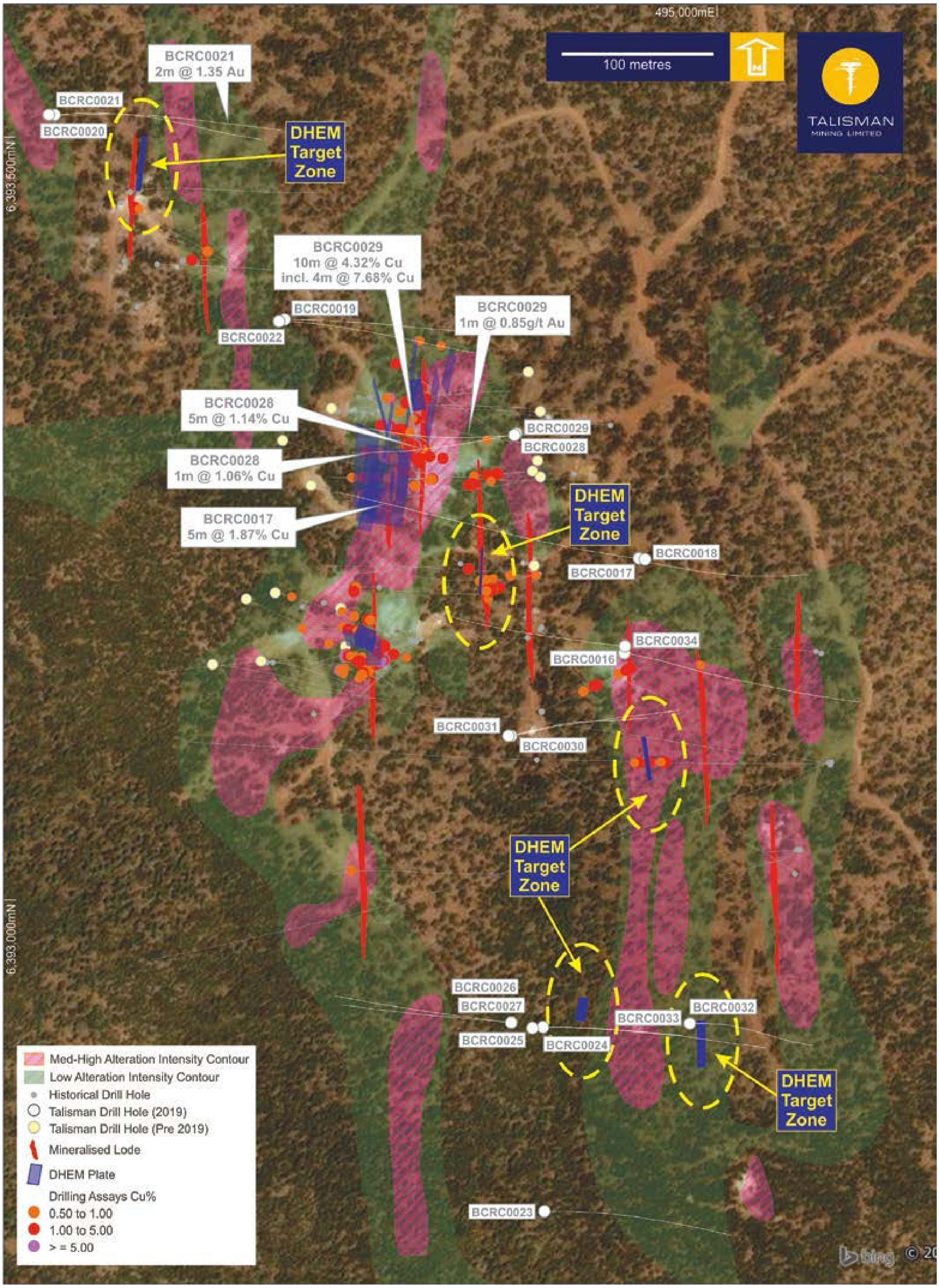

Figure 3: Blind Calf Prospect collar plan showing selected TLM and historic intersections, highlighting new proximal drill-ready target areas.

Harding's Prospect (EL8547): Gold-in-soils

Gold assay results from geochemical sampling in mid-2019 identified an anomaly at the Harding's Prospect (*Figure 4*) extending over 1km, with a peak assay value of +500ppb Au (0.5g/t Au) in soils[4]. Surface verification identified a sequence of sub-cropping highly altered volcanic rocks, which are interpreted to represent a continuation of the Mineral Hill volcanic sequence.

During the reporting period, a single drill traverse of four holes for 555m was completed across the peak of the gold-in-soil anomaly. Drilling encountered siliceous volcanic tuffaceous rocks with minor thin quartz veining and sulphides (pyrite) noted on drilling. Results from assays have shown thin isolated zones of elevated gold mineralisation with one intersection consistent with the surface geochemical anomalism. Gold assays returned were less than 0.5g/t Au and are not considered significant by Talisman.

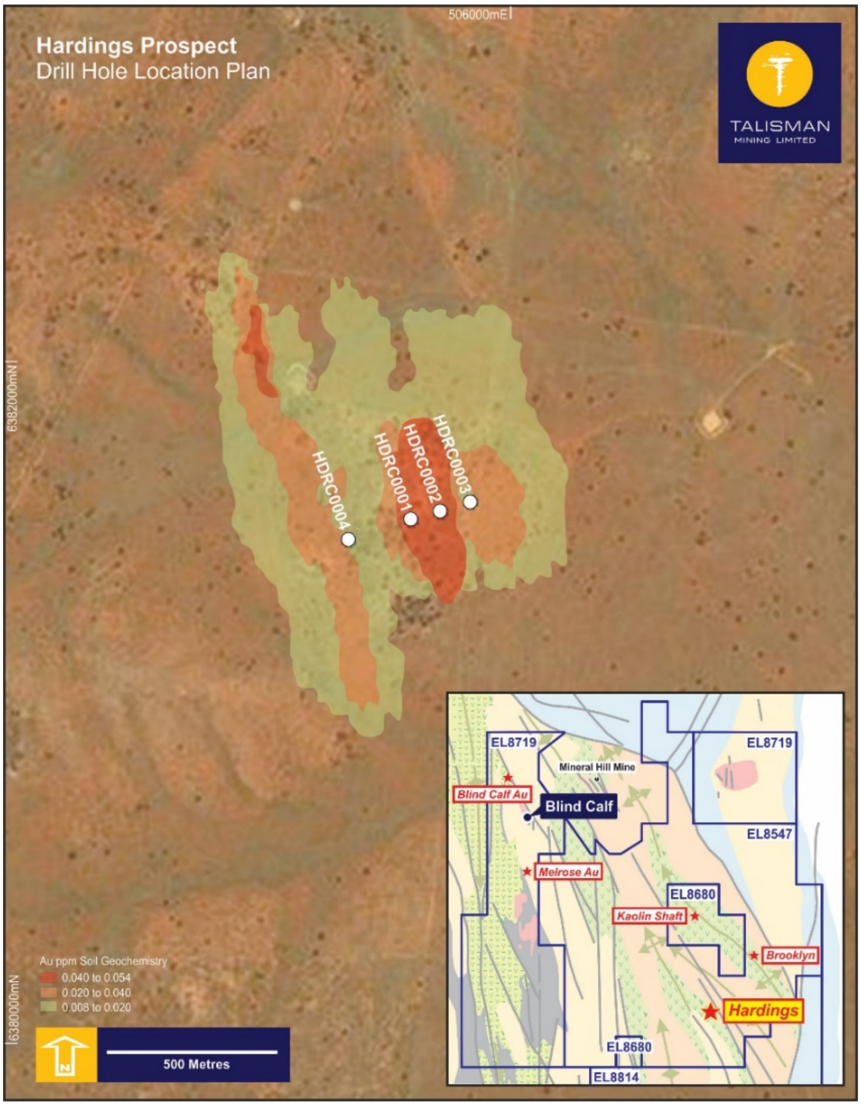

Figure 4: Harding's Prospect RC drill collar location plan[5]

Brooklyn-Kaolin Shaft Prospects (EL8680 & EL8547): Gold-in-soils

Gold assay results from regolith sampling undertaken in mid-2019 along the southeast extension of the Mineral Hill Corridor highlighted multiple gold-in-soil anomalies[4]. The area contains numerous historic workings and is hosted by altered volcanic rocks. The Kaolin Shaft and Brooklyn Prospects were two high-priority drill targets along this trend (*Figure 5 & Figure 6*).

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[4] Refer Talisman ASX announcement dated 22 July 2019 for full details.
[5] Refer to Figure 1 for Tenement details

One drill traverse and a single hole were completed during the reporting period at these two areas[6]. Assay results received from the Brooklyn Prospect, showed broad zones of low-level gold anomalism consistent with the surface geochemical anomaly (>0.25g/t Au) across the western most drill hole, BKRC0001, including two narrow zones at >0.5g/t Au. BKRC0002 and BKRC0003 did not return any significant results.

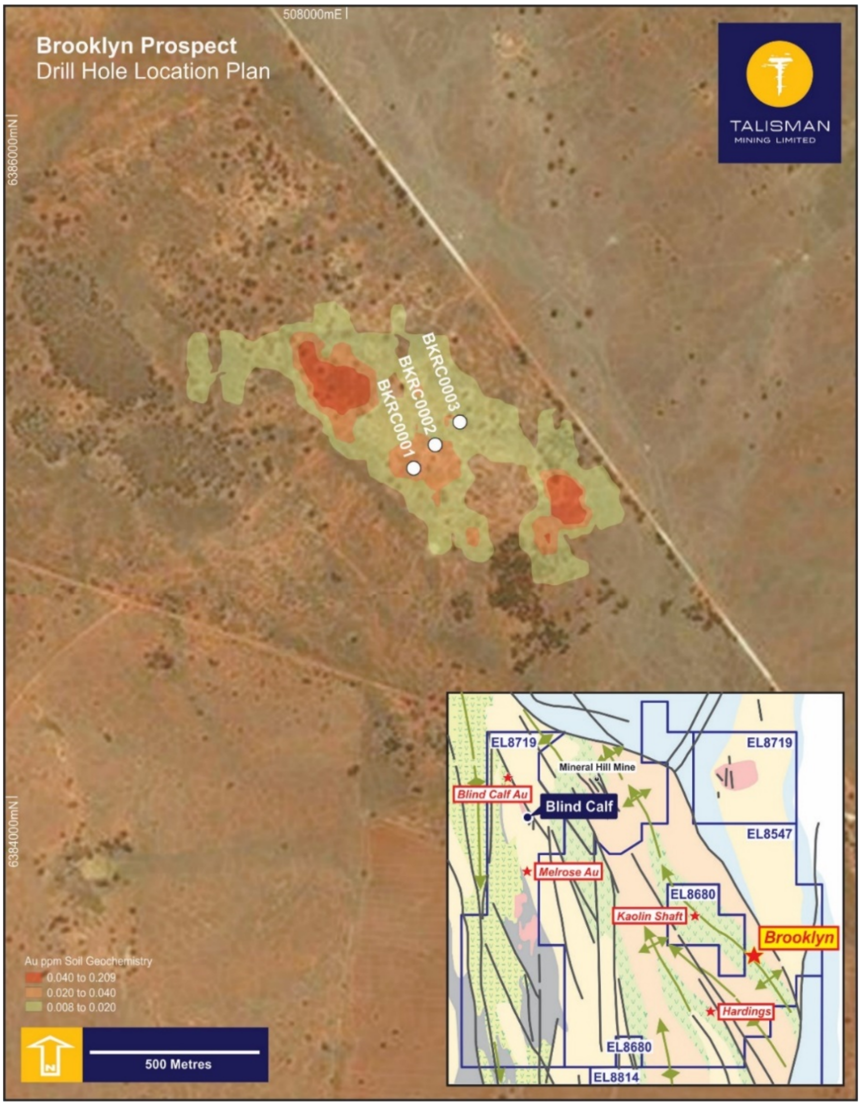

Figure 5: Brooklyn Prospect RC drill collar location plan[7]

Assay results from the hole completed at the Kaolin Shaft Prospect returned elevated base metal (lead and zinc) anomalism associated with logged base-metal sulphides in an altered felsic volcanic rock sequence with the best result being:

- **2m @ 2.95% Zn** from 50m including **1m @ 4.77% Zn** from 50m (KSRC0001)[6].

Further work on these prospects will be subject to the results of future DHEM surveys.

[6] Refer Talisman ASX announcement dated 24 January 2020 for full details including JORC tables
[7] Refer to Figure 1 for Tenement details

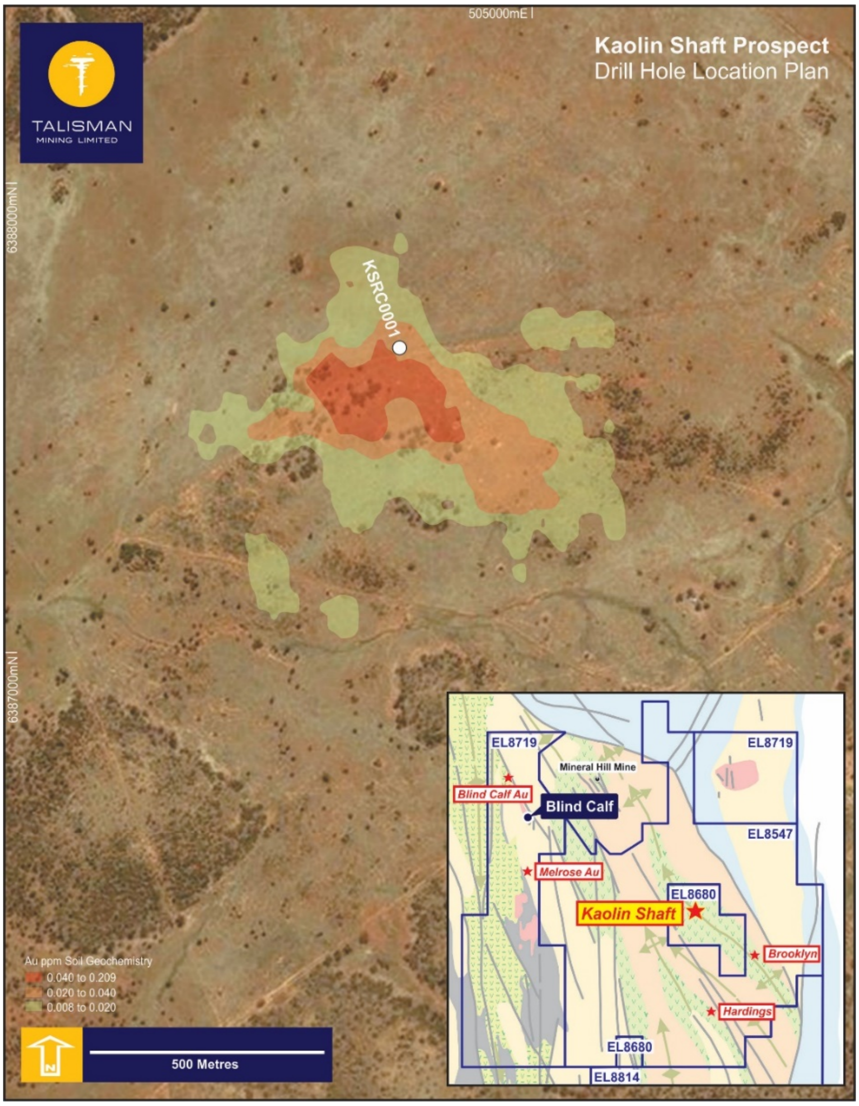

Figure 6: Kaolin Shaft Prospect RC drill collar location plan[8]

Melrose Prospect (EL8719): Gold-in-soils

Gold assay results from initial sampling at the Melrose Prospect identified an anomaly (*Figure 7*) extending over 1.5km and returned a peak assay value of +400ppb Au (0.4g/t Au) in soils. Surface verification identified a strongly altered gossanous unit and quartz veining in a sequence of altered volcanic rocks. Further geochemical sampling extended this geochemical anomaly from 1.5km to more than 2.8km[9].

A total of six RC drill holes for 928m were completed during the reporting period testing approximately 500m of the +2.8km strike (*Figure 7*). Drilling intersected a rock package exhibiting broad zones of moderate to strong alteration comprising intercalated felsic volcanics, quartz porphyries and sediments with varied intensity of quartz veining and sulphide mineralisation across all completed drill traverses. Assay results confirmed geological observations, returning broad low-level gold anomalism with moderate grade mineralisation associated with zones of more intense veining. The best result returned was from hole MGRC0004 which returned **1m @ 2.03 g/t Au** from 65m[6] on the southern-most line drilled to date.

Further work on the Melrose Prospect is anticipated to be undertaken once all assay results have been received and potential DHEM surveys have been completed and interpreted.

[8] Refer to Figure 1 for Tenement details
[9] Refer to ASX announcement dated 26 November 2019 for full details.

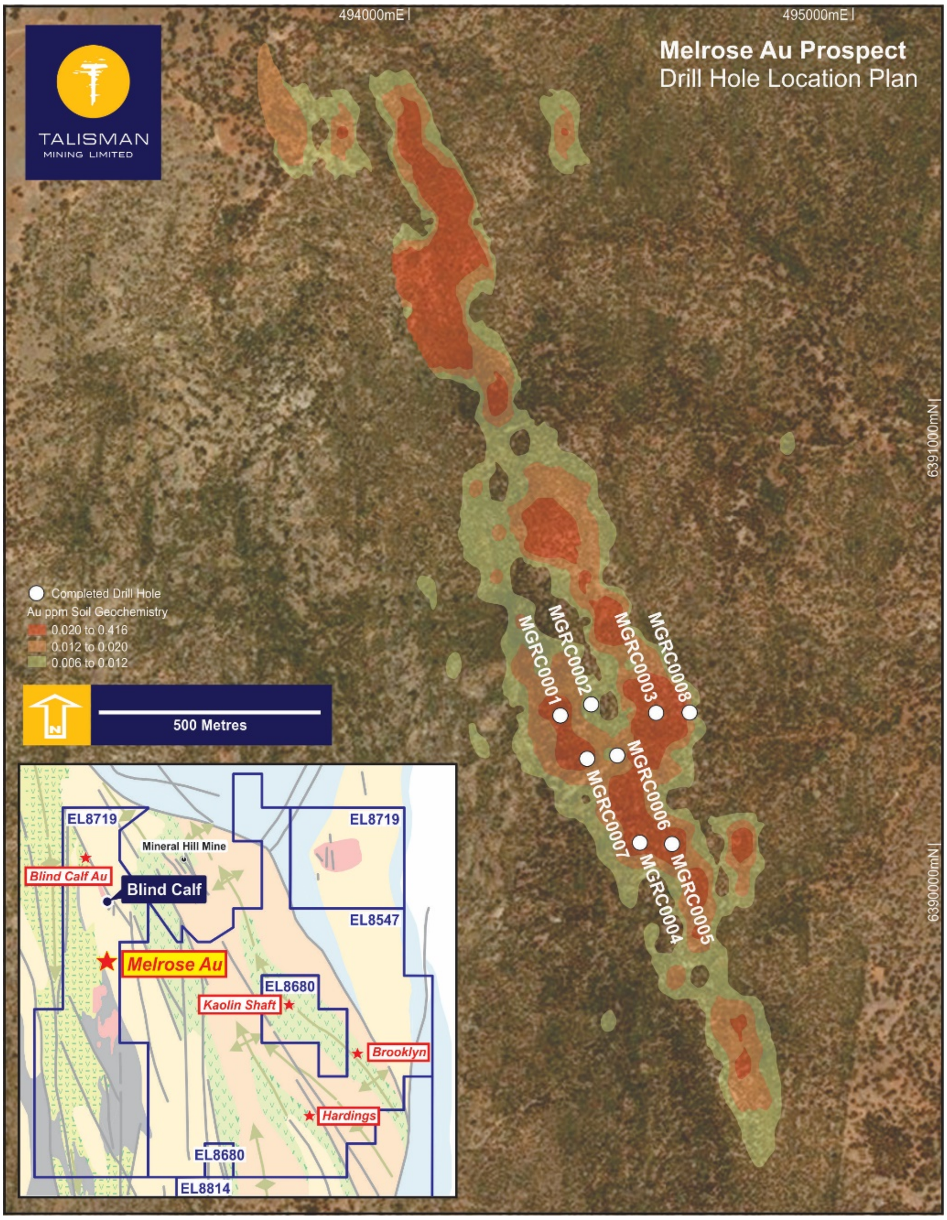

Figure 7: Melrose Gold prospect RC drill collar location plan[10]

[10] Refer to Figure 1 for Tenement details

Lucknow Gold Project

In August 2019 Talisman entered into a farm-in agreement with privately owned Lucknow Gold Limited (**Lucknow Gold**) in relation to the Lucknow Gold Project (EL6455) in New South Wales (**Lucknow Project**) (*Figure 8*).

Figure 8: Lucknow Project tenure.

During the half-year ended 31 December 2019 Talisman focused on executing Land Access Agreements (**LAA**) with key local land holders to prepare for planned diamond drill testing of the interpreted high-grade extensions of the historic Lucknow Gold Mine (with key LAA's executed in early 2020).

Gold mineralisation at Lucknow is intimately associated with the major NNW trending Lucknow Fault (*Figure 9* & *Figure 10*) which dips 60° to 70° to the northeast. The fault separates hanging wall serpentinite from the footwall volcanic rocks. The volcanic rocks of the Oakdale Formation on the footwall are competent and subject to brittle deformation, whereas the hanging wall serpentinite is far less competent, and more subject to ductile deformation.

It is interpreted that the jog in the Lucknow Fault caused dilation, and the formation of east-west trending, vertical fractures in the footwall. These fractures contain the quartz plus calcite high grade gold bearing veins at the Lucknow Project. The veins are zoned such that away from the Lucknow Fault contact they consist of barren quartz, moving to calcite plus quartz, then calcite only. Historic gold mineralisation is localised at the intersection of steep dipping east-west quartz plus pyrite+/-calcite veins, and the ultramafic-dacite contact along the Lucknow Fault. The bonanza grade gold mineralisation occurs as steeply plunging shoots.

Talisman plans to target the interpreted fault offset extensions of the high-grade Lucknow Project gold mineralisation (*Figure 11*), with a program of diamond drill holes in 2020. There has been no historic drilling undertaken to target this interpreted fault offset position.

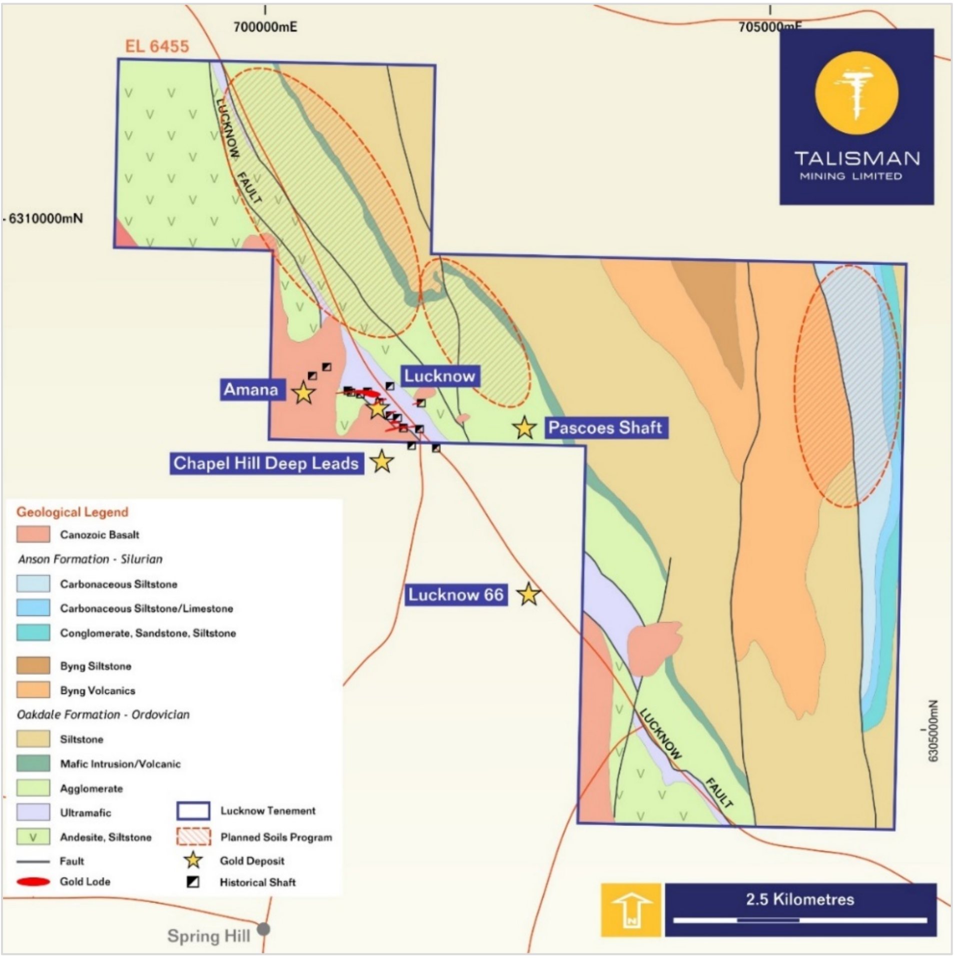

Figure 9: Lucknow Project simplified geology[11].

Figure 10: Lucknow Project mine shaft locations and simplified geology.

[11] Refer to Figure 8 for Tenement details

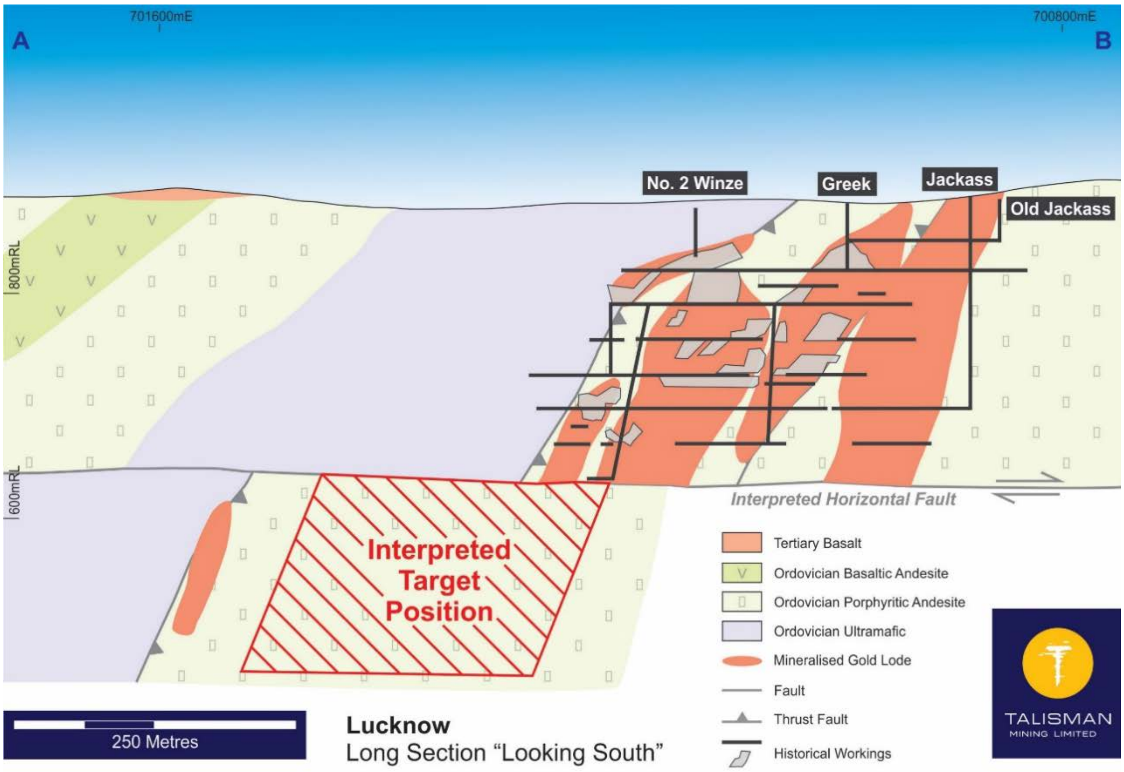

Figure 11: Lucknow Project interpreted long section, showing the interpreted faulted offset mineralisation target position.

Sinclair Nickel Project

On 27 September 2019 Talisman executed a binding share sale agreement (**SSA**) to divest its Sinclair Nickel Project in Western Australia (**Sinclair**) to Saracen Nickel Pty Ltd, a wholly owned subsidiary of Saracen Mineral Holdings Ltd (**Saracen**) (the **Transaction**)[12]. The Transaction was implemented by way of a sale of all of the shares in Talisman Nickel Pty Ltd (**Talisman Nickel**) and was successfully completed on the 11th October 2019[13].

At completion the Transaction provided Talisman with cash consideration of $10 million and an additional post-completion working capital adjustment of $0.4 million. The Transaction also provided Talisman with a 2% Net Smelter Return royalty applicable to any future metal production from the Sinclair tenements; and any future non-precious metal production from Saracen's Waterloo Nickel Project (which is currently on care and maintenance).

Completion of the Transaction also removed annual holding costs (excluding discretionary exploration expenses) of approximately $2 million. Further, by acquiring all of the shares in Talisman Nickel, Saracen assumed Talisman Nickel's obligation to make a conditional $2 million deferred payment to Xstrata Nickel Australasia Operations Pty Ltd (payable within six months should production of nickel products at Sinclair recommence by 4 February 2021) and Talisman Nickel's contingent environmental liability for Sinclair of $9 million (as at 30 June 2019).

Future Developments

Lachlan Copper-Gold Project

Talisman will continue to progress access agreements with landholders and securing the required departmental approvals prior to the commencement of on-ground drilling activities.

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[12] Refer to ASX announcement dated 27 September 2019 for full details.
[13] Refer to ASX announcement dated 11 October 2019 for full details.

Methodical and systematic exploration will ensure that the highest priority targets are reviewed in conjunction with new exploration information as it comes to light. As such the prioritisation of targets will be an ongoing iterative process with a critique of proposed exploration activities occurring on a quarterly basis.

Planned work in the 2020 calendar year includes (but is not limited to):

- diamond drill testing of the down plunge extension of the Blind Calf-Dunbars copper lode system (which is currently in progress);
- RC drill testing of interpreted DHEM targets proximal to the main Blind Calf-Dunbars copper lode system;
- follow-up RC drilling at the Melrose Gold Prospect, Cumbine Prospect and Noisy Ned Prospects; and
- first pass RC drill testing of the Blind Calf Gold anomaly.

Lucknow Gold Project

Talisman has to date executed Land Access Agreements over some key areas of the Lucknow Project, clearing the way to commence staged systematic soil sampling, reconnaissance mapping and selected diamond drilling to target the interpreted fault offset extensions to the high-grade Lucknow gold deposit at depth. Drilling is planned during the second half of the financial year ending 30 June 2020 (subject to receipt of final NSW DPIE approvals).

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 complied by Mr. Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Greenaway is a full-time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr. Greenaway consents to the inclusion in this report of 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 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

Mr Jeremy Kirkwood	Non-Executive Chairman
Mr Daniel Madden	Managing Director
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director
Mr Peter Benjamin	Non-Executive Director (appointed 24 July 2019)

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 $1.568 million (half-year to 31 December 2018: profit after tax $50.453 million) which included an after tax loss from continuing operations of $4.306 million (restated half-year to 31 December 2018: $4.038 million). The Group recorded a profit after tax from discontinued operations of $2.738 million from the sale of Talisman Nickel Pty Ltd (restated half-year profit to 31 December 2018: $54.491 million attributable to discontinued operations). The Group spent $2.221 million on exploration expenditure in New South Wales for continuing operations during the half-year (restated half-year to 31 December 2018: $1.794 million).

As at 31 December 2019 the Group had net assets of $16.289 million (30 June 2019: $17.353 million) including $16.084 million of cash and cash equivalents (30 June 2019: $10.591 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 2019.

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.

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Daniel Madden
Managing Director
26 February 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
26 February 2020

L Di Giallonardo
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2019

	Note	31 Dec 19 $ `000	Restated (i) 31 Dec 18 $ `000
Continuing operations			
Other income		83	220
Employee benefits expense	2	(1,113)	(820)
Exploration expenditure expensed as incurred	4	(2,221)	(1,794)
Administrative expenses		(361)	(431)
Legal and corporate advisory expense		(553)	(496)
Finance costs		(4)	(74)
Occupancy expenses		(25)	(57)
Depreciation and amortisation expense		(112)	(53)
Loss before income tax expense		**(4,306)**	**(3,505)**
Income tax (expense)	3	-	(533)
Loss after tax from continuing operations		**(4,306)**	**(4,038)**
Discontinued operations			
Profit after tax from discontinued operations	5	2,738	54,491
Net profit / (loss) for the period		**(1,568)**	**50,453**
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive income / (loss) for the period		**(1,568)**	**50,453**

Earnings / (loss) per share			
From continuing and discontinued operations:			
Basic earnings/ (loss) per share (cents per share)		(0.84)	27.17
Diluted earnings per share (cents per share)		n/a	27.17
From continuing operations:			
Basic loss per share (cents per share)		(2.31)	(2.17)
Diluted earnings per share (cents per share)		n/a	n/a

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

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2019

	Note	31 Dec 19 $ `000	30 Jun 19 $ `000
Assets			
Current Assets			
Cash and cash equivalents		16,084	10,591
Trade and other receivables		417	270
Assets classified as held for sale	5	-	16,123
Total Current Assets		16,501	26,984
Non-Current Assets			
Receivables		120	120
Property, plant and equipment		298	334
Right-of-use assets	10	123	-
Intangible assets		57	55
Deferred exploration and evaluation expenditure	4	-	-
Total Non-Current Assets		598	509
Total Assets		**17,099**	**27,493**
Liabilities			
Current Liabilities			
Trade and other payables		617	945
Employee benefits		68	56
Lease liabilities	11	82	-
Liabilities directly associated with assets held for sale	5	-	9,139
Total Current Liabilities		767	10,140
Non-Current Liabilities			
Lease liabilities	11	43	-
Total Non-Current Liabilities		43	-
Total Liabilities		**810**	**10,140**
Net Assets		**16,289**	**17,353**
Equity			
Issued capital	6	31,966	31,866
Reserves		567	240
Accumulated losses		(16,244)	(14,753)
Total Equity		**16,289**	**17,353**

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2019

	Issued Capital $ `000	Accumulated Losses $ `000	Dividend Payment Reserve $ `000	Share-based Payments Reserve $ `000	Total Equity $ `000
Balance at 1 July 2018	**60,882**	**(50,917)**	**-**	**1,679**	**11,644**
Profit for the period	-	50,453	-	-	50,453
Total comprehensive income for the period	**-**	**50,453**	**-**	**-**	**50,453**
Profit set aside for dividend (*)	-	(11,838)	11,838	-	-
Dividends paid	-	-	(11,838)	-	(11,838)
Recognition of share-based payments	-	-	-	106	106
Unlisted options forfeited	-	-	-	(44)	(44)
Unlisted options lapsed	-	378	-	(378)	-
Balance at 31 December 2018	**60,882**	**(11,924)**	**-**	**1,363**	**50,321**
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**

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

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2019

	Note	31 Dec 19 $ `000	31 Dec 18 $ `000
		inflows/(outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(1,421)	(1,803)
Payments for exploration and evaluation		(2,975)	(2,363)
Interest received		108	235
Interest paid		(4)	(483)
Net cash used in operating activities		(4,292)	(4,414)
Cash flows from investing activities			
Payments for property, plant and equipment		(71)	(79)
Proceeds from disposal of entity (net of sale costs)	5	9,868	71,322
Net cash provided by investing activities		9,797	71,243
Cash flows from financing activities			
Proceeds from borrowings		-	2,036
Transaction costs relating to borrowings		-	(105)
Repayment of borrowings		-	(18,628)
Repayment of lease liabilities		(39)	-
Dividends paid		-	(11,838)
Net cash used in financing activities		(39)	(28,535)
Net increase in cash held		5,466	38,294
Cash and cash equivalents at the beginning of the period (*)		10,618	5,349
Cash and cash equivalents at the end of the period		**16,084**	**43,643**

(*) Opening cash and cash equivalents as reported	10,591	470
Cash previously classified as available for sale at beginning of period	27	4,879
Adjusted opening cash and cash equivalents balance	10,618	5,349

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2019

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 2019 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 2019 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 2019

In the half-year ended 31 December 2019, 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. Those which have a material impact on the Group are set out below.

AASB 16 Leases

The Group has applied AASB 16 from 1 July 2019 using the modified retrospective approach, with no restatement of comparative information.

The impact on the accounting policies, financial performance and financial position of the Group from the adoption of AASB 16 is detailed in Note 12.

Other than the above, 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 2019. 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 2019, except for the impact of the new Standards and Interpretations effective 1 July 2019 as disclosed above in 'Adoption of new and revised standards'.

Statement of compliance

The interim financial statements were authorised for issue on 26 February 2020.

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 19 $ `000	Half -year ended 31 Dec 18 $ `000
Profit / loss for the year includes the following expenses:		
Employee benefits		
Other employee benefits	709	758
Non-cash share based payment expenses	404	62
Total employee benefits	1,113	820

3. INCOME TAX EXPENSE

	Half-year ended 31 Dec 19 $`000	Half-year ended 31 Dec 18 $`000
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting profit / (loss) before income tax	(1,568)	50,984
Income tax expense calculated at 30% (2018: 30%)	(470)	15,295
Non-Deductible Expenses	122	25
Tax losses and deferred tax balances not previously recognised	348	(14,787)
Income tax expense reported in the statement of comprehensive income	-	533

	31 Dec 19 $`000	30 Jun 19 $`000
Unrecognised deferred tax balances		
Deferred tax assets compromise of:		
Tax losses carried forward	3,138	2,797
Impairment of financial assets	45	45
Provisions	67	73
Other deferred tax balances	274	342
	3,524	3,257
Deferred tax liabilities compromise of:		
Exploration expenditure capitalised	-	113
Other deferred tax balances	38	-
	38	113
Income Tax expense not recognised directly in equity during the year	-	-

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended 31 Dec 19 $ `000	Year ended 30 Jun 19 $ `000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	-	14,000
Expenditure incurred	2,466	4,636
	2,466	18,636
Exploration expensed as incurred	(2,466)	(4,636)
Expenditure written off	-	(803)
Reclassify to available for sale assets (i)	-	(13,197)
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.

(i) Refer to 2019 Annual Report Note 5 ii)

	Life to date project expenditure expensed	Project Expenditure expensed in the period	Life to date project expenditure expensed	Project Expenditure expensed in the period
	31 Dec 19		31 Dec 18	
	$ `000	$ `000	$ `000	$ `000
Lachlan Copper-Gold	5,307	2,031	3,276	1,794
Lucknow Gold	172	172	-	-
Other Exploration Expenses	302	18	283	-
Continuing Operations	5,781	2,221	3,559	1,794
Sinclair (*)	7,086	245	6,841	969
Discontinued Operations	7,086	245	6,841	969

(*) 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 6. Project expenditure in the current and comparative periods is included in the profit / (loss) from discontinued operations.

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

During the half-year, 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. At 30 June 2019, the Group had assets classified as held for sale of $16.123 million and liabilities directly associated with assets held for sale of $9.139 million in relation to Talisman Nickel Pty Ltd.

During the prior half-year, the Company completed a Share Sale Agreement with Sandfire Resources NL (Sandfire), its partner in the Monty Mining Joint Venture and Springfield Exploration Joint Venture (collectively the Doolgunna Project), where Sandfire acquired Talisman A Pty Ltd, the subsidiary which held the Company's 30% interest in the Doolgunna Project on a debt-free and cash-free basis. Completion occurred on 12 October 2018. Refer 2019 Annual Report for more details.

Consideration received or receivable

	31 Dec 19 $ `000	31 Dec 18 $ `000
Disposal consideration (including working capital adjustment)	10,390	72,300
Less: net asset on disposal	(7,090)	(2,451)
Less: costs of sale paid or payable	(132)	(855)
Gain on disposal before settlement of project financing	3,168	68,994
Repayment of loan project financing out of disposal consideration	-	(12,021)
Gain on disposal before income tax	3,168	56,973
Income tax expense [1]	-	-
Gain on disposal after income tax	3,168	56,973
Loss for the period from discontinued operation – Talisman Nickel Pty Ltd	(430)	(1,356)
Loss for the period from discontinued operation – Talisman A Pty Ltd	-	(1,126)
Profit after tax from discontinued operation	2,738	54,491

[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 assets of Talisman Nickel Pty Ltd at the date of sale (31 December 2018, Talisman A Pty Ltd)

	31 Dec 19 $ `000	31 Dec 18 $ `000
Cash	-	214
Trade and other receivables	422	240
Inventory	5	-
Assets under construction	-	7,199
Deferred exploration and evaluation expenditure	13,197	-
Mine development	-	9,032
Property, plant and equipment	2,636	-
Total assets	16,260	16,685
Trade creditors	38	1,305
Loan – project financing	-	908
Rehabilitation provision	9,132	12,021
Total liabilities	9,170	14,234
Net assets	7,090	2,451

Net assets of Talisman Nickel Pty Ltd classified as held for sale at 30 June 2019

	30 Jun 19 $ `000
Cash	27
Trade and other receivables	241
Inventory	22
Deferred exploration and evaluation expenditure	13,197
Property, plant and equipment	2,636
Total assets	16,123
Trade creditors	83
Rehabilitation Provision	9,056
Total liabilities	9,139
Net assets classified as held for sale	6,984

Net cash inflow on disposal

	31 Dec 19 $ `000	31 Dec 18 $ `000
Total cash and cash equivalents consideration received	10,390	72,300
Working capital adjustment	(390)	-
Net cash and cash equivalents disposed of	-	(214)
Net cash received on disposal	10,000	72,086
Less: costs of sale paid	(132)	(764)
Proceeds from disposal of entity (net of sale costs)	9,868	71,322

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 19 $ `000	31 Dec 18 $ `000
Financial performance from operations		
Revenue	-	15
Expenses	(430)	(2,497)
Loss before tax from discontinued operations	(430)	(2,482)
Income tax expense	-	-
Loss for the period from discontinued operations	(430)	(2,482)

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 19 $ `000	31 Dec 18 $ `000
Net cash flows from operating activities	(478)	(612)
Net cash flows from investing activities	-	-
Net cash flows from financing activities	451	625
Net cash flows	(27)	13

6. ISSUED CAPITAL

	31 Dec 19 $	30 Jun 19 $
Ordinary shares		
Issued and fully paid	31,966,023	31,866,023

	Half-year ended 31 Dec 19		Year ended 30 Jun 19	
	Number	$	Number	$
Movements in ordinary shares on issue				
Opening Balance	185,699,879	31,866,023	185,699,879	60,881,617
Return of capital (i)	-	-	-	(29,015,594)
Issue of shares to Lucknow Gold (ii)	928,506	100,000	-	-
Closing Balance	186,628,385	31,966,023	185,699,879	31,866,023

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

(ii) 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 19		Year ended 30 Jun 19	
	Number	$	Number	$
Movements in options over ordinary shares on issue				
Opening Balance	23,120,000	239,782	7,925,000	1,678,836
Directors' and employees' remuneration	1,750,000	408,348	22,750,000	371,164
Unlisted options forfeited	(250,000)	(3,283)	(200,000)	(44,670)
Unlisted options cancelled	-	-	(5,600,000)	(1,359,616)
Unlisted options lapsed	(290,000)	(77,356)	(1,755,000)	(405,932)
Closing Balance	24,330,000	567,491	23,120,000	239,782

Share options are exercisable at various exercise prices. The options expire between 31 October 2020 and 31 October 2022.

7. DIVIDENDS

	Half-year ended 31 Dec 2019		Half-year ended 31 Dec 2018	
	Cents per share	$ `000	Cents per share	$ `000
Interim franked dividend	-	-	6.375	11,838

Dividend was paid on 21 December 2018 and was fully franked.

8. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings / (loss) per share

	Consolidated	
	Half-year ended 31 Dec 19 $	Restated (i) Half-year ended 31 Dec 18 $
From continuing and discontinued operations		
Basic earnings / (loss) per share (cents per share)	(0.84)	27.17
Diluted earnings per share (cents per share)	n/a	27.17
From continuing operations		
Basic loss per share (cents per share)	(2.31)	(2.17)
Diluted earnings per share (cents per share)	n/a	n/a

Earnings

	Half-year ended 31 Dec 19 $'000	Restated (i) Half-year ended 31 Dec 18 $'000
Earnings / (loss) from continued and discontinued operations used in the calculation of basic earnings / (loss) per share	(1,568)	50,453
Loss from continued operations used in the calculation of basic earnings / (loss) per share	(4,306)	(4,038)

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

Weighted average number of ordinary shares

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

	Consolidated	
	Half-year ended 31 Dec 19 Number	Half-year ended 31 Dec 18 Number
Weighted average number of shares for the purpose of basic and diluted earnings / (loss) per share	186,012,745	185,699,879

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

9. 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 current 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 General Manager Geology is responsible for budgets and expenditures relating to the Group's Regional Exploration activities. Regional Exploration activities do not normally derive any income. Should a project generated by Regional Exploration activities commence generating income or lead to the development of a mining operation, that operation would then be disaggregated from Regional Exploration and become reportable in a different segment.

Segment Results

	Continuing Operations	Discontinued Operations			
	Regional Exploration $ `000	Sinclair Operation $ `000	Monty Operation $ `000	Unallocated Items $ `000	Consolidated $ `000
31 December 2019					
Segment revenues	-	-	-	83	83
Segment profit / (loss) before income tax expenses	(2,402)	2,738	-	(1,904)	(1,568)
Segment assets	533	-	-	16,566	17,099
Segment liabilities	(131)	-	-	(679)	(810)
31 December 2018					
Segment revenues	-	-	15	220	235
Segment profit / (loss) before income tax expense	(1,945)	(1,356)	55,847	(1,560)	50,986
Segment assets	140	16,652	-	44,182	60,974
Segment liabilities	(233)	(9,296)	-	(1,124)	(10,653)

10. RIGHT OF USE ASSETS

Carrying Value

	Consolidated	
	Premises $ `000	Total $ `000
Cost	164	164
Accumulated depreciation	(41)	(41)
Carrying value as at 31 December 2019	123	123

Reconciliation

31 December 2019	Consolidated	
	Premises $ `000	Total $ `000
Recognised on 1 July 2019 on adoption of AASB 16	164	164
Depreciation expense	(41)	(41)
Closing balance	123	123

AASB 16 has been adopted during the period, refer notes 1 and 12 for details.

11. LEASE LIABILITIES

	Consolidated	
	Premises $ `000	Total $ `000
Current liabilities	82	82
Non-current liabilities	43	43
	125	125

Reconciliation

	Consolidated	
	Premises $ `000	Total $ `000
Recognised on 1 July 2019 on adoption of AASB 16	164	164
Principal repayments	(39)	(39)
Closing balance	125	125

AASB 16 has been adopted during the period, refer notes 1 and 12 for details.

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	86	44	130
Interest	(4)	(1)	(5)
Net present values	82	43	125

Lease payments not recognised as a liability

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

	31 Dec 19 $ `000
Short term leases	18

At 31 December 2019, the Group was committed to short-term leases, giving rise to total commitments of $12,853 at that date.

Total cash outflow relating to leases for the period ended 31 December 2019 was $60,242.

12. NEW STANDARDS ADOPTED

AASB 16 Leases

Change in accounting policy

AASB 16 *Leases* supersedes AASB 117 *Leases*. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. Aside from those exempted in AASB 16, the changes result in leases where the Group is the lessee being recognised on the Statement of Financial Position and removes the former distinction between ‘operating’ and ‘finance’ leases. The new standard required recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on retained earnings and comparatives have not been restated.

The Group leases various premises and equipment. Prior to 1 July 2019, leases were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, where a Group company is a lessee, the Group recognises a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using the rate implied in the lease. If this rate is not readily determinable, the Group uses its incremental borrowing rate.

Lease payments included in the initial measurement of the lease liability consist of:

- Fixed lease payments less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- Any amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of purchase options, if the Group is reasonably certain to exercise the options; and
- Termination penalties of the lease term reflecting the exercise of an option to terminate the lease.

Extension options are included in property leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if, at commencement date, it is reasonably certain that the options will be exercised.

Subsequent to initial recognition, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment to the right-of-use asset) whenever there is a change in the lease term (including assessments relating to extension and termination options), lease payments due to changes in an index or rate, or expected payments under guaranteed residual values.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date, less any lease incentives received and initial direct costs. These right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the term of the lease (or the useful life of the leased asset if this is shorter). Depreciation starts on commencement date of the lease.

Where leases have a term of 12 months or less, or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 July 2019. The weighted average lessee’s incremental borrowing rate applied to lease liabilities was 5%.

On initial application right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

In the Condensed Consolidated Statement of Cash Flows, the Group has recognised cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability as interest paid within operating activities and short-term lease payments and payments for lease of low-value assets within operating activities.

The adoption of AASB 16 resulted in the recognition of right-of-use assets of $164,215 and lease liabilities of $164,215 in respect of all operating leases at 1 July 2019, other than short-term leases and leases of low-value assets.

The net impact on retained earnings was $nil.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- For existing contracts as at 1 July 2019, the Group has elected to apply the definition of lease contained in AASB 117 and Interpretation 4 and has not applied AASB 16 to contracts that were previously not identified as leases under AASB 117 and Interpretation; and
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, with no right-of-use asset nor lease liability recognised.

Reconciliation of operating lease commitments previously disclosed and lease liabilities on 1 July 2019

Below is a reconciliation of total operating lease commitments as at 30 June 2019, as disclosed in the annual financial statements for the year ended 30 June 2019, and the lease liabilities recognised on 1 July 2019:

	2019 $ `000
Operating lease commitments disclosed as at 30 June 2019	294
Short term leases recognised on a straight-line basis as an expense	(35)
Discounted using the lessee's incremental borrowing rate at date of initial application	(11)
Non-lease components and other items	(84)
Lease liabilities as at 1 July 2019	164

13. 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 2019 and no other contingent liabilities or assets were identified in the interval between the period end and the date of this report.

14. SIGNIFICANT EVENTS AND TRANSACTIONS

During the reporting period, 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.

At completion of the Transaction, Talisman received net cash from Saracen equal to A$10.0 million, along with A$0.4 million received for working capital adjustments.

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

15. 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 2019 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.

………………………………………
Daniel Madden
Managing Director
26 February 2020

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 2019, 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 notes, 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 is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 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*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

Independence

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

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
26 February 2020