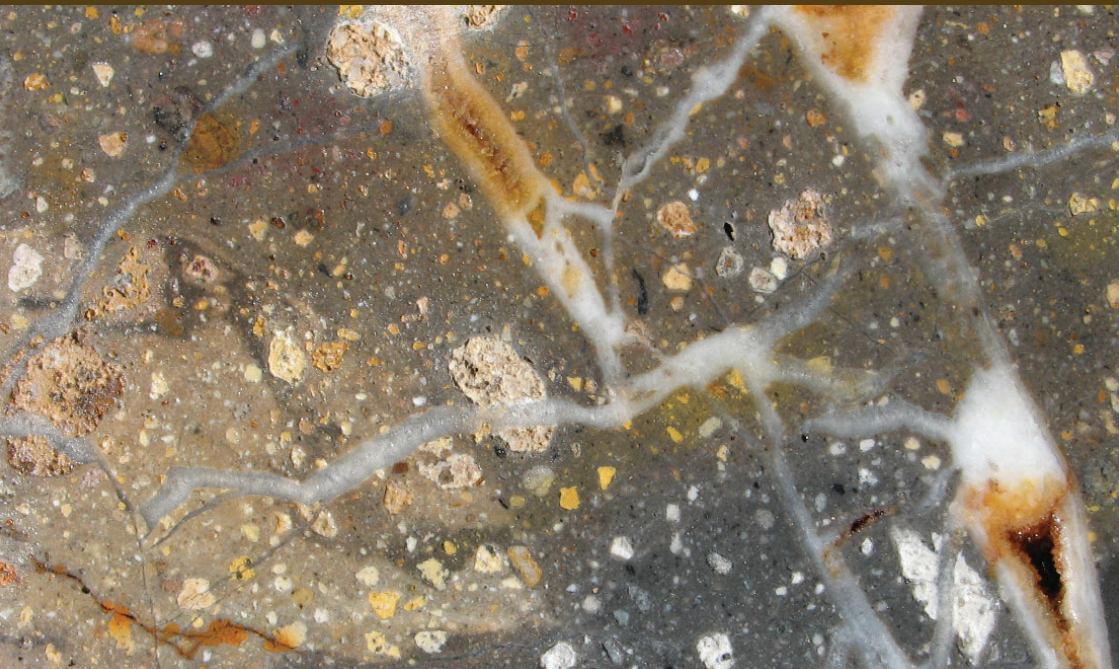




HALF YEARLY REPORT

to 30 September 2016



DIRECTORS' REPORT

The directors of New Talisman Gold Mines Ltd are pleased to provide the following report on the progress your company made in the period to 30 September 2016 and its financial position at the end of the period.

Highlights

During the Half Year under review the Company:

- **Completed a very successful capital raising of 6.5M NZD**
- **Renewed the Department of Conservation(DOC) consent to enter and operate**
- **Renewed the Access Agreement with DOC**
- **Initiated and advanced discussions with Amer International**
- **Secured a binding agreement on Rahu with Newcrest Mining Limited**
- **Continued development of the Talisman Deeps Project**
- **Progressed the Bulk Sampling Project and Traffic Management Plan with Hauraki District Council.**



Your company, following the successful capital raising completed in July which raised 6.5M NZD, has initiated the bulk sampling project and is in discussions with external parties for commencement of site works at the Talisman mine in Karangahake. The raising illustrates the strong support by shareholders of your company and provides the full funding for the bulk sampling project.

As has been previously announced the company is focussed on initiating small scale extraction as the first step to reopening the Talisman mine. The Company is undertaking a feasibility study on the project and information from the bulk sampling project will play a key role in that study. In addition, the historical geochemical and structural data acquired last year indicates potential for significant additional development targets which may influence production volumes and expected life of mine. The results of a detailed analysis of this data is expected to be included in the feasibility study.

At the end of bulk sampling the company expects to have sufficient data to finalise the feasibility study which will guide the size and volume of the opportunity at the Talisman mine.

Post the period under review the directors reviewed the treatment of the financial provision for end of mine life closure listed in the company's accounts given the company has only been consented for bulk sampling. Following consultation with the company's auditors regarding the appropriate accounting treatment the directors have kept the provision untouched and will reassess at the end of the year based on work undertaken at that time.

Finalising the controls and design requirements for the traffic management plan for the mine road continues to be a time consuming process. Discussions with the local Authority regarding these issues are ongoing.

The company has renewed the Access Agreement for the mine site with the Department of Conservation and, based on a proposed Annual Work Programme which includes preparatory activities for the Bulk Sampling Programme, the Department has renewed the company's Authority to Enter and Operate on the site.

Finally, the company's application to vary the terms and conditions of the Mining Permit to take account of timing factors outside the company's control is currently being processed by New Zealand Petroleum and Minerals and expected to be issued shortly.

Corporate

During the period under review the company bolstered its skillsets at the board level with the inclusion of 2 new directors Charbel Nader and Tony Haworth who bring a wealth of financial and mining skills to the company.

After 5 years as Chairman Murray McKee has stepped down from the Chair due to time commitments and handed the reins to Charbel Nader to guide the board through to development. On behalf of the board and shareholders we would like to thank Murray for his valued input and support which has resulted in the healthy position the company finds itself today. Murray has indicated he will remain on as an independent director.

Talisman Mine Project

During the half year to September 2016 the company made steady progress towards initiating the Bulk Sampling Project. Having obtained approval in principal from the Council with regard to the safe management of road traffic, the company has continued to engage with them on the detail of physical and regulatory changes required for the road in order to fully implement the approval.

Design and preliminary costing of the ventilation airlock to be constructed at the entrance to the No 8 Level portal has been completed and detailed design for construction purposes is underway. Suppliers for the main fan have been identified and the company is evaluating various fans to ensure that they can operate within the power, pressure and noise emission limits set as conditions of the resource consent.

Preliminary design of the electrical and compressed air reticulation systems has been completed and detailed design is now underway. A risk assessment of the proposed design has been completed and appropriate controls to mitigate the hazards identified in this risk assessment are being included in the overall design. In parallel with this the company is compiling the safety related documentation required by Worksafe NZ, which includes the principle control plan and associated procedures.

Talisman Deeps Project

Evaluation by your Company of the historic data acquired in 2015 has led to the recognition of potential unmined extensions to gold mineralisation beyond and immediately north of the current Dubbo Shoot resource, (145,000 oz gold at 10.1 g/t gold), in areas of the Maria Vein known as the Bonanza and Talisman shoots between 10 and 16 Levels.

The Company is currently evaluating this potential in the Talisman Deeps Project (*see release dated 17 August, 2016 "Talisman Deeps Project" for full details*)

The project is well underway with data verification and database development in progress, and completion of scanning historic plans that are currently being digitised.

Results to date from the 1482 samples in the Bonanza and Talisman zones with corresponding sample width data, have a non-weighted mean grade of 29.41g/t Au (equiv) based on the bullion values of the day at £4.25, ranging from 0.00 to 219.55 g/t Au. Sample widths range from 0.15 m to 3.66 m and average 1.2 m.

Development of a detailed geological and gold grade model incorporating these historic data, areas previously mined and the Company's existing models will be used to support a scoping study on quantifying the resources, production volumes and economics of expanding the current development plans to include this section of the mine. It is expected that this geological and grade modelling will be complete on or about the end of the March 2017 Quarter.

The quality control and assurance procedures in place at the time that the historic samples were taken cannot be verified at this stage and therefore the data cannot currently be used to generate mineral resource or reserve estimates that will comply with the requirements of the JORC code 2012 but do constitute an Exploration Target as defined in the 2012 JORC Code. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

Exploration Project - Rahu

During the period, Newcrest Mining, our partners in the Rahu project have undertaken geological studies utilising data provided to them by NTL to define deep drill targets. These studies included a re-evaluation of Rahu drill core using hyperspectral analysis to determine the distribution and patterning of hydrothermal alteration minerals indicative of where higher grade gold mineralisation is likely to be found at depth.

Post Period Developments

The company recently met with representatives of Amer International Group and continue to discuss ways of cooperation between the companies following the capital raising which has changed the company's valuation.

Competent Person Statements:

The information in this announcement that relates to the Talisman Project Pre-Feasibility Study, Ore Reserve estimates and Metallurgical Testwork were prepared by Mr Wayne J Chowles, a Mining Engineer and member of the AusIMM. Mr Chowles is a fulltime employee of New Talisman Gold Mines Limited and the author of the Talisman Prefeasibility Study referred to in this release. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chowles consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to exploration results, exploration targets and mineral resources is based on information compiled by or supervised by Mr Murray Stevens. Mr Stevens is a consulting geologist who is a corporate member of the AusIMM. Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is extracted from the report entitled "HERITAGE GOLD NEW ZEALAND LIMITED, KARANGAHAKE GOLD PROJECT, EXPLORATION AND RESOURCE DEFINITION PROGRAMME - PHASE 2, TALISMAN MINE, EXPLORATION PERMIT 40-081" created on 09/06/2006. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcement.

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Financial Position

As at 30 September 2016

	Note	30-Sep-16 \$NZ Unaudited	31-Mar-16 \$NZ Audited	30-Sep-15 \$NZ Unaudited
Equity				
Attributable to parent company shareholders		13,869,073	7,888,344	9,964,968
Term liabilities				
Provision for closure and rehabilitation		666,023	666,023	666,023
Total term liabilities		666,023	666,023	666,023
Current liabilities				
Payables		148,696	81,945	81,130
Other		49,973	-	-
Employee benefits		29,302	22,506	19,429
Total current liabilities		227,971	104,451	100,559
Total liabilities		893,994	770,474	766,582
Total equity and liabilities		14,763,067	8,658,819	10,731,550
Current assets				
Cash		6,460,024	456,181	459,109
Shares available for sale		-	-	150,285
Receivables and prepayments		83,780	40,508	91,139
Total current assets		6,543,804	496,689	700,533
Non-current assets				
Property, plant & equipment		11,867	2,625	3,934
Assets under construction	6	8,191,729	7,956,695	7,825,289
Intangible assets	5	1,162	1,162	1,777,442
Investments		14,505	201,648	424,352
Total non-current assets		8,219,263	8,162,130	10,031,017
Total assets		14,763,067	8,658,819	10,731,550
Net tangible assets per security		1.03 cents	1.0 cent	1.1 cents

For and on behalf of the Board



Charbel Nader
Dated 14 December 2016



M G Hill
Dated 14 December 2016

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

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Comprehensive Income

For six months ended 30 September 2016

	Note	6 Months 30-Sep-16 \$NZ Unaudited	6 Months 30-Sep-15 \$NZ Unaudited
Continuing Operations			
Interest received		8,423	6,468
Capital loss on disposal of shares		(284,361)	-
Gain/(loss) on share revaluation		385,693	(274,940)
Operating and administrative expenses		(502,039)	(496,784)
Loss from operations		(392,284)	(765,256)
Share of results of associates		-	-
Loss before tax for the period		(392,284)	(765,256)
Income tax expense		-	-
Total comprehensive income/(loss)		(392,284)	(765,256)
Net loss attributable to equity holders of the parent		(392,284)	(765,256)
Comprehensive loss attributable to equity holders of the parent		(392,284)	(765,256)
Earnings per share			
Basic earnings/(loss) per share from continuing operations		(0.029) cents	(0.10) cents
Comprehensive earnings/(loss) per share from continuing operations		(0.027) cents	(0.09) cents

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Changes in Equity

For six months ended 30 September 2016

	Note	6 months 30-Sep-16 \$NZ Unaudited	6 months 30-Sep-15 \$NZ Unaudited
Total comprehensive income/(loss)		(392,284)	(765,256)
Proceeds from share capital issued	4	6,373,013	614,998
Equity at beginning of period		7,888,344	10,115,226
Equity at end of period		13,869,073	9,964,968

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

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Cash Flows

For six months ended 30 September 2016

	Note	6 months 30-Sep-16 \$NZ Unaudited	6 months 30-Sep-15 \$NZ Unaudited
Cash flows from operating activities			
Cash inflows		7,913	6,468
Cash outflows		(464,967)	(390,064)
Net cash outflows from operating activities	7	(457,054)	(383,596)
Cash flows from investing activities			
Cash inflows		293,684	28,147
Cash outflows		(234,225)	(246,217)
Net cash outflows from investing activities		59,459	(218,070)
Cash flows from financing activities			
Cash inflows		6,422,986	474,998
Cash outflows		-	-
Net cash inflows from financing activities		6,422,986	474,998
Net increase / (decrease) in cash held		6,025,391	(126,668)
Effect of changes in exchange rates		(21,548)	1,048
Cash at beginning of period		456,181	584,729
Cash at end of period		6,460,024	459,109
CASH COMPRISES:			
Cash at bank		6,355,024	354,109
Short term deposits		105,000	105,000
		6,460,024	459,109

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General

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

The company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements of the group have been prepared in accordance with the Financial Markets Conduct Act 2013 and comply with NZX Listing Rule 10.5.1. The group consists of New Talisman Gold Mines Limited (the "company") and its subsidiaries (the "group") and these financial statements are the consolidated financial statements of the group. The group is engaged in mine development and mineral exploration.

These financial statements were approved for issue by the Directors on 10 December 2016.

Statement of compliance

These interim consolidated financial statements presented are for New Talisman Gold Mines Limited and its wholly-owned subsidiaries, Coromandel Gold Limited and Northland Minerals Limited ("Group"). The information is presented in New Zealand currency which is the company's functional currency. The interim financial statements are condensed in accordance with NZ IAS-34, Interim Financial Reporting. These consolidated financial statements have not been audited. The comparative information for the year ended 31 March 2016 has been audited. The comparative information for the period ended 30 September 2015 has not been audited.

2. Accounting policies

The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those adopted in the preparation of the annual financial statements for the year ended 31 March 2016. Those policies are set out in the annual report for the year ended 31 March 2016. There have been no changes to those accounting policies.

3. Seasonality of operations

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

4. Share Capital

Share Capital Movement	6 months 30-Sep-16 \$NZ	6 months 30-Sep-15 \$NZ
Share capital opening balance	28,791,926	28,176,928
Proceeds from rights issues	6,373,013	449,998
Proceeds from private placements	-	165,000
Balance at end of period	35,164,939	28,791,926

At balance date 2,076,995,855 shares and 125,601,516 options were on issue.

5. Prospecting costs

Prospecting costs & mining tenements	6 months 30-Sep-16 \$NZ	Year ended 31 Mar 16 \$NZ	6 months 30-Sep-15 \$NZ
Opening balance	1,162	1,754,015	1,754,015
Development expenditure	9,950	48,284	29,859
Less prospecting expenditure written off	(9,950)	(1,801,137)	(6,432)
Balance at end of period	1,162	1,162	1,777,442

New Talisman Gold Mines limited has signed an agreement with Newcrest Mining Limited, Australia's largest mining company, in which Newcrest would hold 20% of the Rahu exploration permit in trust for the company. Newcrest have prepared a trust deed which once executed will be lodged with New Zealand Petroleum and Minerals for approval. The nature of the agreement would see Newcrest expending up to

\$5 million on the project which would trigger a joint venture in which New Talisman would hold a 20% stake. If the full amount of \$5 million is not spent, then Newcrest would make every reasonable effort to re-assign 100% ownership of the permit back to the company subject to New Zealand Petroleum and Minerals approval. The carrying value of the Rahu Exploration asset is currently \$100. In line with company's accounting policy, the directors will reassess the carrying value at the end of the financial year.

6. Mining Tenements

Talisman Mine Development	6 months 30-Sep-16 \$NZ	Year ended 31 Mar 16 \$NZ	6 months 30-Sep-15 \$NZ
Opening balance	7,956,695	7,615,280	7,615,280
Development expenditure	235,034	341,415	210,009
Balance at end of period	8,191,729	7,956,695	7,825,289

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

7. Reconciliation of net deficit and operating cash flow

	6 months Sep 2016 \$NZ Unaudited	6 months Sep 2015 \$NZ Unaudited
Net deficit after taxation	(392,284)	(765,256)
Add non-cash items:		
Depreciation	827	1,396
Exchange (gain)/loss	21,548	1,048
Share based payments for consultancy fees	-	140,000
Capital loss on disposal of investment	284,361	-
Loss on revaluation of shares (reversal)	(389,520)	274,940
	(82,784)	417,384
Add (less) movement in working capital:		
Decrease (increase) in debtors	-	29,787
Increase (decrease) in creditors	61,209	(51,103)
Decrease (increase) in accrued income	(431)	43
Decrease (increase) in prepayments	(9,927)	-
Decrease (increase) in GST	(32,837)	(14,451)
	18,014	(35,724)
Net cashflows from operating activities	(457,054)	(383,596)

8. Expenses

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

9. Commitments

Capital commitments at the end of the period were \$nil. The company has signed a lease agreement for office rental of \$1,517 per month plus GST which expires in March 2017. The company also has a one year right of renewal.

10. Contingent liabilities

New Talisman Gold Mines Limited has issued Westpac Bank NZ Limited with a general security agreement over the company's assets, undertaking and uncalled capital.

11. Going concern

The financial report has been prepared on a going concern basis. The company has successfully raised over \$6 million from a renounceable rights offer of which \$2.1 million will be used to fund the company's activities relating to the bulk sampling project and corporate overheads for 18 months. Surplus revenues from the bulk sampling project are expected to provide a further \$1.5 million. Following the bulk sampling project, the directors will assess funding requirements to allow further development of the Talisman mine project. It is currently not expected that the company will require further funds for the completion of the bankable feasibility study, applications for mining consents and phase 2 of mining, and the directors plan to keep the company's mining budget within the envelope of the remaining funds upon completion of bulk sampling.

The directors expect that the company's financial obligations can be comfortably met for 24 months and beyond from current and future cash resources.

12. Events subsequent to balance date

The board is pleased to advise that it has received the final adjustments from New Zealand Petroleum and Minerals to the application for a Change of Conditions" COC" on the Talisman Mining permit which the board has accepted. The CEO is

expected to sign off on the Change of Conditions by the end of the year.

The Department of Conservation has authorised the company to enter and operate on the Talisman Mine permit. Authority to enter and operate is an annual requirement based on the work program filed with the department. The company has also successfully renewed its access agreements for the Talisman Mine.

Following the acquisition of significant data the company has identified a number of areas which warrant further investigations which may provide additional potential to the bulk sampling program. The company has lodged an application with HDC for its work program covering permitted activities which will not require resource consent in order to investigate the targeted areas further.

12. Related Party Transactions

Payments for consulting services to companies in which directors and major shareholders have a substantial interest amounted to NZ\$176,000. Director fees of \$40,576 were payable at the end of the reporting period. There were no related party receivables at balance date and no related party debts were written off during the year.

13. Board Appointments and Retirements

During the period under review Ian Pringle retired as director to pursue other commercial interests and the company thanks him for all of his efforts and hard work. The board also welcomed three new directors being Charbel Nader, Tony Haworth and Murray Stevens. Their collective knowledge, skills and networks enhance an already strong leadership team.



Directors' Statement

The directors of the company declare that:

1. The financial statements and notes, as set out in the Half Yearly Report to 30 September 2016:
 - (a) Comply with New Zealand International Financial Reporting Standards (IFRS), and
 - (b) Give a true and fair view of the economic entity's financial position as at 30 September 2016 and of its performance for the half year ended on that date.
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

A handwritten signature in black ink, appearing to read 'Charbel Nader'.

Charbel Nader
Chairman
New Talisman Gold Mines Limited

14 December 2016

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**Review report to the shareholders of:
New Talisman Gold Mines Limited**

We have reviewed the accompanying 6 months consolidated financial statements of New Talisman Gold Mines Limited at 30 September 2016 which comprise the statement of financial position as at 30 September 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 6 months ended on that date, and a summary of significant accounting policies and other explanatory information.

The Directors of New Talisman Gold Mines Limited are responsible for the preparation and fair presentation of these interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting*, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of these interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express a conclusion on these financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* issued by the External Reporting Board. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with the NZ IAS 34. NZ SRE 2410 also requires that, as the auditor of New Talisman Gold Mines Limited, we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of 6 month financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applies analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

Other than in our capacity as assurance practitioner we have no relationship with, or interests in, New Talisman Gold Mines Limited.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these interim financial statements of New Talisman Gold Mines Limited do not present fairly, in all material respects, the financial position of the New Talisman Gold Mines Limited as at 30 September 2016, and its financial performance and cash flows for the six months ended on that date, in accordance with NZ IAS-34 *Interim Financial Reporting*.

DFK Oswin Griffiths Carlton
DFK Oswin Griffiths Carlton
14 December 2016
Auckland



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We make it happen!

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COMPANY DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

S Jane Bell

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

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

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Managing your shareholding online:

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

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Please assist our registrar by quoting your CSN or shareholder number