



Talisman Mining Limited

ABN 71 079 536 495

Financial report for the half-year ended

31 December 2016

Corporate Directory

Board of Directors

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

Company Secretary

Mr Shaun Vokes
Mr Alexander Neuling

Registered and Principal Office

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Website: www.talismanmining.com.au

Auditors

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

Share Registry

Link Market Services
Level 4, 152 St George Terrace
Perth, WA 6000
Tel: 1300 554 474

Securities Exchange Listing

Australian Securities Exchange Limited
Level 8, Exchange Plaza
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Perth, Western Australia 6000
ASX code: TLM

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Review of Operations

Doolgunna Copper-Gold Project (Joint Venture with Sandfire Resources NL)

Joint Venture

In December 2013, Talisman Mining Limited ("Talisman") signed a \$15 million exploration Farm-In and Joint Venture Agreement (the "Agreement") with Sandfire Resources NL (ASX: SFR, "Sandfire") enabling Sandfire to farm into up to 70% of Talisman's interest in the Springfield, Halloween and Halloween West Projects (Doolgunna Projects). As at 31 December 2015, Sandfire had sole funded expenditure of \$15 million on the Doolgunna Projects under the terms of the Agreement and accordingly earned a 70% interest in Talisman's interests in the Doolgunna Projects (the "Joint Venture"). Since this time Talisman and Sandfire have funded exploration and joint venture expenditure on a 30:70 pro-rata basis.

Talisman contributed \$1.7 million to the Joint Venture during the half year for its share of both ongoing exploration and feasibility study expenditure.

Exploration Activities

Following the discovery of the high-grade Monty Copper-Gold Deposit ("Monty") in 2015, the Joint Venture released the maiden JORC Indicated and Inferred Mineral Resource for Monty of 1.05 million tonnes grading 9.4% copper and 1.6% gold¹ on 13 April 2016.

A feasibility study for the potential development of the Monty deposit commenced late in the financial year ending 30 June 2016 and continued throughout the first half of the 2016/2017 financial year.

Exploration activities during the half year ended 31 December 2016 at the Doolgunna Projects Joint Venture (the "JV") have focused on enhancing geological, geochemical and structural knowledge both in and around Monty and across the broader JV tenement areas.

Systematic air core drilling across the JV tenements has been utilised to help identify VMS horizons along prospective host corridors focused on Monty North-east, Homer and the Southern Volcanics areas.

The majority of reverse circulation ('RC') and diamond drilling completed during the half year was directed towards geotechnical drilling associated with the Monty feasibility study.

4,105 metres of diamond drilling, 5,262 metres of RC drilling and 33,143 metres of air core drilling was completed by the JV between 1 July 2016 and 31 December 2016.

Sinclair Nickel Project (TLM 100%)

Talisman continued to advance the Sinclair Nickel Project ("Sinclair") in the first half of the year through cost effective, staged exploration focused on priority target areas. RC and diamond exploration drilling was conducted at the Delphi, Delphi North, Stirling, Sinclair East, Sinclair North, Parnassus and Schmitz Well South prospects.

During the half year 2,134 metres of diamond drilling and 3,810 metres of RC drilling were undertaken.

The drilling campaign resulted in the identification of massive and stringer nickel sulphide mineralisation at multiple prospect areas including:

- Delphi North:
 - **SNRC010²:** **4.0m @ 4.79% Ni** from 154m down-hole
 - **SNRC012²:** **5.0m @ 2.39% Ni** from 73m down-hole;
 - **SNRC019²:** **9.0m @ 4.20% Ni** from 131m down-hole; and
 - **SND006³:** **3.1m @ 1.03% Ni** from 403.2m down-hole

¹ For details relating to the Monty Mineral Resource, see Sandfire Resources NL ASX announcement dated 13 April 2016, available on the Sandfire and ASX websites.

² Refer to ASX release dated 7 October 2016 for full details including all appropriate JORC tables

³ Refer to ASX release dated 27 October 2016 for full details including all appropriate JORC tables

- Schmitz Well South:
 - **SNRC015³:** **1.0m @ 0.97% Ni** from 193m down-hole

Other areas tested as part of the drilling campaign included the Stirling, Sinclair East, Sinclair North and Parnassus prospects. All drilling encountered prospective ultramafic sequences and the targeted basal contact position, with associated elevated nickel mineralisation.

Talisman continues to be encouraged with results from Sinclair and will focus on high priority target areas identified through ongoing review of existing and recent data throughout the remainder of the financial year.

Future Developments

Doolgunna Projects Joint Venture

Work associated with the Monty feasibility study will continue and remains on schedule to be completed in the March 2017 quarter.

Further on-ground exploration activities will focus initially on completing the first pass regional air-core drilling campaign over the Southern Volcanics area. In keeping with the systematic exploration approach adopted by the JV, once this initial program over the Southern Volcanics is complete, all data will be assessed prior to the commencement of infill air-core with follow-up RC and/or diamond drilling as required.

In addition to this regional exploration, it is anticipated that the JV will undertake exploration drilling to test at depth the immediate vicinity along strike and down dip of Monty.

Sinclair Nickel Project

All results from exploration completed in the first half have been integrated into the existing geological database and Talisman has commenced a review of this updated dataset to critically analyse existing targets and review the current target selection and ranking criteria.

A comprehensive targeting review over the entire Sinclair tenement package is underway and will form the basis for planning of ongoing exploration activities.

Monty Mineral Resource – as at 31 March 2016

Type	Mineral Resource Category	Tonnes	Copper (%)	Contained Copper (t)	Gold (g/t)	Contained Gold (oz)
Massive Sulphide	Indicated	754,000	12.0	91,000	2.1	51,000
	Inferred	9,000	20.7	2,000	2.7	1,000
	Total	763,000	12.1	92,000	2.1	52,000
Halo	Indicated	287,000	2.2	6,000	0.3	3,000
	Inferred	-	-	-	-	-
	Total	287,000	2.2	6,000	0.3	3,000
Total	Indicated	1,041,000	9.3	97,000	1.6	54,000
	Inferred	9,000	20.7	2,000	2.7	1,000
	Total	1,050,000	9.4	99,000	1.6	55,000

Note: Mineral Resource is based on a 1.0% Cu cut-off grade

Calculations have been rounded to the nearest 1,000t, 0.1% Cu grade and 1,000t Cu metal, 0.1g/t Au grade and 1,000oz Au metal. Differences may occur due to rounding

The above table is reported as of 31 March 2016. The Company's financial year end was 30 June 2016. Talisman is not aware of any material changes between those dates likely to affect the above table.

Mineral Resource and Ore Reserve Governance

The Monty Mineral Resource as at 31 March 2016 is reported in accordance with the JORC (2012) guidelines. Information that relates to the Monty JORC 2012 compliant Mineral Resource estimate is information previously published by Sandfire Resources NL ("Sandfire") and is available on the Sandfire and ASX websites (see announcement "Maiden High-Grade Mineral Resource for Monty VMS Deposit: 99,000t of Copper and 55,000oz of Gold", dated 13 April 2016).

The Monty Mineral Resource estimate was completed by or under the supervision of a suitably qualified Sandfire Competent Person. Talisman is satisfied with the procedures Sandfire advised it had in place for the estimation of the Monty Mineral Resource. Suitably qualified Talisman personnel have also reviewed relevant underlying documentation and are satisfied with the methodologies used by Sandfire in this estimate.

Competent Persons' Statement

Information in this ASX release that relates to Exploration Results and Exploration Targets is based on information completed by Mr Anthony Greenaway, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Greenaway is a full-time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Greenaway consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

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

Competent Persons' Statement – Mineral resources

Information in this report that relates Mineral Resources and Reserves as defined under the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves", is based on information compiled by Mr Ekow Taylor, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Taylor is a full-time employee of Sandfire Resources NL and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Taylor consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Forward-Looking Statements

This ASX release 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 forecasts. Actual values, results or events may be materially different to those expressed or implied in this report. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this report speak only at the date of issue of this report. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Talisman Mining Ltd does not undertake any obligation to update or revise any information or any of the forward-looking statements in this report or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

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 2016. 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 Alan Senior	Non-Executive Director
Mr Brian Dawes	Non-Executive Director
Ms Karen Gadsby	Non-Executive Director

Principal Activities

The principal activity of the Company during the course of the financial half-year was exploration for minerals, principally base metals.

Financial Performance and Financial Position

During the half-year the Group reported a loss after tax of \$4,904,514 (half-year to 31 December 2015: loss after tax \$3,537,371).

As at 31 December 2016 the Group had net assets of \$24,899,700 (30 June 2016: \$29,265,537) including \$15,461,675 of cash and cash equivalents (30 June 2016: \$20,243,616).

The statement of financial position and net working capital position will provide adequate support for the Group's planned exploration and growth activities for the remainder of the financial year.

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 2016.

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.



.....
Daniel Madden
Managing Director
01 March 2017



Accountants | Business and Financial Advisers

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 2016, 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.

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

Perth, Western Australia
1 March 2017

M R W Ohm
Partner

Condensed Consolidated Statement of Comprehensive Income

For the Half-Year Ended 31 December 2016

	Note	Half-year ended	
		31 Dec 16	Restated*
		\$	\$
Continuing operations			
Other income	3	229,854	143,087
Employee benefits expense	4	(929,534)	(387,587)
Exploration expenditure expensed as incurred	6	(3,113,542)	(2,496,649)
Care and maintenance		(387,622)	(146,613)
Occupancy expenses	4	(62,021)	(83,325)
Administrative expenses		(488,753)	(411,592)
Finance costs		(124,308)	(120,688)
Depreciation and amortisation expense		(28,588)	(31,004)
Impairment of available-for-sale financial assets		-	(3,000)
Loss before income tax expense		(4,904,514)	(3,537,371)
Income tax benefit		-	-
Loss after tax from continuing operations		(4,904,514)	(3,537,371)
Net loss for the period		(4,904,514)	(3,537,371)
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Net change in the fair value of available-for-sale financial assets		-	(7,000)
Other comprehensive income for the period, net of tax		-	(7,000)
Total comprehensive loss for the period		(4,904,514)	(3,544,371)
Loss per share:			
Basic loss per share (cents per share)		(2.64)	(2.41)
Diluted loss per share (cents per share)		n/a	n/a

The accompanying notes form part of these financial statements.

*Refer to Note 2 details about restatement for the voluntary change in accounting policy

Condensed Consolidated Statement of Financial Position

For the Half-Year Ended 31 December 2016

	Note	31 Dec 16 \$	30 Jun 16 \$
Assets			
Current Assets			
Cash and cash equivalents		15,461,675	20,243,616
Trade and other receivables		387,422	257,490
Total Current Assets		15,849,097	20,501,106
Non-Current Assets			
Receivables		60,184	60,184
Other financial assets		120,700	120,700
Property, plant and equipment		2,783,962	2,788,756
Deferred exploration and evaluation expenditure	5	15,174,777	14,544,635
Total Non-Current Assets		18,139,623	17,514,275
Total Assets		33,988,720	38,015,381
Liabilities			
Current Liabilities			
Trade and other payables		517,222	362,219
Employee benefits		160,281	100,416
Total Current Liabilities		677,503	462,635
Non-Current Liabilities			
Provisions		8,411,517	8,287,209
Total Non-Current Liabilities		8,411,517	8,287,209
Total Liabilities		9,089,020	8,749,844
Net Assets		24,899,700	29,265,537
Equity			
Issued capital	7	60,881,617	60,881,617
Reserves		831,821	409,589
Accumulated losses		(36,813,738)	(32,025,669)
Total Equity		24,899,700	29,265,537

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2016

	Issued Capital	Accumulated Losses	Asset Revaluation Reserve	Share-based Payments Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2015	37,404,278	(24,305,401)	21,200	448,632	13,568,709
Loss for the period restated*	-	(3,537,371)	-	-	(3,537,371)
Net change in fair value of available-for-sale financial assets	-	-	(7,000)	-	(7,000)
Total comprehensive income/(loss) for the period	-	(3,537,371)	(7,000)	-	(3,544,371)
Shares issued during the year	7,600,000	-	-	-	7,600,000
Recognition of share-based payments	-	-	-	166,974	166,974
Unlisted options lapsing	-	168,250	-	(168,250)	-
Balance at 31 December 2015	45,004,278	(27,674,522)	14,200	447,356	17,791,312
Balance at 1 July 2016	60,881,617	(32,025,669)	14,200	395,389	29,265,537
Loss for the period	-	(4,904,514)	-	-	(4,904,514)
Total comprehensive income/(loss) for the period	-	(4,904,514)	-	-	(4,904,514)
Recognition of share-based payments	-	-	-	538,677	538,677
Unlisted options lapsed	-	116,445	-	(116,445)	-
Balance at 31 December 2016	60,881,617	(36,813,738)	14,200	817,621	24,899,700

The accompanying notes form part of these financial statements.

*Refer to Note 2 details about restatement for the voluntary change in accounting policy.

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2016

	Half-year ended	
	31 Dec 16 \$ inflows/(outflows)	31 Dec 15 \$ inflows/(outflows)
Cash flows from operating activities		
Payments to suppliers and employees	(1,633,640)	(692,963)
Payments for exploration and evaluation expenditure	(2,779,096)	(2,036,540)
Interest received	284,731	115,404
Net cash used in operating activities	(4,128,005)	(2,614,099)
Cash flows from investing activities		
Payments for property, plant and equipment	(23,794)	(26,263)
Payments for exploration and evaluation expenditure	(630,142)	-
Net cash used in investing activities	(653,936)	(26,263)
Cash flows from financing activities		
Proceeds from issue of shares	-	8,000,000
Payment for share issue costs	-	(400,000)
Net cash provided by financing activities	-	7,600,000
Net decrease in cash held	(4,781,941)	4,959,638
Cash and cash equivalents at the beginning of the period	20,243,616	4,865,632
Cash and cash equivalents at the end of the period	15,461,675	9,825,270

The accompanying notes form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2016

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 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 2016 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, except for the revaluation of certain financial instruments to fair value. 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.

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 a voluntary change in accounting policy detailed in Note 2. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised standards

In the half-year ended 31 December 2016, 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 half-year reporting periods beginning on or after 1 July 2016.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted applicable to 31 December 2016

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2017.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Company and therefore no material 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 2016.

2. VOLUNTARY CHANGE IN ACCOUNTING POLICY

(a) Exploration and Evaluation Accounting Policy

As stated in the 2016 Annual Report, the financial report has been prepared on the basis of a retrospectively applied voluntary change in accounting policy related to exploration and evaluation expenditure.

The new accounting policy is to expense exploration and evaluation expenditure to the profit or loss as incurred except in the following circumstances in which case the expenditure may be capitalised:

- The existence of a mineral deposit has been established however additional expenditure is required to determine the technical feasibility and commercial viability of extraction and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
- The exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.

The previous accounting policy was to capitalise exploration and evaluation expenditure incurred and carry forward as an asset when rights to tenure of the area of interest were current and costs were expected to be recouped through the successful development of the area of interest (or alternatively by its sale), or where activities in the area had not yet reached a stage which permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves and active operations were continuing.

Management believes that this change in policy will result in more relevant and reliable information in the financial report. Recognition criteria of exploration and evaluation assets are inherently uncertain and expensing as incurred results in a more transparent balance sheet and profit or loss. Furthermore, the change in policy aids in accountability of line management's expenditures and the newly adopted policy is consistent with those of many other exploration and mining companies.

(b) Impact on Financial Statements

As a result of the change in the accounting policy for exploration and evaluation expenditure, prior year financial statements have been restated in line with requirements of accounting standards. The amounts disclosed for the 2015 reporting period and in the Consolidated Statement of Financial Position as at 30 June 2016 are after the change in accounting policy for exploration and evaluation expenditure.

Consolidated statement of profit or loss and other comprehensive income

	Prior year restatement		
	Previously stated	Profit Increase/ (Decrease)	Restated*
	31 Dec 15 \$	\$	31 Dec 15 \$
Continuing operations			
Other income	143,087	-	143,087
Employee benefits expense	(387,587)	-	(387,587)
Impairment of exploration expenditure	(3,248,716)	3,248,716	-
Exploration expenditure expensed as incurred	-	(2,496,649)	(2,496,649)
Care and maintenance	(146,613)	-	(146,613)
Occupancy expenses	(83,325)	-	(83,325)
Administrative expenses	(411,592)	-	(411,592)
Finance Costs	(120,688)	-	(120,688)
Depreciation and amortisation expense	(31,004)	-	(31,004)
Impairment of available-for-sale financial assets	(3,000)	-	(3,000)
Loss before income tax expense	(4,289,438)	752,067	(3,537,371)
Income tax benefit	70,449	(70,449)	-
Loss after tax from continuing operations	(4,218,989)	681,618	(3,537,371)
Net loss for the period	(4,218,989)	681,618	(3,537,371)
Other comprehensive income for the period, net of tax			
<i>Items that may be reclassified to profit or loss</i>			
Net change in the fair value of available-for-sale financial assets	(7,000)	-	(7,000)
Other comprehensive income for the period, net of tax	(7,000)	-	(7,000)
Total comprehensive loss for the period	(4,225,989)	681,618	(3,544,371)
Loss per share:			
Basic loss per share (cents per share)	(2.87)		(2.41)
Diluted loss per share (cents per share)	n/a		n/a

3. OTHER INCOME

	Half-year ended	
	31 Dec 16	31 Dec 15
	\$	\$
Bank interest received and receivable	226,554	143,087
Other income	3,300	-
	229,854	143,087

4. EXPENSES

	Half-year ended	
	31 Dec 16	31 Dec 15
	\$	\$
Loss for the year includes the following expenses:		
Operating lease rental expense	62,021	83,325
Other Employee Benefits	390,857	220,613
Non-cash share based payment expense	538,677	166,974

5. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended	Year ended
	31 Dec 16	30 Jun 16
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	14,544,635	14,000,000
Expenditure incurred	630,142	544,635
	15,174,777	14,544,635

6. EXPLORATION EXPENDITURE EXPENSED AS INCURRED

	Project Expenditure expensed in the period	Life to date project expenditure expensed	Project Expenditure expensed in the period	Life to date project expenditure expensed
	31 Dec 16		31 Dec 15	
	\$		\$	
Sinclair	1,972,804	5,748,455	1,875,322	3,226,393
Springfield	1,140,738	25,676,964	621,327	21,781,054
Halloween West JV	-	590,800	-	586,983
Other Exploration Expenses	-	4,363	-	-
	3,113,542	32,020,582	2,496,649	25,594,430

7. ISSUED CAPITAL

	31 Dec 16	30 Jun 16
	\$	\$

Ordinary shares

Issued and fully paid	60,881,617	60,881,617
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	Half-year ended 31 Dec 16		Year ended 30 Jun 16	
	Number	\$	Number	\$

Movements in ordinary shares on issue

Opening balance	185,699,879	60,881,617	131,538,627	37,404,278
Share placement at 47 cents	-	-	17,021,277	8,000,000
Share placement at 45 cents	-	-	37,139,975	16,712,989
Share issue costs	-	-	-	(1,235,650)
Closing balance	185,699,879	60,881,617	185,699,879	60,881,617

-

	Half-year ended 31 Dec 16		Year ended 30 Jun 16	
	Number	\$	Number	\$

Movements in options over ordinary shares on issue

Opening balance	5,650,000	395,389	7,250,000	448,632
Directors' remuneration	5,250,000	357,035	-	116,221
Employees' remuneration	3,525,000	311,462	650,000	120,725
Unlisted Options Lapsing	(2,750,000)	(116,445)	(2,250,000)	(290,189)
Unlisted Options Cancelled/Forfeited	(1,170,000)	(129,820)	-	-
Closing balance	10,505,000	817,621	5,650,000	395,389

Share options are exercisable on a 1:1 basis at various exercise prices. The options expire between 31 October 2017 and 31 October 2021.

8. SHARE BASED PAYMENTS

On 11 November 2016, 5,250,000 share options were granted to Directors following shareholder approval at the 2016 Annual General Meeting. 3,525,000 share options were granted to employees under the terms of the Company's Executive and Employee Option Plan (EEOP) which was reapproved at the 11 November 2016 Annual General Meeting.

The fair value of options granted was determined using a Black Scholes pricing model. The following table lists the inputs to the model for options granted during the half-year ended 31 December 2016:

Inputs into model	Option series 1	Option series 2	Option series 3	Option series 4	Option series 5
Dividend yield (%)	nil	nil	nil	nil	nil
Expected volatility (%)	113%	113%	113%	113%	113%
Risk-free interest rate (%)	1.77%	1.77%	1.77%	1.77%	1.77%
Expected life of option (years)	1.9	2.9	2.9	4.9	4.9
Exercise price	\$ 0.48	\$ 0.52	\$ 0.56	\$ 0.62	\$ 0.66
Grant date share price	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425	\$ 0.425
Fair value	\$ 0.23	\$ 0.26	\$ 0.26	\$ 0.31	\$ 0.31

9. FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

Fair values

The carrying value of the financial assets and financial liabilities are considered to approximate their fair values. In particular, the fair value of cash, trade and other receivables and payments is considered to approximate their carrying amount due to their short term maturity.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
31 December 2016				
Assets				
Available-for-sale financial assets	120,700	-	-	120,700
30 June 2016				
Assets				
Available-for-sale financial assets	120,700	-	-	120,700

10. SEGMENT REPORTING

The Group continues to operate in one geographical segment, being Western Australia and in one operating category, being mineral exploration and evaluation.

The chief operating decision-maker has been identified as the Board of Talisman Mining Limited and information reported to the Board for the purpose of resource allocation and assessment of performance is focused on mineral exploration and evaluation within Western Australia. Consequently, the Group reports within one segment.

11. JOINT OPERATION

In December 2013, the Company entered into a \$15 million exploration Farm-In and Joint Venture Agreement ("Agreement") with Sandfire Resources NL (ASX: SFR, "Sandfire") over its Doolgunna Cu-Au Projects located approximately 150km north-east of Meekatharra in the northern Murchison Goldfields region of Western Australia. These projects comprise the Springfield, Halloween and Halloween West Projects which abut Sandfire's DeGrussa-Doolgunna tenements. During the year Sandfire reached the \$15 million farm-in expenditure threshold (project-to-date), which marked the end of its sole-funding stage and the formation of an unincorporated joint venture with Sandfire acting as Joint Venture Manager. Joint venture expenditure is now funded jointly by the Group and Sandfire on a 30%:70% basis in accordance with the Agreement.

As a result of the above Agreement, the Group's interest in the Halloween West Joint Venture was reduced to 18.8% (2015: 62.9%). The Halloween West Joint Venture was originally formed in 2012 when the Company reached agreement with Chrysalis Resources Ltd ("Chrysalis") to farm into the Halloween West Copper-Gold Project. In October 2014 Sandfire acquired the interest held by Chrysalis and agreed with the Company to farm into the Halloween West Project under the terms of the Agreement. Sandfire acts as the Joint Venture Manager of the Halloween West Joint Venture.

The Group is entitled to a proportionate share of the income received and bears a proportionate share of the joint operation's expenses.

The joint operation accounts, which are proportionately consolidated based on the above equity percentages in the consolidated financial statements, are disclosed as follows:

Joint Operation	Operator	Dec-16 Beneficial Interest	Jun-16 Beneficial Interest
Doolgunna Cu-Au Projects	Sandfire Resources	30%	30%
Halloween West	Sandfire Resources	19%	19%

The Group's interests in the assets/liabilities and income/expenditure employed in the above Joint Venture operations are detailed below. The amounts are included in the financial statements under their respective asset categories.

	31 Dec 16 \$	30 Jun 16 \$
Assets		
Cash and cash equivalents	521,113	414,740
Receivables	13,597	19,535
Deferred exploration and evaluation expenditure	1,174,777	544,634
Total assets	1,709,487	978,909
Liabilities		
Other payables	163,166	234,411
Total liabilities	163,166	234,411
Net assets	1,546,321	744,498
Carrying amount of interest in joint venture	1,546,321	744,498

The joint venture has no contingent liabilities and capital commitments with the exception that in order to maintain the current right of tenure to exploration tenements, the joint venture is required to perform exploration work to meet the minimum expenditure requirements specified by various State governments. These obligations are not provided for in the financial report and are payable as follows:

	31 Dec 16	30 Jun 16
	\$	\$
Exploration expenditure		
Within one year	68,360	68,360
After one year but not more than five years	124,825	261,545
Greater than five years	-	-
	193,185	329,905

12. CONTINGENT LIABILITIES

Consideration for the acquisition of the Sinclair Nickel Project includes a deferred payment of \$2 million triggered by production recommencing within 6 years of transaction completion.

In the opinion of the Directors, there are no other contingent liabilities or assets as at 31 December 2016 and no other contingent liabilities or assets were incurred in the interval between the period end and the date of this report.

13. EVENTS SUBSEQUENT TO REPORTING DATE

No other 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 consolidated entity's financial position as at 31 December 2016 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
01 March 2017



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Independent Auditor's Review Report

To the members of Talisman Mining Limited

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 2016, the condensed consolidated statement of 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.

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 2016 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 company, 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.

Independence

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

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Conclusion

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 2016 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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink, appearing to read 'M R W Ohm'.

M R W Ohm
Partner

Perth, Western Australia
1 March 2017