



**HALF YEARLY REPORT**  
to 30 September 2013



# DIRECTORS' REPORT

The directors are pleased to present to shareholders the half yearly report for the period ended 30 September 2013.

## Highlights

- A\$543,510 (before expenses) raised by way of placement to sophisticated investors of 49,410,000 shares at A1.1 cents per share through Canaccord Genuity (Australia) Pty;
- NZ\$348,445 (before expenses) raised by way of a share purchase plan offer to all existing shareholders;
- Talisman Mine Feasibility Study initiated;
- Metallurgical testwork and sampling work completed on surface ore stockpiles; indicative grades as high as 1% (10,000 g/t gold) revealed;
- Formal application lodged with the Department of Conservation for an access arrangement at the Talisman Mine;
- Negotiations commenced with UK listed Armadale Capital Plc for divestment of New Talisman (NTL) holdings in Netcom Global Inc;
- NTL have retained a Hong Kong based corporate advisory group to raise funding for the development of the Talisman Mine;
- Broken Hill Prospecting Ltd completed scoping study on its cobalt resource showing the significant potential of the project options.

In the six months to 30 September the Company made excellent progress at its flagship asset, the Talisman mine project, across a wide range of fronts. These included funding, access, resource consents, metallurgical testing and bulk sample planning. Despite the uncertain times for the sector in general, the Directors remain confident that development of the Talisman mine represents a very attractive commercial opportunity and have put in place measures to accelerate development. Since 30 September the Company has announced it has passed several critical and exciting milestones on the journey from explorer through developer to producer. The following summarises the most significant achievements over the period.

### Corporate

The Company raised A\$543,510, before expenses, from a placement of 49,410,000 shares at A1.1c to sophisticated investors through Canaccord Genuity Pty Ltd.

The Company raised NZ\$348,445 before expenses from a share purchase plan that closed on 26 September.

The Company held negotiations with Armadale

Capital Plc, a UK listed company focused on resource projects in Africa, in regard to the divestment of its loan instrument and 12.5% equity in Netcom Global Inc.

The Company mandated Emerald Resources (Asia) Ltd, a Hong Kong based corporate advisory group, to seek investors to fund development of the Talisman mine.

### Talisman Mine Project

The Company initiated a Feasibility Study on the Talisman Mine project following completion of the Pre-Feasibility Study in March 2013. The focus over the period was on planning the primary drivers to initiate mining operations.

### Bulk Sampling Project

The project establishes the infrastructure at the Talisman Mine necessary for the development of a number of small drives in the Maria and Mystery veins through which bulk ore samples will be extracted and sent for metallurgical analysis. A detailed schedule for mine refurbishment and installation of power, water and electrical systems, identifying appropriate equipment and suppliers and the corresponding capital and operating cost estimates was completed during the period.

Based on an average development face advance of 12 metres per month per drive, the Company expects to generate approximately 650 tonnes of material per month once sampling operations are fully established. Estimates of the ore reserves extracted during this period indicate that this will contain an average of 12.0g/t of gold.

### Mine Access and Consenting

During the period NTL focused on securing satisfactory terms and conditions for the access arrangements and resource consents necessary to commence operations at the mine. The Company expects these matters to be concluded during the latter part of 2013 which will enable initiation of the Bulk Sampling project in 2014.

### Metallurgical Testwork

Internal testwork on potential methods of gravity concentration for Talisman Ore was conducted in July and August 2013 and resulted in the first gold production from the Talisman Mine in 23 years. 146kg of ore was processed through a small scale test facility resulting in the production of 3 ounces of gold and silver concentrate.

### Maiden JORC Reserve

In September 2013, following a Gap Analysis on the Pre-Feasibility Study carried out by Hatch Goba, NTL announced the maiden, JORC compliant, ore reserve for the Talisman Mine. Ore reserves at the Talisman gold project, based on an average in-situ

cut-off grade of 1.7g/t, are 82,500 tonnes at 10.8 grams per tonne gold and 48.1 grams per tonne silver. Ore reserves are derived from and contained within, not additional to, the Measured and Indicated portions of the Mineral Resource. This ore reserve estimate reflects the outcome of the Pre-Feasibility Study conducted on Phase 1 of the Talisman Mine Project, and forms a solid basis for the Company to proceed with further project development.

### **Safety and Health Management system**

During the period the groundwork for development of a Safety and Health Management System which will comply with the new Mining Safety Regulations, (expected to be promulgated in December 2013), was initiated. NTL is committed to creating a safe and healthy working environment at the Talisman Mine, is fully supportive of the new regulations and very mindful of its overriding duty of care to keep its workforce safe. The Company is confident that it will be able to comply fully with all envisaged legislative requirements.

### **Golden Valley**

During the period all project exploration data was reviewed to aid selection of favourable drilling targets. These are designed to test several gold and silver geochemical anomalies that overlap geophysical and geological anomalies. Target selection will be checked in the field in the December quarter.

### **Copper Project (Northland, New Zealand)**

Historical data derived from the recent literature survey is being used to design a ground exploration programme. This will include field verification for planned exploration coverage.

### **Gold and Base metals (Broken Hill, NSW, Australia) Thackaringa**

Broken Hill Prospecting Limited (ASX code "BPL", 21.7% owned by NTL) has continued work at the Thackaringa cobalt-pyrite deposit near Broken Hill, NSW, Australia. The Company has been granted a new exploration license (EL8143) located immediately to the south of the cobalt deposits in EL6622, ML86 and ML87.

BPL is evaluating the potential for a sulphuric acid industry using cobalt-pyrite concentrate from BPL's deposits as a feed source. Several large, international chemical groups are assessing the business model. The cobalt-rich pyrite deposits are particularly well suited to acid production as they contain negligible deleterious metals, are very large and are well located for cost effective open-cut development.

### **Post Period Developments**

Following the end of the reporting period:

- NTL assigned its holding in Netcom Global Inc to Armadale Capital Plc (ACP), a UK listed company, in exchange for 93 million ACP shares. It subsequently sold down a substantial portion of its ACP shareholding and applied

the proceeds to extinguishing the US\$250,000 loan to Netcom Global in its books;

- An access arrangement and resource consents were granted over the Talisman Mine which are the first under a Mining Lease on the site since the early 1990's;
- NTL is currently negotiating with a Chinese investment group for the full development funding of the Talisman Mine project. The Company expects to be in a position to update the market once final term sheets are signed in the near future.

### **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 full time employee of New Talisman Gold Mines Limited and the author of the Talisman Pre-Feasibility 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.

### **Hatch Goba Disclaimer**

The Gap Analysis report was prepared by "Hatch", for the sole and exclusive benefit of New Talisman Gold Mines Ltd for the purpose of providing a GAP analysis for the New Talisman Pre-feasibility Study (FEL2) and may not be provided to, relied upon or used by any third party. Any use of this report by the Owner is subject to the terms and conditions of the Services Agreement between Hatch and the Owner dated 23 August 2013, including the limitations on liability set out therein.

This report is meant to be read as a whole, and sections should not be read or relied upon out of context. The report includes information provided by the Owner, the Third Party Consultants and by certain other parties on behalf of the Owner. Unless specifically stated otherwise, Hatch has not verified such information and disclaims any responsibility or liability in connection with such information. In addition, Hatch has no responsibility for, and disclaims all liability in connection with, the sections of this report that have been prepared by the Owner or by the Third Party Consultants.

This report contains the expression of the professional opinion of Hatch, based upon information available at the time of preparation. The quality of the information, conclusions and estimates contained herein is consistent with the intended level of accuracy as set out in this report, as well as the circumstances and constraints under which this report was prepared.

However, this report is a GAP Analysis review and, accordingly, all estimates and projections contained herein are based on limited and incomplete data. Therefore, while the work, results, estimates and projections herein may be considered to be generally indicative of the nature and quality of the Project, they are not definitive. No representations or predictions are intended as to the results of future work, nor can there be any promises that the estimates and projections in this report will be sustained in future work.

# NEW TALISMAN GOLD MINES LIMITED

## Consolidated Statement of Financial Position

As at 30 September 2013

	Note	30-Sep-13 Unaudited \$	31-Mar-13 Audited \$	30-Sep-12 Audited \$
<b>Equity</b>				
Attributable to parent company shareholders	5	10,042,159	9,951,869	9,043,221
<b>Current liabilities</b>				
Payables		132,074	136,328	268,699
Short term loan		-	-	125,581
Employee benefits		35,320	16,063	33,817
<b>Total current liabilities</b>		<b>167,394</b>	<b>152,391</b>	<b>428,097</b>
<b>Total equity and liabilities</b>		<b>10,209,553</b>	<b>10,104,260</b>	<b>9,471,318</b>
<b>Current assets</b>				
Cash		229,144	325,880	206,407
Receivables and prepayments		369,917	40,259	78,242
Advances to related parties		-	-	325
<b>Total current assets</b>		<b>599,061</b>	<b>366,139</b>	<b>284,974</b>
<b>Non-current assets</b>				
Property, plant & equipment		6,691	5,564	5,481
Intangible assets	6	8,991,525	8,720,090	8,369,789
Investments		29,013	340,007	27,942
Investment in associate company	4	583,263	672,460	783,132
<b>Total non-current assets</b>		<b>9,610,492</b>	<b>9,738,121</b>	<b>9,186,344</b>
<b>Total assets</b>		<b>10,209,553</b>	<b>10,104,260</b>	<b>9,471,318</b>
<b>Net tangible assets per security</b>		<b>0.2 cent</b>	<b>0.3 cent</b>	<b>0.3 cent</b>

For and on behalf of the Board:



J M McKee  
Dated: 27 November 2013



M G Hill  
Dated: 27 November 2013

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 2013

Note	6 months 30-Sep-13 Unaudited \$	6 months 30-Sep-12 Audited \$
<b>Continuing Operations</b>		
Interest received	4,561	4,891
Other operating income	1,174	1,173
Administrative expenses	(377,675)	(322,407)
Loss from operations	(371,940)	(316,343)
Share of results of associates	(89,197)	(153,523)
Loss before tax for the period	(461,137)	(469,866)
Income tax expense	-	-
Total comprehensive income/(loss)	(461,137)	(469,866)
Attributable to:		
Equity holders of the parent	(461,137)	(469,866)
<b>Earnings per share</b>		
Basis earnings/(loss) per share	(0.09) cents	(0.13) cents
Diluted earnings/(loss) per share	(0.07) cents	(0.13) cents

# NEW TALISMAN GOLD MINES LIMITED

## Consolidated Statement of Changes in Equity

For six months ended 30 September 2013

Note	6 months 30-Sep-13 Unaudited \$	6 months 30-Sep-12 Audited \$
Total comprehensive income/(loss)	(461,137)	(469,866)
Proceeds from share capital issued	551,427	191,733
Equity at beginning of period	9,951,869	9,321,354
Equity at end of period	10,042,159	9,043,221

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 Cash Flow Statement

For six months ended 30 September 2013

	Note	6 months 30-Sep-13 Unaudited \$	6 months 30-Sep-12 Audited \$
<b>Cash flows from operating activities</b>			
Cash inflows		5,664	6,542
Cash outflows		(352,833)	(250,256)
<b>Net cash outflows from operating activities</b>	7	(347,169)	(243,714)
<b>Cash flows from investing activities</b>			
Cash inflows		325	706
Cash outflows		(322,007)	(265,972)
<b>Net cash outflows from investing activities</b>		(321,682)	(265,266)
<b>Cash flows from financing activities</b>			
Cash inflows		641,414	432,133
Cash outflows		(59,851)	(62,245)
<b>Net cash inflows from financing activities</b>		581,563	369,888
<b>Net increase / (decrease) in cash held</b>		(87,288)	(139,092)
Effect of changes in exchange rates		(9,448)	(1,422)
Cash at beginning of period		325,880	346,921
Cash at end of period		229,144	206,407
<b>Cash comprises:</b>			
Cash		48,516	109,571
Short term deposits		180,628	96,836
		229,144	206,407

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 company that is incorporated and domiciled in New Zealand. The Company is a profit oriented entity, registered under the Companies Act 1993. It is an issuer for the purposes of the Financial Reporting Act 1993 and is listed on both the New Zealand Exchange and the Australian Stock Exchange. The company's principal activity is gold exploration.

#### *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. The accounting policies 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 2013. Those policies are set out in the annual report for the year ended 31 March 2013.

These consolidated financial statements have not been audited. The comparative information for the year ended 31 March 2013 and the period ended 30 September 2012 has been audited.

## 2. Accounting policies

The accounting policies 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 2013. Those policies are set out in the annual report for the year ended 31 March 2013. 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. Associate company

The Company holds 17,929,000 shares (21.7%) in Broken Hill Prospecting Limited, an associate.

## 6. Prospecting Costs and Mining Tenements

	<b>6 months 30-Sep-13 \$ Unaudited</b>	<b>Year ended 31-Mar-13 \$ Audited</b>	<b>6 months 30-Sep-12 \$ Audited</b>
Opening balance	8,720,090	8,072,015	8,072,015
Development expenditure	271,435	648,075	297,774
Carrying amount	8,991,525	8,720,090	8,369,789

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

	<b>6 months 30-Sep-13 Unaudited \$</b>	<b>6 months 30-Sep-12 Audited \$</b>
Net deficit after taxation	(371,940)	(316,343)
Add non-cash items:		
Depreciation	626	453
Exchange (gain)/loss	23,221	1,453
Unrealised revaluation (gain)/loss	(124)	2,278
	23,723	4,184
Add (less) movement in working capital:		
Decrease (increase) in debtors	104	(33,534)
Increase (decrease) in creditors	(846)	115,022
Decrease (increase) in accrued income	54	782
Decrease (increase) in GST	1,736	(13,825)
	1,048	68,445
Net cashflows from operating activities	(347,169)	(243,714)

## 8. Receivables

A loan to Netcom Global Inc of US\$250,000 previously classified as an investment was reclassified as a receivable following a decision by the Directors to request repayment.

## 9. Expenses

Expenses included a loss on foreign exchange conversion of \$23,221, the result of significant growth in the value of the NZ dollar.

## 10. Commitments

Capital commitments at the end of the period were \$nil.

## 11. Contingent liabilities

Contingent liabilities at the end of the period were \$nil.

In accordance with NZ IAS-28, the Company has recorded the carrying value of the investments at original cost in the parent company (\$1,503M) and on an equity accounting basis in the group (\$583,263). Market value of the shares at balance date is \$1.075M. The Company also holds 8,464,500 options in Broken Hill Prospecting Limited. These are exercisable at A\$0.20 any time up to 17 February 2016.

## 5. Debt and equity securities

Share capital increased by \$551,427 in May 2013 when 49,410,000 shares were issued by placement. At balance date 528,816,064 shares and 119,851,516 options were on issue. A share purchase plan closed on 26 September and 35,067,437 shares were allotted after the period covered by this report.

## 12. Going concern

The financial report has been prepared on a going concern basis. Development of the Talisman mine project will require further funding, some of which was raised from the recent share purchase plan. The validity of the going concern basis is dependent on the success of these initiatives.

## 13. Events subsequent to balance date

On 2 October 2013, the company allotted 35,067,437 ordinary shares under a Share Purchase Plan. The amount raised was \$348,445 before expenses.

In November 2013 the Mpokoto loan and equity in Netcom Global Inc was assigned to Armadale Capital Plc in exchange for 93 million shares in Armadale Capital Plc. At the date of the transaction, the market value of the Armadale Capital shares was \$468,000.



## COMPANY DIRECTORY

### DIRECTORS

J Murray McKee (Chairman)  
Matthew G Hill (Executive Director)  
Dr Ian J Pringle

### COMPANY SECRETARY

Mrs Sue Sangster

### Registered (Head) Office

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### BANKERS

Westpac Bank, Auckland  
National Australia Bank, West Perth

### AUDITORS

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Newmarket  
Auckland

### SOLICITORS

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

### SECURITIES LISTED

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

### SHARE REGISTRARS

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#### Managing your shareholding online:

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

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

#### General enquiries can be directed to:

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Please assist our registrar by quoting your CSN or shareholder number

**Review report to the shareholders of:**

**New Talisman Gold Mines Limited**

We have reviewed the accompanying interim consolidated financial statements of New Talisman Gold Mines Limited at 30 September, 2013. These financial statements provide information about the past financial performance of New Talisman Gold Mines Limited and its subsidiaries ("Group") and its financial position as at 30 September.

The Directors of New Talisman Gold Mines Limited are responsible for the preparation of the interim financial statements. Our responsibility is to issue an independent opinion on these financial statements based on our review and report our opinion to you.

We conducted our review in accordance with Statement of Review Engagement Standards (RS-1) issued by the External Reporting Board. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and thus provides less assurance than an audit.

We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention which would cause us to believe that the attached interim financial report does not present a true and fair view of the financial position of the Group as at 30 September 2013, and the results of its operations and cash flows for the six months ended on that date, in accordance with NZ IAS-34 *Interim Financial Reporting*.

*Emphasis of matter*

**Going concern**

We draw attention to note 12 to the financial statements which states: The financial report has been prepared on a going concern basis. Development of the Talisman mine project will require further funding, some of which was raised from the recent share purchase plan. The validity of the going concern basis is dependent on the success of these initiatives.



**DFK Carlton**

27 November 2013

Auckland

27 November 2013

## 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 2013:
  - (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 2013 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.



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J Murray McKee  
Chairman  
New Talisman Gold Mines Limited