



Talisman Mining Limited

ABN 71 079 536 495

Financial report for the half-year ended

31 December 2021

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Corporate Directory

Board of Directors

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

Company Secretary

Mr Alexander Neuling

Registered and Principal Office

Suite 1 Ground Level – 33 Colin Street
West Perth, Western Australia 6005
Tel: +61 8 9380 4230
Fax: +61 8 9382 8200
Website: www.talismanmining.com.au

Auditors

HLB Mann Judd (WA Partnership)
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
Tel: +61 8 9211 6670

Securities Exchange Listing

Australian Securities Exchange Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth, Western Australia 6000

ASX code:TLM

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Review of Operations

COVID-19

In response to the COVID-19 outbreaks on the Australian east coast during the half year ended 31 December 2021, Talisman Mining Limited (**Talisman or the Company**) updated its COVID-19 measures across the corporate office and exploration sites to protect the safety and well-being of our employees, contractors and host communities. Field activities were impacted during the reporting period as stay-at-home orders covering regional NSW were implemented by the NSW government, limiting the movement of personnel and equipment. Regular testing protocols are now operational for all exploration personnel working in NSW, whilst all employees and contractors working at NSW exploration sites during the half year were accommodated in, or sourced from, local regional areas. The Company continues to monitor the global pandemic with respect to any potential impacts on current and future work activities.

Lachlan Copper-Gold Project

The Company's Lachlan Copper-Gold Project area comprises over 4,400km² of prospective exploration tenure in the Cobar Basin region of New South Wales including an extensive strike extent along large-scale regional geological structures which are critical to the formation of mineral deposits (*Figure 1*). Regionally the Cobar Basin is a well-established mining district hosting several large gold and base metals operating mines and also hosts several major recent mineral discoveries.

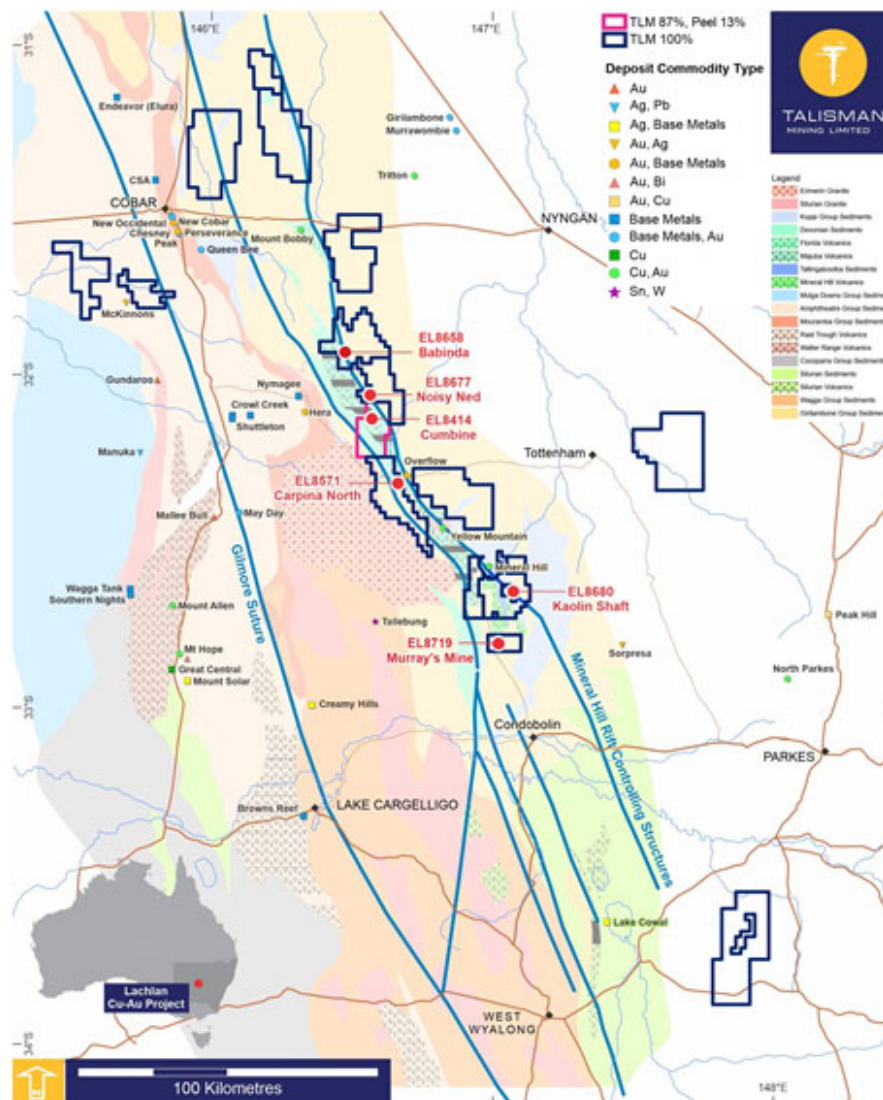


Figure 1: Lachlan Copper-Gold Project tenure and simplified geology.

Proximity to the margins of major basin faults as well as deep seated regional basement lineament structures and zones of high strain are an important factor for mineral deposit formation and are considered by Talisman to be priority target areas for exploration. The project area is considered prospective for low-sulphidation epithermal gold systems, orogenic gold and base metal systems, VMS and Cobar-Style gold and base-metal systems and skarn deposits.

Talisman has identified multiple exploration targets that are considered to have the potential to host significant gold or base metal mineralisation and warrant further exploration activities.

On-ground exploration during the half year ended 31 December 2021 included reconnaissance mapping, soil sampling, RC drilling and downhole geophysical surveys.

Noisy Ned Copper Prospect (EL8677)

During the reporting period 5 reverse circulation (RC) drill holes totalling 1,196 metres were completed at the Noisy Ned Prospect targeting a strong base metal anomaly identified from previous auger sampling, as well as following up on copper, lead, zinc and silver mineralisation in bedrock from previous RC drilling¹. The recent drilling aimed to extend the strike length of this previously intersected base metal mineralisation, and to test an interpreted break in a rift forming structure associated with the Canbelego-Mineral Hill Rift Zone coincident with anomalous copper values identified in previous auger sampling (Figure 2).

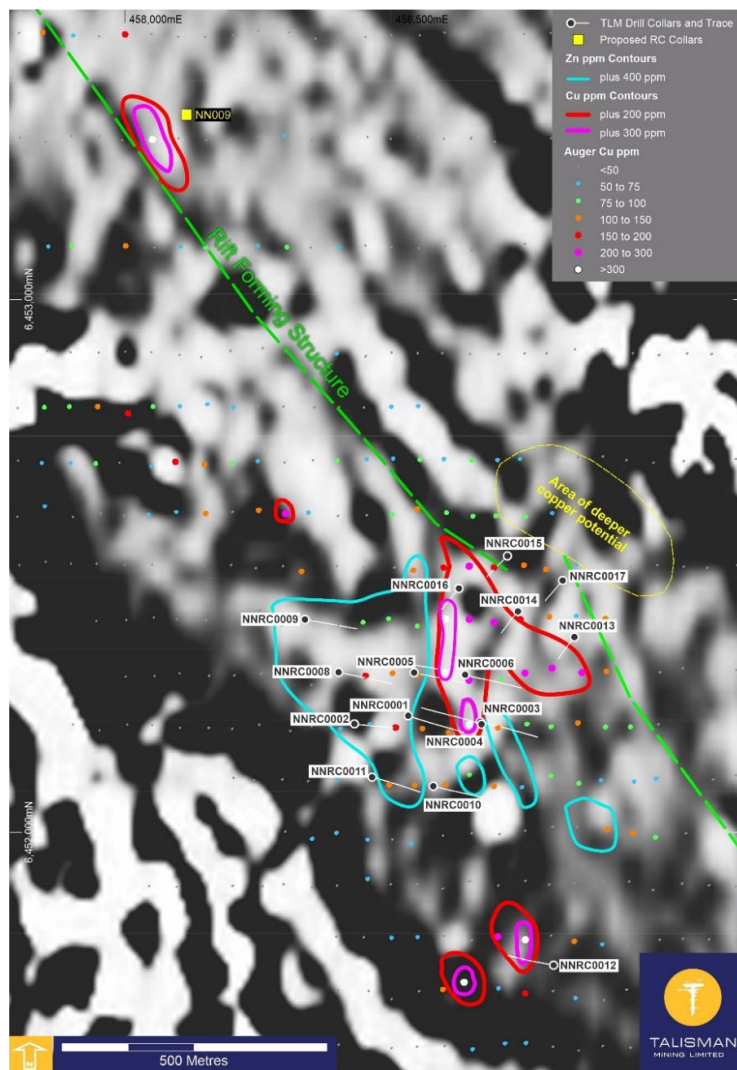


Figure 2: Noisy Ned Copper Prospect overview over 1VD magnetics, with copper and zinc contours from previous soil and auger sampling², and previous¹ and recently completed RC drilling.

¹ Refer Talisman ASX announcement dated 30 November 2018 for full details including JORC tables.

² Refer Talisman ASX announcement dated 17 May 2018 for full details including JORC tables.

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The completed RC drilling confirmed the presence of flat-lying to shallow-dipping, highly altered felsic volcanic rocks (rhyolites/dacites), overlying interbedded broader highly brecciated rhyolite and tuffaceous units. Strong to moderate siliceous alteration and pyrite sulphide mineralisation is pervasive throughout all the fresh bedrock encountered, indicating the presence of mineralising fluids having passed through this rock package.

Assays have confirmed the presence of a base and precious metal mineralising system with drill-holes returning wide intercepts of anomalous copper, zinc and silver. These intercepts included³:

- NNRC0013
 - **35m @ 0.13% Cu** from 27m, inclusive of **2m @ 0.43% Cu and 7.18g/t Ag** from 57m
 - **1m @ 0.64% Cu and 3.69g/t Ag** from 79m
- NNRC0014
 - **19m @ 0.24% Cu and 0.21% Zn** from 35m inclusive of **3m @ 0.61% Cu and 0.33% Zn** from 39m
 - **1m @ 0.87% Zn** from 71m
 - **1m @ 0.86% Zn** from 220m
- NNRC0015
 - **1m @ 1.05% Zn** from 91m
- NNRC0016
 - **1m @ 4.06% Zn** from 75m
- NNRC0017
 - **14m @ 0.11% Cu and 1.99g/t Ag** from 14m
 - **2m @ 0.63% Cu and 4.45g/t Ag** from 107m

The mineralisation appears to be stratigraphically associated and partially oxidised due to its proximity to surface. The style and geometry of base metal and silver mineralisation suggests the presence of a larger Volcanically Hosted Massive Sulphide (VHMS) system, which Talisman will be seeking to further define in future work programs. Further, the isolated copper-in-soils anomaly to the north-west of the main Noisy Ned prospect area along the trend of the interpreted rift forming structure remains untested and will be assessed as part of future work.

Cumbyne Gold Prospect (EL8414)

A 13 hole, 2,424 metre RC drilling program was completed at Cumbyne² during the reporting period (*Figure 3*), targeting a +20ppb gold anomaly with a total strike extent of 650 metres identified by Talisman as a result of a mapping and infill soil sampling programme conducted in the first half of 2021⁴.

The drilling intersected felsic volcanic and sedimentary lithologies as well as sericite-silica alteration, quartz veining and disseminated pyrite in several holes. This style of alteration is indicative of mineralising hydrothermal fluids having moved through the rock mass.

Assay results confirmed gold enrichment near surface with 9 of 13 holes returning anomalous gold in the 20 metres from surface. Down-hole intercepts were weakly mineralised, with isolated anomalous gold results in a package of felsic volcanic and volcano-sedimentary lithologies with overprinting sericite-silica alteration, quartz veining and disseminated pyrite. A strong association continues between gold and antimony both down-hole and in soils and it is likely that antimony will be a significant pathfinder element for future exploration.

Whilst the alteration, veining and pyrite mineralisation encountered throughout the project area are indicative of gold-bearing hydrothermal fluids having moved through the rock mass, the recent phase of drilling targeting the gold-in-soil anomalies returned lower grade gold mineralisation. This indicates that significant primary gold mineralisation is likely associated closer to the interpreted mineralised structure along the east of the most recent phase of drilling, where intercepts from previous RC drilling by Talisman in holes CURC0003 and CURC0006 display gold tenors of >1 gram per tonne gold⁵.

³ Refer Talisman ASX announcement dated 7 October 2021 for full details including JORC tables.

⁴ Refer Talisman ASX announcement dated 19 April 2021 for full details including JORC tables.

⁵ Refer Talisman ASX announcement dated 30 November 2018 for full details including JORC tables

Ongoing exploration within the Cumbine prospect area will focus on identifying potential mineralised structures and progressing an understanding of the mineralisation vectors in the area. As assaying was conducted primarily for gold, selected samples will be re-assayed using an ICP-MS method to conduct further litho-geochemical work. Future programs will involve a combination of RC and diamond drilling targeting interpreted structures in the Cumbine prospect area.

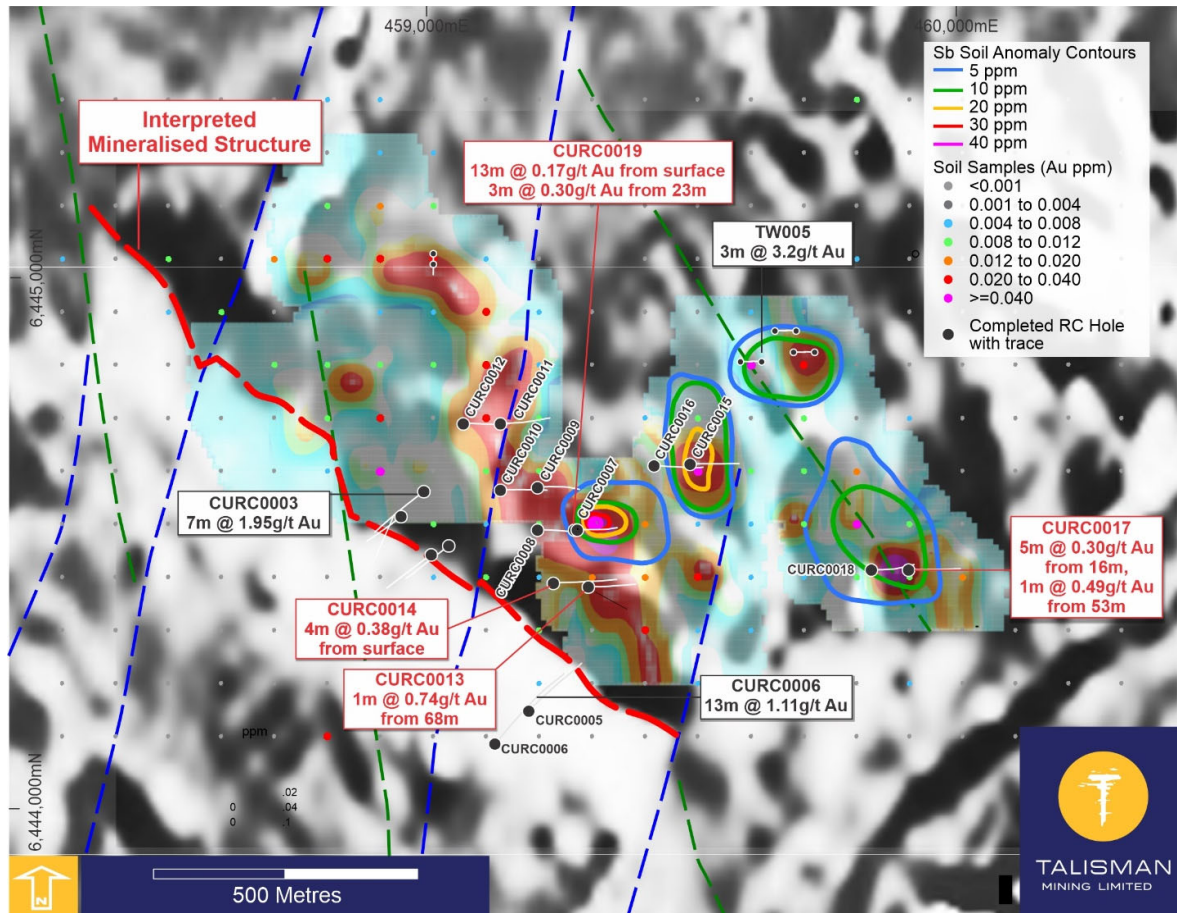


Figure 3: Cumbine Gold Prospect showing gold-in-soil anomaly⁴ over 1VD magnetic image, historic drilling⁶ and RC drilling completed during the reporting period.

Regional Exploration

Grant of Additional Exploration Tenure

During the reporting period, Talisman received notification of the grant of additional exploration tenure by the NSW Government in the Lachlan Fold Belt, complementing its existing extensive tenement package. Exploration Licences EL9298, EL9299, EL9302, EL9306, EL9315 and EL9324 were granted during the second half of the reporting period, increasing Talisman's active tenure portfolio in the region by a further 1,650km² to 4,420km² of granted tenure (refer *Figure 1*). These recent tenement additions resulted from the independent prospectivity review of the Cobar Basin commissioned by Talisman and completed in May 2021 by exploration expert Dr Jon Hronsky⁷ which identified a number of potential opportunities on vacant ground and has solidified Talisman's strong tenure portfolio in a world-class mineral province.

Geochemical Programmes

Several programs of geochemical sampling utilising both soil sampling and auger drilling techniques were planned during the reporting period, and whilst some soil sampling programs were commenced, significant rainfall events combined with COVID-19 restrictions throughout the reporting period limited progress. These

⁶ Refer NSW DIGS report R00030150 and Talisman ASX announcement dated 30 November 2018 for full details including JORC tables.

⁷ Refer ASX Announcement dated 6 May 2021 for full details.

programs have been rescheduled and will now be undertaken in early 2022. These targets will provide Talisman with drill-ready geochemical anomalies to support a larger program of drilling throughout 2022.

Lucknow Gold Project

Talisman's Lucknow Gold Project is located approximately 11kms southeast of the NSW town of Orange and is centred on the historic Lucknow Goldfield which was discovered in 1851 and was one of the earliest goldfields to be mined commercially in Australia (Figure 4). The Lucknow Gold Project is a joint venture with privately owned Lucknow Gold Ltd, with Talisman holding a 51% participating interest and acting as manager of the joint venture.

The historic Lucknow deposit consisted of multiple high-grade east-west striking steeply dipping veins developed in the immediate footwall of the contact between an ultramafic unit and an andesitic volcanic. Moving to the west away from the contact results in a gradual decrease in gold grades and vein mineralogy, with historical mine plans showing that stoping extended out approximately 150m from the contact in some areas. Talisman believes that the potential remains at Lucknow for moderate tonnage but very high-grade gold deposits.

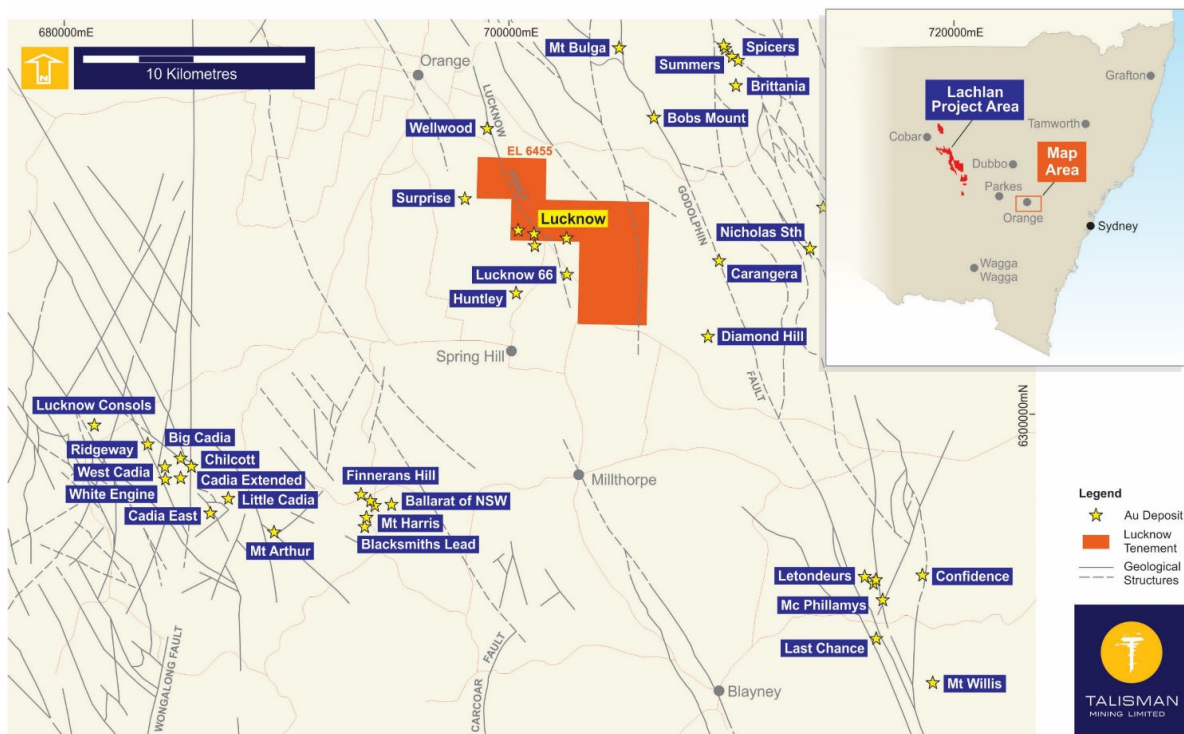


Figure 4: Lucknow Gold Project tenure

Talisman completed its maiden two-hole diamond drilling program at the Lucknow Gold Project in August 2020⁸ which was designed to test the interpreted fault offset position of the historical gold lodes at Lucknow and represented the first drilling program by any explorer into this target area.

As a result of this drilling, Talisman has interpreted that the prospective contact has been offset to the north-west by a sinistral fault which is trending north-west and dipping moderately to the north-east.

This newly interpreted target corridor to the north-west along the Lucknow Fault shows evidence of gold mineralisation in areas of minimal previous exploration (Figure 5) and is now a focus area for Talisman's exploration efforts. Geological mapping and soil sampling is required over this prospective north-west corridor to assist with drill target identification. Before field activities can commence, land access agreements are required with landowners and negotiation of these agreements during the reporting period

⁸ Refer ASX Announcements dated 24 July 2020 and 27 August 2020 for full details including JORC tables.

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was delayed by NSW government COVID-19 stay-at-home orders. It is currently planned that these negotiations will recommence in early 2022.

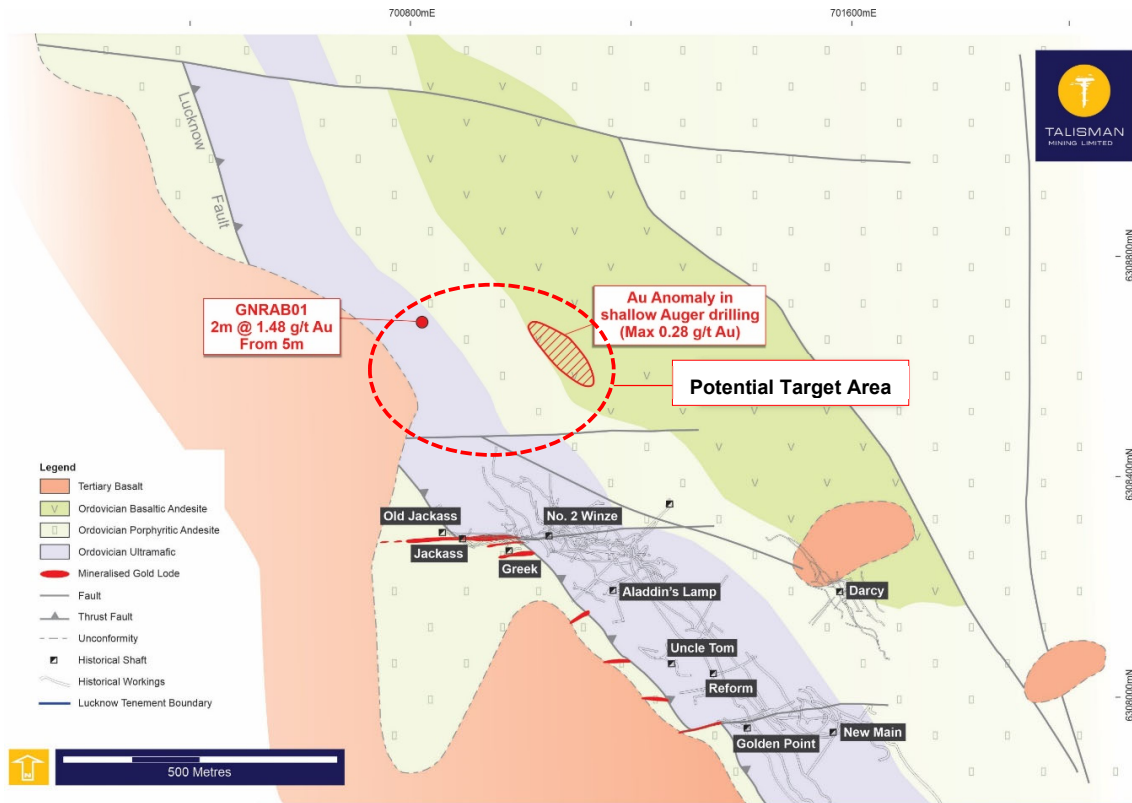


Figure 5: Lucknow Gold Project mine shaft locations and simplified geology.

Future Exploration Activities

Lachlan Copper-Gold Project

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

Planned work in the 2022 calendar year includes (but is not limited to):

- large-scale VTEM Max® Airborne Electro-Magnetic (**AEM**) survey planned over 6,285 line kilometres (at 100m line spacing) of Talisman tenure portfolio⁹.

This AEM survey will contribute to the geological understanding of Talisman's tenure portfolio across the Lachlan Fold Belt, as well as identifying sub-surface conductive bodies associated with sulphide orebodies common to the region. Recent geological interpretation has refined the target areas, whilst activities associated with landholder engagement and logistics support for the survey area has been completed.

The survey will cover five of Talisman's Exploration Licences and part of one Exploration Licence Application at the Lachlan Project: EL8414 (TLM 87%), EL8547, EL8658, EL8680, EL8719, EL9299 and ELA6403 respectively (Figure 6). The use of AEM surveys has been instrumental in the discovery and understanding of Cobar-style orebodies throughout the region, including the recent discoveries of Peel Mining Limited's Mallee Bull polymetallic (Cu-Ag-Au-Pb-Zn) deposit and Aeris Resources Ltd's Constellation copper deposit;

- large-scale Falcon® airborne gravity gradiometry (**AGG**) survey planned over 15,500 line kilometres (at 200m line spacing) of Talisman tenure portfolio⁹.

⁹ Refer ASX Announcement dated 17 January 2022 for full details including JORC tables.

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The emplacement of sulphide mineralisation and associated higher-density silica alteration into relatively lower-density sedimentary packages making up the basement rocks through the Cobar region is believed to result in easily identifiable gravity anomalies, indicating the presence of concealed mineral systems – even below thick cover. This AGG survey represents the first application of airborne gravity techniques to the exploration for mineral systems in the Cobar area and will cover a significant area of Talisman Lachlan Project (*Figure 7*);

- RC drilling during the first half of 2022 of various prospects including the Babinda copper, Kaolin Shaft gold, Murrays gold and Carpina North gold prospects⁹. RC drilling in the second half of 2022 is planned to follow up on generated geochemical and geophysical targets;
- in-fill soil sampling and mapping at the Carpina North gold and Plantation gold prospects (currently in progress) with the objective of better understanding the controls on mineralisation and providing targets for future drilling;
- first pass soil sampling, mapping and auger drilling at various gold and copper prospects to assist in identifying targets for future drilling; and
- ongoing advanced prospect generation & regional modelling.

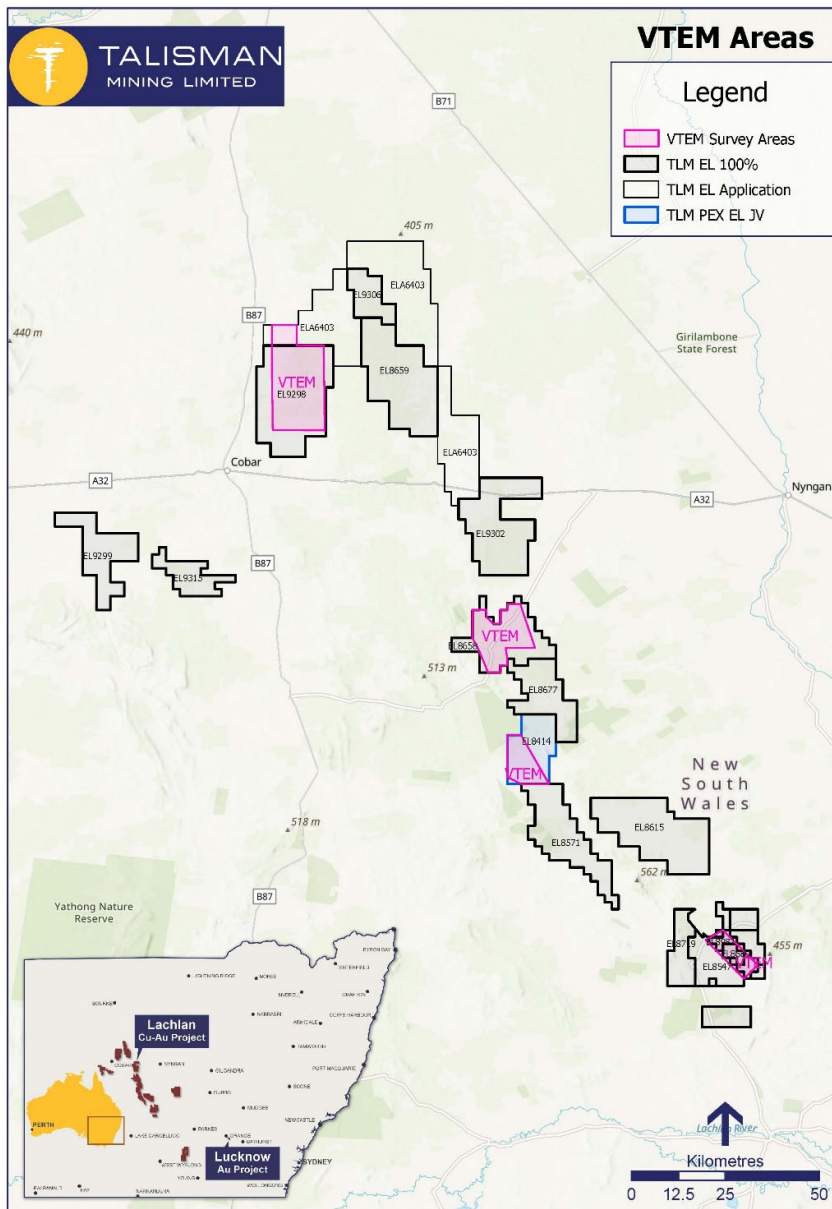


Figure 6: Planned airborne electro-magnetic survey areas, Lachlan Copper-Gold Project

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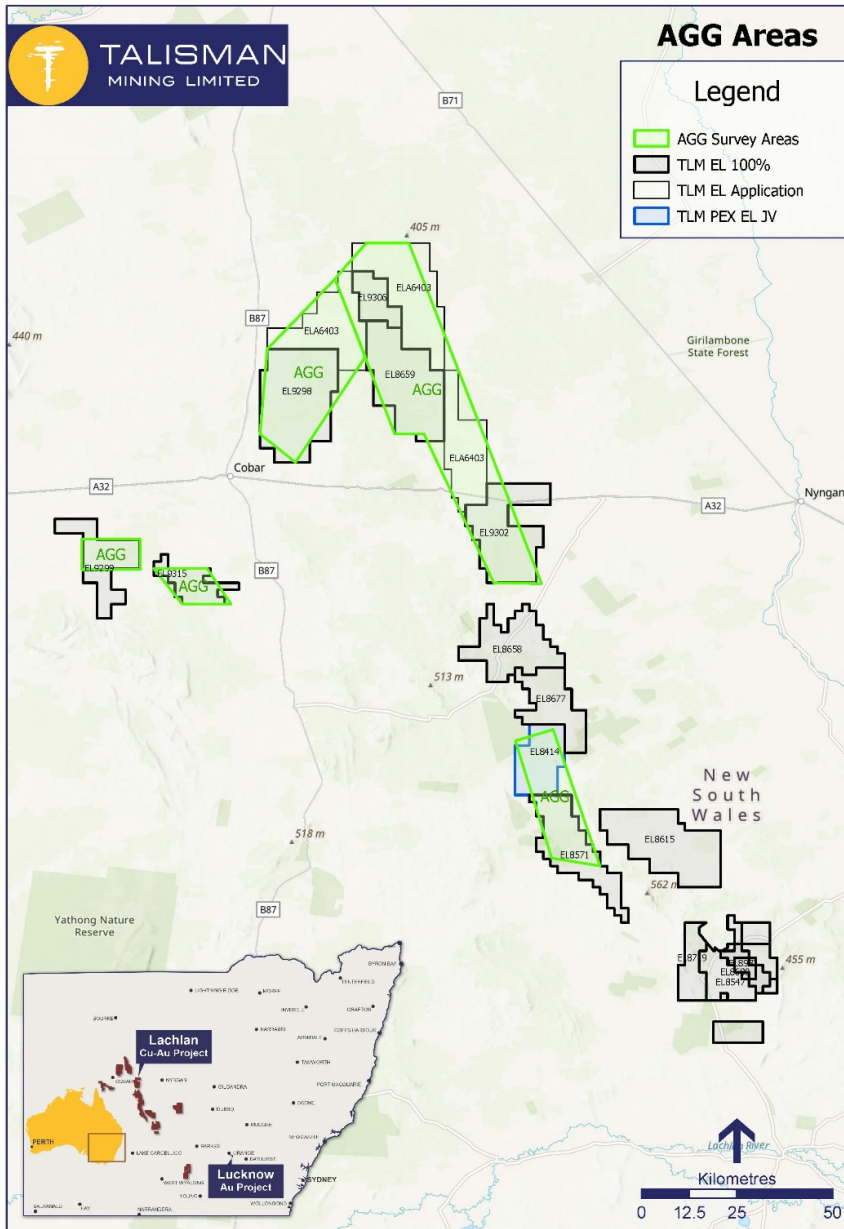


Figure 7: Planned airborne gravity gradiometry survey areas, Lachlan Copper-Gold Project

Lucknow Gold Project

During calendar year 2022 Talisman intends to continue to progress land access agreements over areas covered by the newly interpreted target corridor to the north-west along the Lucknow Fault. Once these agreements have been finalised a program of geological mapping and soil sampling (including auger drilling) will commence to provide targets for future drilling.

Corporate

Royalties

As previously announced to the ASX¹⁰, Talisman holds an uncapped 1% gross revenue royalty on the sale of iron ore (and other mineral and metals) from Mineral Resources Limited's (ASX: MIN) (MRL) Womunna Iron Ore Mine (**Womunna**) located in the Pilbara region of Western Australia. Iron ore production

¹⁰ Refer Talisman ASX announcements dated 01 October 2010, 17 February 2011, 15 April/21 May/30 July and 18 October 2021 for full details.

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commenced at Wonmunna in March 2021 and is currently operating at its designed production output of 5 million tonnes per annum (Mtpa). Additionally, MRL has announced that it has received the required approvals to potentially expand Wonmunna's production output up to 10Mtpa¹¹.

During the reporting period Talisman received royalties from iron ore sales at Wonmunna totalling \$2.7 million.

New Project Opportunities

During the reporting period, Talisman's business development team continued to review new potential precious and base metals growth opportunities in Western Australia and elsewhere with the aim of identifying quality assets with the potential to create long-term shareholder value.

Assessment of a number of exploration stage projects and more advanced assets with near-term development and production potential, as well as value-accretive corporate transactions, have been progressed. Talisman continues to take a patient and cautious approach to assessing new project opportunities to ensure that any resulting transaction creates sustainable value for shareholders.

Competent Person's Statement

Information in this half year financial report that relates to Exploration Results and Exploration Targets is based on, and fairly represents information and supporting documentation compiled by Mr Russ Gregory, who is a member of the Australasian Institute of Geoscientists. Mr. Gregory is a full-time employee of Talisman Mining Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Gregory 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.

¹¹ Refer MRL ASX announcement "FY21 Annual Report to shareholders" dated 8 October 2021.

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 2021. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

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

Principal Activities

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

Financial Performance and Financial Position

During the half-year the Group reported a Profit after tax of \$0.246 million (half-year to 31 December 2020: loss after tax \$2.6 million). The Group spent \$1.229 million on exploration expenditure in New South Wales for continuing operations during the half-year (half-year to 31 December 2020: \$1.265 million).

As at 31 December 2021 the Group had net assets of \$11.579 million (30 June 2021: \$11.162 million) including \$10.222 million of cash and cash equivalents (30 June 2021: \$9.9 million).

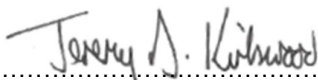
Rounding Off of Amounts

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 2021.

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



Jeremy Kirkwood
Non-Executive Director
18 February 2022



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 2021, 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
18 February 2022

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

L Di Giallonardo
Partner

hlb.com.au

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Note	31 Dec 21 \$ '000	31 Dec 20 \$ '000
Continuing operations			
Revenue	2	12	27
Other income	2	2,358	7
Employee benefits expense	2	(428)	(808)
Exploration expenditure expensed as incurred	4	(1,229)	(1,265)
Administrative expenses		(228)	(201)
Legal and corporate advisory expense		(148)	(212)
Finance costs		(4)	(11)
Occupancy expenses		(10)	(25)
Depreciation and amortisation expense		(77)	(112)
Profit/(loss) before income tax expense		246	(2,600)
Income tax expense	3	-	-
Profit/(loss) after tax from continuing operations		246	(2,600)
Net profit/(loss) for the period		246	(2,600)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		246	(2,600)
Earnings/(Loss) per share			
Basic earnings/(loss) per share (cents per share)	6	0.13	(1.39)
Diluted earnings per share (cents per share)	6	0.13	n/a

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 Dec 21 \$ `000	30 Jun 21 \$ `000
Assets			
Current Assets			
Cash and cash equivalents		10,222	9,900
Trade and other receivables		1,809	1,333
Total Current Assets		12,031	11,233
Non-Current Assets			
Other receivables		13	13
Property, plant and equipment		243	201
Right-of-use assets	8	170	-
Intangible assets		8	19
Total Non-Current Assets		434	233
Total Assets		12,465	11,466
Liabilities			
Current Liabilities			
Trade and other payables		712	304
Lease liabilities	9	64	-
Total Current Liabilities		776	304
Non -Current Liabilities			
Lease liabilities	9	110	-
Total Non -Current Liabilities		110	-
Total Liabilities		886	304
Net Assets		11,579	11,162
Equity			
Issued capital	5	32,122	31,966
Reserves	5	289	646
Accumulated losses		(20,832)	(21,450)
Total Equity		11,579	11,162

The accompanying notes form part of these financial statements.

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Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

	Issued Capital \$ '000	Accumulated Losses \$ '000	Share-based Payments Reserve \$ '000	Total Equity \$ '000
Balance at 1 July 2020	31,966	(19,479)	765	13,252
Loss for the period	-	(2,600)	-	(2,600)
Total comprehensive loss for the period	-	(2,600)	-	(2,600)
Recognition of share-based payments	-	-	90	90
Unlisted options forfeited	-	-	(12)	(12)
Unlisted options lapsed	-	205	(205)	-
Balance at 31 December 2020	31,966	(21,874)	638	10,730
Balance at 1 July 2021	31,966	(21,450)	646	11,162
Profit for the period	-	246	-	246
Total comprehensive loss for the period	-	246	-	246
Shares issued during the Year	156	-	-	156
Recognition of share-based payments	-	-	15	15
Unlisted options lapsed	-	372	(372)	-
Balance at 31 December 2021	32,122	(20,832)	289	11,579

The accompanying notes form part of these financial statements.

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Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2021

	Note	31 Dec 21 \$ '000	31 Dec 20 \$ '000
inflows/(outflows)			
Cash flows from operating activities			
Payments to suppliers and employees		(895)	(1,368)
Payments for exploration and evaluation		(1,532)	(1,394)
Transactions costs related to borrowings		(4)	(11)
Interest received		12	27
Royalty Receipts		2,702	-
Net cash provided by/(used in) operating activities		284	(2,747)
Cash flows from investing activities			
Payments for property, plant and equipment		(78)	(17)
Proceeds from disposal of plant and equipment		-	7
Proceeds from issue of shares		156	-
Net cash provided by/(used in) investing activities		78	(10)
Cash flows from financing activities			
Repayment of lease liabilities		(39)	(43)
Net cash used in financing activities		(39)	(43)
Net increase/ (decrease) in cash held		322	(2,800)
Cash and cash equivalents at the beginning of the period		9,900	12,937
Cash and cash equivalents at the end of the period		10,222	10,137

The accompanying notes form part of these financial statements.

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Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2021

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 2021 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 2021 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 2021

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period.

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

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. 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 2021.

Statement of compliance

The interim financial statements were authorised for issue on 18 February 2022.

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. REVENUE AND EXPENSES

Revenue	Half-year ended 31 Dec 21 \$ `000	Half -year ended 31 Dec 20 \$ `000
---------	-----------------------------------------	------------------------------------------

Loss for the period includes the following revenue:

Bank interest	12	27
Total revenue	12	27

Other income	Half-year ended 31 Dec 21 \$ `000	Half -year ended 31 Dec 20 \$ `000
--------------	-----------------------------------------	------------------------------------------

Loss for the period includes the following other income:

Royalty income ⁽ⁱ⁾	2,353	-
Other income	5	7
Total revenue	2,358	7

⁽ⁱ⁾ Royalty income represents the right to receive revenues from metals produced and sold by the operator of the mines in which the Group owns a royalty interest and are generally structured as a percentage of the gross revenue received by the producer for metals sold. The Group records revenue when control of the metals sold passes from the producer to the purchaser under the producers' relevant sales contracts.

Other Expenses	Half-year ended 31 Dec 21 \$ `000	Half -year ended 31 Dec 20 \$ `000
----------------	-----------------------------------------	------------------------------------------

Loss for the period includes the following expenses:

<i>Employee benefits</i>		
Other employee benefits	413	718
Non-cash share-based payment expenses	15	90
Total employee benefits	428	808

3. INCOME TAX EXPENSE

	Half-year ended 31 Dec 21 \$ `000	Half-year ended 31 Dec 20 \$ `000
--	-----------------------------------------	-----------------------------------------

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit/(loss) before income tax	246	(2,600)
Income tax expense/(benefit) calculated at 26% (2020: 30%)	64	(780)
Non-Deductible Expenses	4	11
Tax losses and deferred tax balances not previously recognised	(68)	769
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

	31 Dec 21 \$ '000	30 Jun 21 \$ '000
Unrecognised deferred tax balances		
Deferred tax assets comprise of:		
Tax losses carried forward	4,170	4,273
Impairment of financial assets	39	39
Provisions	13	14
Other deferred tax balances	-	-
	<u>4,222</u>	<u>4,326</u>

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Half-year ended 31 Dec 21 \$ '000	Year ended 30 Jun 21 \$ '000
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of period	-	-
Expenditure incurred	1,229	2,858
	<u>1,229</u>	<u>2,858</u>
Exploration expensed as incurred	(1,229)	(2,858)
Balance at end of period	-	-

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

	Life to date project expenditure expensed		Project Expenditure expensed in the period	
	31 Dec 21 \$ '000	31 Dec 20 \$ '000	31 Dec 21 \$ '000	31 Dec 20 \$ '000
Lachlan Copper-Gold	7,088	1,221	5,867	560
Lucknow Gold	883	8	875	703
Other Exploration Expenses	304	-	304	2
Continuing Operations	<u>8,275</u>	<u>1,229</u>	<u>7,046</u>	<u>1,265</u>

5. ISSUED CAPITAL

	31 Dec 21 \$	30 Jun 21 \$
Ordinary shares		
Issued and fully paid	32,122,468	31,966,023

	Half-year ended 31 Dec 21		Year ended 30 Jun 21	
	Number	\$	Number	\$
Movements in ordinary shares on issue				
Opening Balance	186,628,385	31,966,023	186,628,385	31,966,023
Issue of shares on exercise of options	1,111,112	156,445	-	-
Closing Balance	<u>187,739,497</u>	<u>32,122,468</u>	<u>186,628,385</u>	<u>31,966,023</u>

	Half-year ended 31 Dec 21		Year ended 30 Jun 21	
	Number	\$	Number	\$
Movements in options over ordinary shares on issue				
Opening Balance	14,996,668	645,544	23,413,334	764,607
Directors' and employees' remuneration	4,464,200	15,000	-	91,856
Unlisted options exercised	(1,111,112)	-	-	-
Unlisted options forfeited	-	-	(333,332)	(14,544)
Unlisted options lapsed	(7,052,220)	(371,953)	(8,083,334)	(196,375)
Closing Balance	11,297,536	288,591	14,996,668	645,544

Share options are exercisable at various exercise prices. The options expire between 31 October 2022 and 4 January 2026

The fair value of the equity-settled share options granted under the option plan is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

December 2021 Options Inputs into model	Employee Option Tranche	Director ⁽ⁱⁱ⁾ Option Tranche
	1	1
Exercise price	\$ 0.252	\$ 0.252
Grant date share price	\$0.160	\$0.155
Expected volatility	81.5%	81.3%
Risk-free interest rate	0.1%	0.1%
Dividend yield (%)	Nil	Nil
Expected life of options (years)	4	4

(ii) Director's options are subject to shareholder approval.

6. EARNINGS / (LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

	Consolidated	
	Half-year ended 31 Dec 21 \$	Half-year ended 31 Dec 20 \$
From continuing and discontinued operations		
Basic earnings/ (loss) per share (cents per share)	0.13	(1.39)
Diluted earnings per share (cents per share)	0.13	n/a

Earnings / (Loss)

	Half-year ended 31 Dec 21 \$'000	Half-year ended 31 Dec 20 \$'000
Profit/ (loss) from continuing operations used in the calculation of basic earnings/ (loss) per share	246	(2,600)
Profit/ (loss) from continuing operations used in the calculation of basic earnings/ (loss) per share	246	(2,600)

Weighted average number of ordinary shares

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

	Consolidated	
	Half-year ended 31 Dec 21 Number	Half-year ended 31 Dec 20 Number
Weighted average number of shares for the purpose of basic earnings/ (loss) per share	187,739,497	186,628,385
Weighted average number of shares for the purpose of diluted earnings/(loss) per share	194,232,569	186,628,385

7. 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 Group's Exploration Manager 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	Unallocated Items	Consolidated
	Regional Exploration		
	\$ '000	\$ '000	\$ '000
31 December 2021			
Segment revenues	-	2,370	2,370
Segment profit/(loss) before income tax expenses	(1,295)	1,541	246
Segment assets	1,654	10,811	12,465
Segment liabilities	(678)	(208)	(886)
31 December 2020			
Segment revenues	-	34	34
Segment loss before income tax expenses	(1,294)	(1,306)	(2,600)
Segment assets	575	10,319	10,894
Segment liabilities	(11)	(153)	(164)

8. RIGHT OF USE ASSETS

Carrying Value

31 December 2021	Consolidated	
	Premises \$ '000	Total \$ '000
Cost	200	200
Accumulated depreciation	(30)	(30)
Carrying value as at 31 December 2021	170	170

Reconciliation

31 December 2021	Consolidated	
	Premises \$ '000	Total \$ '000
Balance at 1 July 2021	-	-
Additions	200	200
Depreciation expense	(30)	(30)
Closing balance	170	170

9. LEASE LIABILITIES

	Consolidated	
	Premises \$ '000	Total \$ '000
Current liabilities	64	64
Non-current liabilities	110	110
Total	174	174

Reconciliation

	Consolidated	
	Premises \$ '000	Total \$ '000
Balance at 1 July 2021	-	-
Additions	200	200
Principal repayments	(26)	(26)
Closing balance	174	174

The Group leases office premises in West 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	1-3 years \$ '000	Total \$ '000
Lease payments	71	115	186
Interest	(7)	(5)	(12)
Net present values	64	110	174

Lease payments not recognised as a liability

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

	31 Dec 21 \$ '000	31 Dec 20 \$ '000
Short term leases	14	14

At 31 December 2021, the Group was committed to short-term leases, giving rise to total commitments of \$17,700 at that date.

Total cash outflow relating to leases for the period ended 31 December 2021 was \$53,246.

10. JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interests in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the relevant standards and interpretations applicable to the particular assets, liabilities, revenues and expenses.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

In November 2017, Haverford Holdings Pty Ltd ("Haverford"), a 100%-owned subsidiary of Talisman, entered into a Farm-In Agreement ("FIA") with Peel Mining Limited (ASX:PEX, "Peel") over Peel's Mt Walton (EL8414) and Michelago (EL8451) Projects (collectively the Peel Tenements) in the Cobar Basin region of New South Wales. On 11 September 2020, and in accordance with the terms of the FIA, Haverford earned a 75% interest in the Peel Tenements and formed an unincorporated joint venture (the "Mt Walton JV") with Peel. Haverford is the Joint Venture Manager. Subsequent to the formation of the Mt Walton JV, Peel elected to dilute part of its participating interest in the joint venture and both parties are now required to contribute funds to ongoing exploration activities on the Peel Tenements based on their participating interest (Haverford 87% and Peel 13%) in order to maintain their respective interests.

Additionally, in August 2019, Talisman B Pty Ltd ("TLMB"), a 100%-owned subsidiary of Talisman, entered into a Farm-In Agreement ("Agreement") with privately-owned Lucknow Gold Ltd ("LGL") over LGL's Lucknow Gold Project (EL6455) (Lucknow Project) in New South Wales. On 21 November 2020, and in accordance with the terms of the Agreement, TLMB earned a 51% interest in the Lucknow Project and formed an unincorporated joint venture (the "Lucknow Gold JV") with LGL. TLMB acts as manager of the joint venture. Both parties are now required to contribute funds to future activities on the Lucknow Project based on their participating interest (TLMB 51% and LGL 49%) in order to maintain their respective interests.

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

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	31 Dec 21 Beneficial Interest	31 Dec 20 Beneficial Interest
Mt Walton JV	Haverford Holdings Pty Ltd	87%	75%
Lucknow Gold JV	Talisman B Pty Ltd	51%	51%

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

Mt Walton JV	31 Dec 21 \$'000	30 Jun 21 \$'000
Assets		
Cash and cash equivalents	30	461
Trade and other receivables	6	18
Total assets	36	479
Liabilities		
Trade and other payables	(151)	(126)
Total liabilities	(151)	(126)
Net assets	(115)	353
Carrying amount of interest in joint venture	(115)	353

Lucknow Gold JV	31 Dec 21 \$'000	30 Jun 21 \$'000
Assets		
Cash and cash equivalents	18	23
Trade and other receivables	-	1
Total assets	18	24
Liabilities		
Trade and other payables	(3)	(5)
Total liabilities	(3)	(5)
Net assets	15	19
Carrying amount of interest in joint venture	15	19

Commitments

The Joint Ventures have no contingent liabilities and capital commitments with the exception that in order to maintain current rights of tenure to exploration tenements, the Joint Ventures are required to perform exploration work to meet the activity obligation requirements specified by various State governments. These obligations are not provided for in the financial report and are payable as follows:

Mt Walton JV	31 Dec 21 \$'000	30 Jun 21 \$'000
Exploration expenditure		
Within one year	122	112
After one year but not more than five years	269	304
Greater than five years	-	-
	391	416

Lucknow Gold JV	31 Dec 21 \$'000	30 Jun 21 \$'000
Exploration expenditure		
Within one year	34	34
After one year but not more than five years	124	138
Greater than five years	-	4
	158	176

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11. CONTINGENT LIABILITIES AND ASSETS

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 the royalty described above.

In the opinion of the Directors, there are no other contingent liabilities or assets as at 31 December 2021 and no other contingent liabilities or assets were identified in the interval between the period end and the date of this report.

12. FINANCIAL INSTRUMENTS

Fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1.

The Directors consider that the carrying amounts of current receivables and current payables are considered to be a reasonable approximation of their fair values.

13. 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 2021 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



.....
Jeremy Kirkwood
Non-Executive Director
18 February 2022



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 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

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

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
18 February 2022

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

L Di Giallonardo
Partner

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