

NEW TALISMAN GOLD

ANNUAL REPORT 2012



Responsible environmentally sustainable mining

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NEW TALISMAN GOLD MINES LIMITED

(Formerly Heritage Gold NZ Limited)

2012 Restructuring Timeline

2012

February

The Board of Heritage Gold agreed structural changes to facilitate development of the Talisman Mine.

Mr Paul Griffin appointed as Mining Engineer for the Talisman Gold Project.

April

Messrs Geoff Hill and Peter Atkinson indicated their intention to step down from the Board when suitable replacements were found.

Mr Robert Pearce appointed Chairman.

Messrs Douglas Buerger and Paul Griffin (Executive Director) appointed to the Board.

Messrs Geoff Hill and Peter Atkinson resigned from the Board and subsequently took up positions on the board of the Company's wholly owned exploration subsidiary.

May

The Company changed its name from Heritage Gold NZ Limited to New Talisman Gold Mines Limited.

Ongoing

Transfer of assets unrelated to the Company's business to a wholly owned subsidiary. Withdraw from other overseas interests.

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DIRECTORS' REPORT

For the year ended 31 March 2012

The directors are pleased to present the annual report for the Company for the year ended 31 March 2012.

HIGHLIGHTS

- **Significant internal restructure focuses the Company on development of the Talisman Gold Project**
- **Conceptual Scoping Study Review outlines a potentially robust and highly profitable gold mine at Talisman**
- **A project development study is now underway which includes innovative mining and processing options designed to accelerate the commencement of mining**
- **Non-core assets to be transferred to a 100% exploration subsidiary**
- **Drilling at 21% owned Thackaringa cobalt project in western NSW boosts the inferred resource and discovers a new higher grade prospect.**

OVERVIEW

In the March quarter, the Board approved an internal restructuring of the Company to provide a strong focus on the Talisman Project. New directors were appointed, the Company was renamed, overseas projects were terminated, and non-Talisman assets will be transferred to a wholly owned exploration subsidiary.

The Company cancelled all joint venture discussions in relation to the Talisman Mine, and the previous Talisman Scoping Study was reviewed and updated.

An experienced mining engineer, Mr Paul Griffin was appointed to manage development of the Project and has started work aimed at accelerating the commencement of mining. A high regard for the community and the environmental scenic and heritage values of the area is underpinning this work.

The Company's 21.7% investment in Broken Hill Prospecting Ltd has been enhanced after a new drilling programme on the Pyrite Hill cobalt deposit increased the inferred resource by 55% to 16.4 million tonnes (Mt) at 1.83 lb/tonne cobalt. Subsequent drilling nearby has outlined a new higher grade cobalt resource called Railway, which is now the focus of a scoping study for the development of a 7.5 Mt per annum open cut mine to produce cobalt-rich pyrite concentrate.

TALISMAN GOLD PROJECT (NEW ZEALAND) (100%)

Talisman Gold Mine

The Company holds a 25-year mining permit granted in 2009 covering 299 hectares, including the historic Talisman and Crown-Welcome mines. The permit lies between the towns of Waihi and Paeroa in the Hauraki Goldfield, and includes mines with total historical production (from the 1880s to 1992) of 1 Moz gold and 3 Moz silver.

An Inferred, Indicated and Measured mineral resource of 205,000 oz gold and 800,000 oz silver previously estimated for the mining permit has good potential for expansion.

The Company has cancelled all joint venture discussions and now intends to commence mining in mid-2014.

The Company has commenced project development work for consenting and approval, including innovative mining and processing options. New data will be collected and assessed during the following work planned for the next 18 months:

- Underground hydrology assessment
- Underground geotechnical review
- Evaluation of underground development options
- Underground bulk sampling by small-scale trial stoping
- Metallurgical development and test work using the ore bulk samples
- Definition and design of an ore processing system
- Planning of environmental management and mine end use.

As previously advised attractive bonanza gold grades were encountered in surface rock samples from quartz veins in the Taukani northern extension

of the Talisman mine. Gold values ranged from a trace to 345 grams per tonne (g/t), repeat assays of the highest grade samples showed variability typical of the "nugget" effect in bonanza zones in the district.

Rahu exploration permit

The Rahu exploration permit of 405 hectares is adjacent to the mining permit.

The Talisman vein system extends northwards for about 2 kilometres within the Rahu exploration permit, where geological modelling indicates the likelihood of higher gold grades in feeder veins at depth.

Previous drilling intersected broad intervals of low-medium grade gold/silver mineralisation to a vertical depth of about 100 metres.

Results from the previously announced Controlled Source Audio Magneto Telluric (CSAMT) geophysical survey suggested a narrowing of the surface disseminated mineralisation down to about 300 metres depth into what appear to be more confined higher grade mineralised feeder zones.

A review of mineralised breccias in drill core supports the geological model and has aided the selection of deeper drilling targets.

The Company's application for an extension of the exploration permit is being processed by the Ministry of Economic Development.

Rahu has excellent potential to provide additional resources for the Talisman Project.

GOLDEN VALLEY PROJECT (NEW ZEALAND) (100%)

Previous work has included airborne and ground magnetometer surveys, geological mapping, soil geochemical surveys and seismic surveys which identified several anomalies.

Extensions of the soil surveys are planned to expand coverage over the main anomalies and aid selection of drill targets.

NORTHLAND BASE METAL PROJECT (NEW ZEALAND) (100%)

This wholly owned subsidiary has applied for an exploration permit covering a copper prospect and geological environment prospective for base metals and gold about 30 kilometres west of Whangarei. The area has produced small tonnages of copper in the past, but has had little exploration since 1980.

The permit application is currently being processed by the Ministry of Economic Development.

BROKEN HILL PROSPECTING LIMITED (AUSTRALIA) (21.7%)

Broken Hill Prospecting (BPL) holds an exploration licence and two mining leases for cobalt and other base metals at Thackaringa, about 25 kilometres south west of Broken Hill.

BPL has increased the size of its cobalt mineral resource over the past 18 months and during 2011 reported the Pyrite Hill deposit had increased by 55%, with an inferred resource now estimated at 16.4 Mt at a grade of 1.83 lb/tonne cobalt.

BPL also reported geological potential for an additional 14-24 Mt of cobalt mineralisation of similar grade, peripheral to the Pyrite Hill resource. (It should be noted, in accordance with the JORC Code, that this target is conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource.)

The combined inferred resource at Pyrite Hill and nearby Big Hill was stated as 20.8 Mt at a grade of 1.87 lb/tonne cobalt.

In March 2012, BPL advised 13 reverse circulation drill holes had been completed north east of the Big Hill deposit with significant cobalt mineralisation intersected in 11 of the holes at a new prospect called Railway.

Subsequent holes also encountered attractive cobalt grades, and BPL is now planning a scoping study to investigate a 7.5 Mt per annum open cut mine to produce a cobalt rich pyrite concentrate.

OTHER PROSPECTS

The Company terminated all overseas projects at 31 March 2012, writing off expenditure of NZ\$41,000.

RESTRUCTURING

In the March quarter, the Board resolved to restructure the Company's assets to enable a stronger focus on development of the Talisman Gold Project by:

- Transferring all non-Talisman Project (non-core) assets to its wholly owned exploration subsidiary.
- Changing the name of the parent company to New Talisman Gold Mines Ltd
- Introducing a wider range of skills to the Board to drive the Talisman Gold Project forward.

BOARD CHANGES

Shortly after balance date the following board changes were implemented. Mr Geoff Hill retired as chairman and was succeeded by Mr Robert Pearce. Founding director Mr Peter Atkinson retired as executive director and Mr Paul Griffin was appointed in his place.

Mr Pearce, an experienced company director, has been chairman and/or finance director and CEO of numerous Australian and international mining companies during the last 25 years, including Metals Exploration Ltd, North Kalgurli Mines Ltd, Gold Mines of Kalgoorlie Ltd, Hampton Gold Mining Areas Plc, St Joe Gold Inc, Toucan Gold Inc and, more recently, Gladstone Pacific Nickel Ltd and Marenica Energy Ltd.

Mr Griffin graduated in Mineral Technology from the University of Otago (NZ) and has more than 20 years overseas mining engineering and management experience, including with several gold producers in Australia and, most recently, in Africa.

He is well versed in underground mining, having begun his overseas career at the underground gold and nickel operations of Western Mining Corporation in Western Australia, followed by terms at Darlot gold mine (WA), CSA mine at Cobar (NSW), Coyote gold mine (WA), Sunrise Dam gold mine (WA), and Geita gold mine (Tanzania). He has specific experience in environmental and safety management, feasibility studies, and project management.

Mr Griffin has also worked at senior levels in the New Zealand and Australian quarry, asphalt and concrete industry, and from this background he has successfully worked with cemented backfill in underground mining.

Mr Griffin's broad expertise will be invaluable in the development of the Talisman Gold Project.

Subsequently, Mr Alan (Doug) Buerger was appointed an independent director.

Mr Buerger has 40 years' experience in the mining industry, including more than 20 years in Australia. For the past 25 years, Mr Buerger has served in general management and executive management roles; he was managing director and CEO of Bendigo Mining Ltd from 1995 to 2007. Mr Buerger put together and led the team that built an underground gold mine and surface processing plant in the regional Australian city of Bendigo, Victoria.

Mr Murray McKee continued as independent director and deputy chairman; Mr Matthew Hill continued as a director; Dr Ian Pringle continued as an independent director, having been appointed in August 2011.

The directors of the exploration subsidiary after the restructuring are Mr Murray McKee, chairman; Mr Geoff Hill and Mr Peter Atkinson.

SHARE PURCHASE PLAN AND FINANCING

After balance date the Company announced a fund raising through a share purchase plan, which raised an amount after costs of approximately NZ\$240,000.

The directors are actively working to place 15% of the current capital to finance the short term ongoing development of the Talisman Gold Project. Shareholder approval will be sought at the AGM to give the Directors more flexibility to raise further funds as required.

OUTLOOK

The new board is committed to the development of the Talisman Gold Project, and project development work is now underway, and is expected to lead to mining commencing in mid 2014.

The board welcomes enquiries from shareholders about the Company's progress and looks forward to their continued support.

On behalf of the Board

Robert Pearce

Chairman

19 June 2012

Competent Person Statements

The information in this report that relates to gold exploration results is based on information compiled by or supervised by Mr Murray Stevens. Mr Stevens is an independent consulting geologist who is a corporate member of the AusIMM. Mr Stevens has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Stevens consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

*The cobalt exploration drilling and results contained in this report are based on information compiled by **Dr Ian Pringle**, a Member of the Australasian Institute of Mining and Metallurgy. Dr Pringle is the Managing Director of Broken Hill Prospecting Ltd and also a Director of Ian J Pringle & Associates Pty Ltd, a consultancy company in minerals exploration. He has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Pringle has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

BOARD OF DIRECTORS

- CURRENT

Robert Ashley Pearce - CA

Independent Chairman and Non-executive Director from 11 April 2012

Mr Robert Pearce is an Australian Chartered Accountant and experienced mining company director from Perth, Western Australia.

Mr Pearce has been chairman and/or finance director or CEO of numerous Australian and overseas mining companies over the past 25 years including Metals Exploration Ltd, North Kalgurlu Mines Ltd, Hampton Gold Mining Areas PLC, St Joe Gold Inc, Toucan Gold Inc and, more recently, Gladstone Pacific Nickel Ltd and Marenica Energy Ltd.

Mr Pearce was appointed Director and Chairman on 11 April 2012.

Mr Paul Vincent Griffin - BMinTech, GDipMan, MAusIMM

Executive Director

Mr Griffin is a graduate of University of Otago with more than 20 years overseas mining engineering experience, including work with several gold producers in Australia, and most recently in Africa. He is well versed in underground mining, having begun his overseas career at the underground gold and nickel operations of Western Mining Corporation in Western Australia. This was followed by terms at Darlot gold mine (WA), CSA mine at Cobar (NSW), Coyote gold mine (WA), Sunrise Dam gold mine (WA), and Geita gold mine (Tanzania). Mr Griffin's underground mining expertise is invaluable for the development of the Talisman mine.

Mr Griffin was appointed to the Board on 26 April 2012.

James Murray McKee - BA (Hons)

Deputy Chairman and Non-executive (Independent) Director

Murray McKee practices as a public policy and risk management adviser in Wellington. He previously held operations management positions with a US offshore oil and gas exploration company (1975–1987) and senior management positions with Coal Corporation of New Zealand Limited (1987–1995). He was Chairman of the Coal Research Association of New Zealand (1995) and a councillor on the New Zealand Minerals Industry Association (1993–1995).

He was a ministerial appointee to the New Zealand Conservation Authority for two terms and has served on both the West Coast and Tongariro/Taupo Conservation Boards.

Mr McKee has served on the Board for 16 years, being appointed a Director on 16 March 1996.

Matthew Geoffrey Hill - MBA, MAICD, FINISIA

Non-executive Director

Matthew Hill is the Executive Director of International Pacific Capital, and Managing Director of Asia Pacific Capital. Matthew is an experienced merchant banker having worked previously at Potter Warburg; Eventures (a joint

venture between News Corp and Softbank); Pitt Capital and Souls Private Equity Limited. Matthew specializes in resources and company listings. He is currently the Australian consultant to Minmetals Italy SRL, a 100% owned subsidiary of China Minmetals Corp. Matthew also advises a number of multinational companies in Australia, India and China. Mr Hill is an alternate director of Broken Hill Prospecting Limited and Managing Director of Mount Kasi Gold Mines

Mr Hill was appointed as alternate director for Geoffrey Hill on 1 December 1999, and has served for 5 years since his appointment as Director on 10 October 2006.

Dr Ian Pringle - BSc (Hons) PhD, MAIG, MAusIMM, MAICD

Non-executive (Independent) Director

Dr Ian Pringle joined the Board on 2 August 2011. Dr Pringle has a BSc (Hons) in geology and a PhD in geology from the University of Otago in New Zealand. An experienced industry consultant, he has a record of successful mineral project generation, exploration management and mine development in Australia, South East Asia and the South West Pacific.

Dr Pringle has previously worked as exploration manager for Oxiana Resources and Golden Shamrock Mines.

He is currently Managing Director of Broken Hill Prospecting Ltd (ASX/NZSX:BPL), in which New Talisman Gold holds a 21.7% interest.

Douglas Buerger - BSc, MPhil, MAICD, FAusIMM

Non-executive (Independent) Director from 26 April 2012

Mr Buerger has 40 years experience in the mining industry, 15 years in Africa, Botswana and Namibia, 3 years in the Pacific Islands and over 20 years in Australia.

Mr Buerger's primary discipline is in exploration geochemistry and geology. For the past twenty five years he has served in general management and executive management roles, 11 years as Managing Director and CEO of Bendigo Mining from 1995 to 2007. Mr Buerger put together and led the team that built an underground gold mine and surface processing plant in the regional Australian city of Bendigo (pop 100,000).

Mr Buerger was appointed on 26 April 2012.

DIRECTORS AT 31 MARCH 2012

Geoffrey Guild Hill - BEcon, MBA, FFIN, FCPA, FAICD

Chairman and Non-executive Director to 26 April 2012

Geoffrey Hill is a merchant banker based in Hong Kong and is currently chairman of International Pacific Securities and principal of Hill Sherlock & Willis. He has over 30 years experience in the merchant banking industry. Career highlights include the formation of Bancorp Holdings, appointment to the board of Morgan Grenfell and Co Plc and the merger of his merchant

banking business to form Pitt Capital Partners, with W H Soul Pattinson Partners in 2002.

Professional directorships include Asian Property Investments Limited, Broken Hill Prospecting Limited and So Co Limited. Mr Hill is Chair for Mount Gibson Iron Limited, Metals Finance Limited and Texas & Oklahoma Coal Company.

Mr Hill has served as a Director on the Board for over 12 years being appointed on 28 July 1999. Mr Hill resigned from the Board on 26 April 2012.

James Murray McKee **- refer to previous profile**

Peter Robert Atkinson BSc, FAusIMM

Executive Director to 26 April 2012

Peter Atkinson is a New Zealand resident with 40 years of broad experience in the mining industry in Australasia, including 25 years experience as a director of listed companies. He has arranged joint ventures with international mining groups, the listing of mining companies on the New Zealand and Australian stock exchanges and the raising of risk capital in Australia, New Zealand and the United Kingdom.

Mr Atkinson has served on government advisory committees in New Zealand and Australia, is past president of the NZ Minerals Industry Association, and has managed the stock exchange listing of e-commerce companies in New Zealand.

He is also a director of Coromandel Gold Limited, Northland Minerals Limited, Broken Hill Prospecting Limited and Prophecy Mining Limited.

As founding director he has been on the Board for nearly 27 years since his appointment on 23 August 1985 until his resignation from the Board on 26 April 2012.

Warwick Robert Grigor BEc, LLB, MAusIMM, FAICD

Non-executive (Independent) Director to 7 April 2011

Warwick Grigor is a graduate of the Australian National University having completed degrees in law and economics. Mr Grigor has over 25 years experience in financial markets and stock broking and is a founding partner and shareholder of BGF Equities. He heads the Sydney office of BGF Equities and is executive chairman and research director of BGF Equities with offices in Melbourne, Sydney and Hong Kong.

In 1991 Mr Grigor established Far East Capital, a research-based investment bank specialising in emerging mining companies.

Mr Grigor was appointed a Director on 19 April 2007, serving on the Board for 4 years until his departure in April 2011.

Matthew Geoffrey Hill **- refer to previous profile**

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEW TALISMAN GOLD MINES LIMITED

Report on the consolidated financial report

We have audited the consolidated financial report of New Talisman Gold Mines Limited and its subsidiaries, on pages 7 to 16, which comprise the statement of financial position of New Talisman Gold Mines Limited and the consolidated statement of financial position as at 31 March 2012, the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the consolidated financial statements

The directors are responsible for the preparation of a consolidated financial report in accordance with generally accepted accounting practice in New Zealand and which gives a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on the consolidated financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial report that gives a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the consolidated financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditors we have no relationship with or interests in New Talisman Gold Mines Limited or any of its subsidiaries.

Opinion

In our opinion, the consolidated financial report on pages 7 to 16:

- complies with generally accepted accounting practice in New Zealand;
- complies with International Financial Reporting Standards; and
- gives a true and fair view of the financial position of New Talisman Gold Mines Limited and the group as at 31 March 2012 and the financial performance and cash flows of the group for the year ended on that date.

Emphasis of matter

Intangible assets

We draw attention to note 10 to the financial statements which states: "An appraisal extension to the Rahu exploration permit was applied for in August 2011. A decision on this extension is awaited. The carrying value of the Rahu prospect is \$2,497,172 and this carrying value would be impaired if the permit were not renewed or if it were renewed on unfavourable or unacceptable terms."

The financial statements do not include any adjustments that may be necessary if the permit extension application is not successful.

Going concern

We draw attention to note 18 to the financial statements which states: "The Directors are working with potential investors to raise further funds. The validity of the going concern assumption will depend on the success of further capital raising."

The financial statements do not include any adjustments that may be necessary if the fundraising were not successful.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations that we have required.

In our opinion, proper accounting records have been kept by the New Talisman Gold Mines Limited as far as appears from our examination of those records.

DFK Carlton

DFK CARLTON

Chartered Accountants

AUCKLAND

28 June 2012

NEW TALISMAN GOLD MINES LIMITED

Statement of Comprehensive Income

For year ended 31 March 2012

	Note	Group		Parent	
		2012 NZ\$	2011 NZ\$	2012 NZ\$	2011 NZ\$
Continuing Operations					
Other operating income	2	35,649	74,100	35,649	74,100
Administrative expenses	3, 4	(532,757)	(460,335)	(532,757)	(630,205)
Exploration costs written off	10	(40,694)	(385,479)	(40,694)	(359,863)
Gain/(loss) from operations		(537,802)	(771,714)	(537,802)	(915,968)
Share of results of associates	13	(228,457)	(79,577)	-	-
Net profit/(loss) for the year		(766,259)	(851,291)	(537,802)	(915,968)
Total comprehensive income/(loss)		(766,259)	(851,291)	(537,802)	(915,968)
Net profit/(loss) attributable to equity holders of the parent		(766,259)	(851,291)	(537,802)	(915,968)
Comprehensive profit/(loss) attributable to equity holders of the parent		(766,259)	(851,291)	(537,802)	(915,968)
Earnings per share					
Basic earnings/(loss) per share					
From continuing operations		(0.22) cent	(0.25) cent	(0.16) cent	(0.27) cent
Diluted earnings/(loss) per share					
From continuing operations		(0.22) cent	(0.25) cent	(0.16) cent	(0.27) cent

NEW TALISMAN GOLD MINES LIMITED

Statement of Changes in Equity

For the Year Ended 31 March 2012

	Note	Group 2012				Group 2011			
		Share Capital	Capital Reserves	Retained Earnings	Total Equity	Share Capital	Capital Reserves	Retained Earnings	Total Equity
		NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Total comprehensive income/(loss)		-	-	(766,259)	(766,259)	-	-	(851,291)	(851,291)
Equity at beginning of year		24,269,394	335,341	(14,517,122)	10,087,613	24,269,394	335,341	(13,665,831)	(10,938,904)
Equity at end of year		24,269,394	335,341	(15,283,381)	9,321,354	24,269,394	335,341	(14,517,122)	10,087,613
	Note	Parent 2012				Parent 2011			
		Share Capital	Capital Reserves	Retained Earnings	Total Equity	Share Capital	Capital Reserves	Retained Earnings	Total Equity
		NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Total comprehensive income/(loss)		-	-	(537,802)	(537,802)	-	-	(915,968)	(915,968)
Equity at beginning of year		24,269,394	297,641	(14,161,767)	10,405,268	24,269,394	297,641	(13,245,799)	11,321,236
Equity at end of year		24,269,394	297,641	(14,699,569)	9,867,466	24,269,394	297,641	(14,161,767)	10,405,268

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Statement of Financial Position

As at 31 March 2012

Equity	Note	Group		Parent	
		2012 NZ\$	2011 NZ\$	2012 NZ\$	2011 NZ\$
Attributable to parent company shareholders	7	9,321,354	10,087,613	9,867,466	10,405,268
		9,321,354	10,087,613	9,867,466	10,405,268
Current liabilities					
Payables	8	108,021	98,796	108,021	98,796
Employee benefits	20	6,559	5,284	6,559	5,284
Total current liabilities		114,580	104,080	114,580	104,080
Total equity and liabilities		9,435,934	10,191,693	9,982,046	10,509,348
Current assets					
Cash		346,921	1,244,128	346,921	1,244,128
Receivables and prepayments	21	36,515	24,944	43,714	24,944
Total current assets		383,436	1,269,072	390,635	1,269,072
Non-current assets					
Property, plant & equipment	9	7,284	11,216	7,284	11,216
Intangible assets	10	8,072,015	7,701,089	8,063,878	7,700,152
Investments	11	36,545	45,205	17,695	26,355
Investment in subsidiary companies	12	-	-	-	-
Investment in associate company	13	936,654	1,165,111	1,502,553	1,502,553
Total non current assets		9,052,498	8,922,621	9,591,410	9,240,276
Total assets		9,435,934	10,191,693	9,982,045	10,509,348

For and on behalf of the Board:



R A Pearce (Chairman)
Dated 28 June 2012



J M McKee
Dated 28 June 2012

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Statement of Cash Flows

For year ended 31 March 2012

	Note	Group		Parent	
		2012 NZ\$	2011 NZ\$	2012 NZ\$	2011 NZ\$
Cash flows from operating activities					
<i>Cash was provided from:</i>					
Interest received		34,615	67,780	34,615	67,780
Other		2,809	83	2,809	83
		37,424	67,863	37,424	67,863
<i>Cash was disbursed to:</i>					
Payments to suppliers		(466,386)	(450,417)	(466,386)	(450,417)
Rent		(13,315)	(12,923)	(13,315)	(12,923)
Payments to and on behalf of employees		(80,589)	(75,103)	(80,589)	(75,103)
		(560,290)	(538,443)	(560,290)	(538,443)
Net cash outflows from operating activities	16	(522,866)	(470,580)	(522,866)	(470,580)
Cash flows from investing activities					
<i>Cash was provided from:</i>					
Associated company repayments		5,847	107,172	5,847	107,172
Proceeds from sale plant and equipment		-	30	-	30
		5,847	107,202	5,847	107,202
<i>Cash was applied to:</i>					
Prospecting expenditure		(367,832)	(303,053)	(367,832)	(303,053)
Purchase of property, plant and equipment		(1,423)	(2,445)	(1,423)	(2,445)
Investments		(7,128)	(129,070)	(7,128)	(129,070)
Associated company repayments		(2,743)	(11,411)	(2,743)	(11,411)
		(379,126)	(445,979)	(379,126)	(445,979)
Net cash outflows from investing activities		(373,279)	(338,777)	(373,279)	(338,777)
Cash flows from financing activities					
Net cash inflows from financing activities		-	-	-	-
Net increase /(decrease) in cash held		(896,145)	(809,357)	(896,145)	(809,357)
Effect of changes in exchange rates		(1,062)	(245)	(1,062)	(245)
Cash at beginning of year		1,244,128	2,053,730	1,244,128	2,053,730
Cash at end of year		346,921	1,244,128	346,921	1,244,128
CASH COMPRISES:					
Cash		6,943	27,021	6,943	27,021
Short term deposits		339,978	1,217,107	339,978	1,217,107
		346,921	1,244,128	346,921	1,244,128

All cash balances are available without restriction except for NZ\$85,000 on deposit which is security for guarantees issued by the bank.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

The Company is an issuer for the purposes of the Financial Reporting Act 1993 and the financial statements of the company and group have been prepared in accordance with the Financial Reporting Act 1993.

The group consists of New Talisman Gold Mines Limited and its subsidiaries and associate and these financial statements comprise the separate financial statements of the parent company and the consolidated financial statements of the group.

The company is engaged in minerals exploration.

The Directors authorised these financial statements for issue on 19 June 2012.

Statement of Compliance

These consolidated and parent financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP), the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards, as appropriate for for-profit-orientated entities. The financial statements comply with the International Financial Reporting Standards issued by the International Accounting Standards Board.

Measurement base

The accounting principles adopted are those recognised as appropriate for the measurement and reporting of financial performance and financial position on the historical cost basis modified by the revaluation of certain assets. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

The information is presented in New Zealand dollars.

Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant assumptions and estimates is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future periods affected.

Adoption of New and Revised Standards

Early adoption of Standards, Interpretations and modifications

The Directors elected to adopt the following standards during 2011 in advance of their effective dates:

- NZ IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2013).
- Deferred Tax: Recovery of Underlying Assets, an amendment to NZ IAS 12 Income Taxes (effective for accounting periods beginning on or after 1 January 2012).

A number of changes have been made to standards, specifically:

NZ IFRS 8 Operating Segments: Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review segment assets and liabilities, the Group has continued to disclose this information.

- NZ IAS 7 Statement of Cash Flows: Explicitly states that only

expenditure that results in recognising an asset can be classified as cash flows from investing activities.

- NZ IAS 1 Presentation of Financial Statements: Clarifies that an entity can present an analysis of other comprehensive income for each component of equity, rather than in the statement of changes in equity or in the notes to the financial statements.

There were no changes to the financial statements as a result of these changes to standards.

Specific accounting policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

(a) Prospecting costs

Acquisition, exploration and development costs of prospects held by the company at balance date are capitalised as deferred expenditure.

(b) Mining tenements

Prospecting expenditure and mining tenements are initially recorded at cost. When a tenement is capable of sustaining commercial mining operations, the value or cost will be amortised over the expected productive life of the mine. In the event where exploration demonstrates a permit area is no longer prospective for economically recoverable reserves, or the exploration or prospecting permit is relinquished, the value or cost of the tenement is immediately recognised as an expense in the statement of comprehensive income.

(c) Property plant and equipment

All property, plant and equipment is initially recorded at cost.

When an item of property, plant and equipment is disposed of, the gain or loss is recognised in the statement of comprehensive income and is calculated as the difference between the sale price and the carrying value.

(d) Depreciation

Depreciation is provided on all tangible property, plant and equipment on a straight line basis at rates calculated to allocate the difference between the cost and residual values of each asset over its estimated useful life. For this purpose, the Company has adopted the depreciation rates set by the Inland Revenue Department as appropriate.

Rates used during the year were:

Computer software and hardware	Straight line	30-36%
Field equipment	Straight line	10-36%
Fixtures and fittings	Straight line	10%
Office equipment	Straight line	18-30%

(e) Impairment

At each reporting date, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication of impairment. If the recoverable amount of an item of property, plant and equipment is less than its carrying amount, the item is written down to its recoverable amount and the write down recognised as an expense in the statement of comprehensive income. Recoverable amount is the higher of fair value less costs to sell and value in use.

(f) Segment Information

Operating segments are reported if:

- Revenue is 10% or more of combined operating segment revenues;
- The absolute value of profit or loss is greater than 10% of the combined reported profits or losses of all operating segments, whichever is greater;
- Assets are 10% or more of the combined assets of all operating segments; or
- Information about the segment would be useful to users of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

(g) Taxation

The company is a mining company for New Zealand tax purposes. All exploration and development expenditure, including the cost of mining assets, is tax deductible in the year the expenditure is incurred. Mining losses can be set off against non-mining income in the ratio 3:2.

Deferred taxation assets are recognised in the financial statements only to the extent that it is probable that there will be future taxable profit to utilise them.

(h) Share capital

Ordinary shares and options are classified as equity. Direct costs of issuing shares and options are deducted from the proceeds of the issue.

(i) Cashflows

For the purpose of the statement of cash flows, cash includes cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less.

(j) Employee entitlements

The liability for annual leave is accrued and recognised in the statement of financial position. Annual leave is recorded at the undiscounted amount expected to be paid for the entitlement earned.

(k) Foreign currencies

Transactions in foreign currencies are converted into NZ currency at the rate of exchange ruling at the date of the transaction. At balance date foreign monetary assets and liabilities are translated at the closing rate and exchange variations resulting from these translations are recognised in the income statement.

(l) Leases

New Talisman Group leases certain equipment, land and buildings. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased item, are included in the determination of the net surplus in equal instalments over the lease term.

Finance leases, which effectively transfer the risks and benefits of ownership, are capitalised at the present value of the minimum lease payments. Leased assets are recognised at cost and depreciated over their respective estimated useful lives.

(m) Basis of consolidation

The consolidated financial statements include the Parent Company and all subsidiaries over which the Parent Company has the power to control the financial reporting and operating policies. The purchase method is used to prepare the consolidated financial statements, which involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intercompany transactions are eliminated on consolidation. In the parent company's separate financial statements, the investment in subsidiaries is stated at cost less any impairment losses.

(n) Associate companies

Associates are companies in which the Group has significant influence but not control over the financial and operating policies. Investments in associates are initially recognised at cost and are subsequently by using the equity method, which increases or decreases the carrying amount by the Group's share of profit or loss and other comprehensive income of the associate.

In the Parent Company's separate financial statements, investment in associates is stated at cost less any impairment losses.

(o) Financial instruments

Financial instruments recognised in the statement of financial position include cash balances, receivables, payables, investments in and loans to others and borrowing. The Parent and Group have no off-balance sheet financial instruments.

(1) Receivables and payables

Receivables and payables are initially recorded at fair value. Due allowance is made for impaired receivables (doubtful debts). The resulting carrying amount for receivables is not materially different from estimated realisable value.

(2) Share investments

Share investments in listed companies are designated as financial assets at fair value. They are initially recorded at cost and subsequently to market value. Gains or losses are recorded in the statement of comprehensive income. Share investments in unlisted companies cannot be reliably valued. They are therefore carried at cost less any impairment losses. Impairment losses, once recognised, are not reversed even if the circumstances leading to the impairment are resolved.

A gain or loss on financial instruments stated at market value is recognised in the income statement.

(p) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables balance in the statement of financial position.

(q) Changes in accounting policies

There have been no changes in accounting policies other than the adoption of new and revised standards as stated. Other accounting policies have been applied on bases consistent with those used in previous years. The impact of new standards is not expected to be material.

2. OPERATING INCOME

	Group	Group	Parent	Parent
	Mar 2012	Mar 2011	Mar 2012	Mar 2011
Interest	30,878	67,737	30,878	67,737
Dividend	1,309	-	1,309	-
Equipment hire	1,500	-	1,500	-
Gain on exchange valuation	1,962	915	1,962	915
Gain on share revaluation	-	5,365	-	5,365
Gain on equipment disposal	-	83	-	83
Total operating income	35,649	74,100	35,649	74,100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

3. ADMINISTRATION EXPENSES BY NATURE

	Group	Group	Parent	Parent
	Mar 2012	Mar 2011	Mar 2012	Mar 2011
Audit fees – financial statements	17,865	15,197	17,865	15,197
Depreciation	908	2,542	908	2,542
Directors fees	81,793	96,000	81,793	96,000
Directors remuneration	90,000	90,277	90,000	90,277
Donations	-	50	-	50
Employee salaries	79,487	67,219	79,487	67,219
Provision for impaired loan	-	-	-	169,870
Rental & lease costs	13,313	12,991	13,313	12,991
Other	249,391	176,059	249,391	176,059
Total administration expenses	<u>532,757</u>	<u>460,335</u>	<u>532,757</u>	<u>630,205</u>

4. DIRECTORS AND EMPLOYEE REMUNERATION

	Group and Parent	
	2012	2011
	NZ\$	NZ\$
PR Atkinson	90,000*	90,277*
JM McKee	20,000	20,000
GG Hill	28,000	28,000
MG Hill	20,000	20,000
WR Grigor	460	28,000
IJ Pringle	13,333	-

*of which NZ\$63,000 (2011: NZ\$67,067) is expensed and the remainder is capitalised in the statement of financial position as part of field expenditure.

Remuneration of Employees

The number of employees, who are not directors, whose remuneration and benefits exceeded NZ\$100,000 during the financial year was nil. The remuneration of PR Atkinson, an executive director, is shown above. The group does not employ other key management personnel.

5. TAXATION

	Group	Group	Parent	Parent
	2012	2011	2012	2011
	NZ\$	NZ\$	NZ\$	NZ\$
Operating loss before taxation	(537,802)	(771,714)	(537,802)	(915,968)
Prima facie income tax at 28%	(150,584)	(231,514)	(150,584)	(274,790)
Add/(subtract) the taxation effect of permanent differences				
Non-deductible legal fees	1,223	1,812	1,223	1,812
Tax losses not recognised	(149,361)	(229,702)	(149,361)	(272,978)
Temporary differences not recognised	(1,725)	(1,564)	(1,725)	49,397
Income tax expense/(benefit) not recognised	<u>(151,086)</u>	<u>(231,266)</u>	<u>(151,086)</u>	<u>(223,581)</u>

Deferred tax will not be recognised unless future taxable profit is probable.

The Parent Company has estimated mining taxation losses available to offset against future mining income of NZ\$10,798,597 (2011: NZ\$10,427,474) and non-mining taxation losses of NZ\$12,875,570 (2011: NZ\$13,415,165) to carry forward. Such losses will only be available to be offset if:

- The Parent Company derives future assessable income of a nature and an amount sufficient to enable the benefit of the losses to be realised;
- The Parent Company continues to comply with the conditions for deductibility imposed by the law;
- There are no adverse changes in tax legislation or tax rates which affect the Parent Company in realising the benefit from the deduction for the losses.

There have been no movements through the imputation credit account, the balance of which is Nil (2011: Nil).

6. SEGMENT INFORMATION

During the current period, the Company had only one business segment - mineral exploration, within New Zealand and Australia.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

7. EQUITY & RESERVES

Equity	Group	Group	Parent	Parent
	2012	2011	2012	2011
	NZ\$	NZ\$	NZ\$	NZ\$
Share capital	24,269,394	24,269,394	24,269,394	24,269,394
Capital reserve	123,750	123,750	123,750	123,750
Share premium reserve	70,235	70,235	70,235	70,235
Asset revaluation reserve	100,900	100,900	100,900	100,900
Share revaluation reserve	40,456	40,456	2,756	2,756
Accumulated deficit	(15,283,381)	(14,517,122)	(14,699,569)	(14,161,767)
Total parent shareholder equity	9,231,354	10,087,613	9,867,466	10,405,268

The group's capital is managed with the objectives of maintaining adequate working capital so that all obligations can be met on time. All components of equity are regarded as "capital". All internal capital management objectives have been met. This has not changed since last year.

Accumulated deficit	Group	Group	Parent	Parent
	2012	2011	2012	2011
	NZ\$	NZ\$	NZ\$	NZ\$
Balance at beginning of year	(14,517,122)	(13,665,831)	(14,161,767)	(13,245,799)
Net loss attributable to shareholders	(766,259)	(851,291)	(537,802)	(915,968)
Balance at end of year	(15,283,381)	(14,517,122)	(14,699,569)	(14,161,767)

There were no movements in other reserves.

Share capital	Group and Parent			
	2012	2012	2011	2011
Ordinary Shares	Number	NZ\$	Number	NZ\$
Balance at beginning of year	343,553,188	24,269,394	343,553,188	24,269,394
Shares Issued	-	-	-	-
Balance at end of year	343,553,188	24,269,394	343,553,188	24,269,394

All authorised shares have been issued, are fully paid, have equal voting rights and will share equally in dividends and surplus on winding up. The shares have no par value.

8. RELATED PARTY TRANSACTIONS

Payments for consulting services to companies in which directors have a substantial interest amounted to NZ\$171,333 (2011:NZ\$102,375). At balance date, creditors included NZ\$29,500 payable to directors and other related companies (2011:NZ\$50,281) and debtors included NZ\$90 (2011:NZ\$8,341) receivable from related parties. No related party debts were written off during the period.

9. PROPERTY, PLANT & EQUIPMENT

	Group and Parent				Total
	Fixtures & fittings	Office equipment	Field equipment	Motor vehicle	
31 March 2011					
Cost	1,228	12,715	16,276	18,000	48,219
Accumulated depreciation	(713)	(11,168)	(13,467)	(11,655)	(37,003)
Carrying amount	515	1,547	2,809	6,345	11,216
Year Ended 31 March 2012					
Carrying amount 1 April 2011	515	1,547	2,809	6,345	11,216
Additions	649	494	124	-	1,267
Depreciation	(117)	(791)	(511)	(3,780)	(5,199)
Carrying amount	1,047	1,250	2,422	2,565	7,284
31 March 2012					
Cost	1,285	3,287	7,668	18,000	30,240
Depreciation	(238)	(2,037)	(5,246)	(15,435)	(22,956)
Carrying amount	1,047	1,250	2,422	2,565	7,284

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

10. INTANGIBLE ASSETS

	Group 2012 NZ\$	Group 2011 NZ\$	Parent 2012 NZ\$	Parent 2011 NZ\$
Prospecting costs & mining tenements				
Balance at beginning of year	7,701,089	7,710,238	7,700,152	7,710,238
Development expenditure	411,619	376,330	404,419	349,777
Less prospecting expenditure written off	(40,693)	(385,479)	(40,693)	(359,863)
Balance at end of year	8,072,015	7,701,089	8,063,878	7,700,152

The carrying amount of prospecting expenditure is stated at cost. The ultimate value of this asset is dependent on further development, successful commercial extraction and realisation of the respective areas. The carrying value of prospecting costs lies within a range determined by Mr Richard Barker in his valuation of the company's tenements dated 19 June 2012. As there is no active market for these assets, the valuation was determined using other valuation techniques. An appraisal extension to the Rahu exploration permit was applied for in August 2011. A decision on this extension is awaited. The carrying value of the Rahu prospect is \$2,497,172 and this carrying value would be impaired if the permit were not renewed or if it were renewed on unfavourable or unacceptable terms.

TENEMENT SCHEDULE - PERMITS HELD BY NEW TALISMAN GOLD MINES LIMITED

Granted Mining Permit, Coromandel, New Zealand
51 326 Talisman

Granted Exploration Permits, Coromandel, New Zealand
40 117 Rahu
40 736 Golden Valley

11. SHARE INVESTMENTS

	Group 2012 NZ\$	Group 2011 NZ\$	Parent 2012 NZ\$	Parent 2011 NZ\$
Investment in listed companies	27,446	36,106	8,596	17,256
Investment in unlisted companies	9,099	9,099	9,099	9,099
Total share investments	36,545	45,205	17,695	26,355

Unlisted shares are held for the long term. They are stated at cost because fair value cannot be reliably measured.

12. SUBSIDIARY COMPANIES

Subsidiaries	Percent held	2012	2011	Incorp in	Balance date	Activity
Coromandel Gold Limited	100%	100%	NZ	31 March	Share investment	
Northland Minerals Limited	100%	100%	NZ	31 March	Minerals exploration	

All subsidiaries are direct subsidiaries of the company and the investment in each subsidiary is recorded at cost (NZ\$Nil) in the statement of financial position.

13. ASSOCIATE COMPANY

The group owns 17,929,000 shares, 21.7% (500,000 listed and 17,429,000 unlisted) in Broken Hill Prospecting Limited (BPL - formerly Broken Hill Cobalt Limited) and 8,964,500 options (unlisted). BPL owns exploration rights to cobalt deposits in Australia and has been listed on the ASX (BPL) and NZSX (BPL) since 17 February 2011. Its balance date is 30 June.

In accordance with NZ IAS 28, the company has recorded the carrying value of the investment at original cost in the parent company (NZ\$1.503M) and on an equity accounting basis in the group (NZ\$0.85M). At 31 March 2012, the market value of the investment was NZ\$2.69M.

	Group 2012 NZ\$	Group 2011 NZ\$
Results of associate		
Share of associate's surplus/(deficit)	(228,457)	(79,577)
Income tax	-	-
Share of recognised revenue and expenses	(228,457)	(79,577)
Investment in associate		
Shares at cost	1,502,553	1,378,330
Share of surpluses/(deficits)	(337,442)	(257,865)
Balance at beginning of year	1,165,111	1,120,465
Convert loan to shares	-	124,223
Share of recognised revenue and expenses	(228,457)	(79,577)
Carrying value at end of year	936,654	1,165,111
Details of associate at 31 March 2012		
Assets	3,690,621	4,526,583
Liabilities	208,967	183,579
Revenue	27,447	27,447
Loss for the 9 month period	580,754	283,231
Percentage held	21.7%	21.7%
Carrying amount	936,654	1,165,111

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

14. FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments which potentially subject the company to credit risk principally consist of bank balances and receivables. Surplus funds are placed on short term deposit with major trading banks and the company does not anticipate non-performance by those parties. Maximum exposure to credit risk at balance date is represented by the carrying value of the financial instruments. No collateral is held on these assets and the balances are stated net of recognised impairment losses. Cash at bank represented 90% of total cash and receivables. The group deals only with banks having at least an A credit rating.

Currency Risk

The company has exposure to foreign exchange risk as a result of transactions from normal trading activities mainly denominated in Australian currencies. The company holds funds in an Australian currency bank account. Exposure to exchange is unhedged.

Liquidity Risk

Management supervises liquidity by budgeting and by carefully controlling cash outflows from existing cash resources. The group relies on new equity to fund exploration expenditure.

Interest Rate Risk

The company has exposure to interest rate risk to the extent that it invests for fixed terms at fixed rates.

Re-pricing Analysis	Effective Interest Rate	Total NZ\$	6 months or less NZ\$
2012 short term bank deposits	4.07%	760,000	760,000
2011 short term bank deposits	4.24%	1,600,000	1,600,000

Over the long term, changes in interest rates and reduced amounts on deposit will affect profit or loss.

Fair Values

Fair values used in the measurement of financial instruments may vary from values directly observed in active markets to those that have to be derived without reference to observable data.

Investments in listed companies are measured at fair value based on quoted prices in active markets. As stated in Note 11, the fair value of unlisted shares cannot be reliably measured.

Except for unlisted shares, there is no material difference between the carrying amounts and estimated fair values of the company's financial assets and liabilities.

15. COMMITMENTS

Operating lease commitments

Lease commitments under non-cancellable operating leases:

Group & Parent	
2012 NZ\$	2011 NZ\$
Not later than one year	13,644
Later than one year but not later than two years	7,959
	-
	21,603
	8,167

The group has capital commitments of NZ\$Nil (2011:Nil).

16. RECONCILIATION OF OPERATING CASHFLOW AND REPORTED DEFICIT

	Group 2012 NZ\$	Group 2011 NZ\$	Parent 2012 NZ\$	Parent 2011 NZ\$
Net profit/(deficit) after taxation and before including share of retained deficit of associates	(537,802)	(771,714)	(537,802)	(915,968)
Add non-cash items:				
Depreciation	908	2,542	908	2,542
Field expenditure write off	40,694	385,479	40,694	359,863
Provision for impaired loan	-	-	-	169,870
Share revaluation (gain)/loss	9,339	(5,365)	9,339	(5,365)
Exchange (gain)/loss	812	(915)	812	(915)
	51,753	381,741	51,753	525,995
Add (less) movement in working capital:				
Decrease (increase) in debtors	(1,361)	(7,874)	(1,361)	(7,874)
Increase (decrease) in creditors	(25,571)	(76,971)	(25,571)	(76,971)
Decrease (increase) in accrued income	3,737	73	3,737	73
Decrease (increase) in prepayments	(14,987)	9,034	(14,987)	9,034
Decrease (increase) in GST	1,365	(4,869)	1,365	(4,869)
	(36,817)	(80,607)	(36,817)	(80,607)
Net cash flows from operating activities	(522,866)	(470,580)	(522,866)	(470,580)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

17. CONTINGENT LIABILITIES

Group and Parent contingent liabilities March 2012 NZ\$Nil and March 2011 NZ\$Nil.

18. GOING CONCERN

The financial report has been prepared on a going concern basis. A Share Purchase Plan was issued in April 2012 in order to build cash reserves for further development of the Talisman Mine Project. The results of capital raised to date are shown in Note 23. The directors are working with potential investors to raise further funds. The validity of the going concern assumption will depend on the success of further capital raising.

19. EARNINGS PER SHARE

Shares on issue 31 March 2012

343,553,188

	Group	Group	Parent	Parent
	Mar 2012	Mar 2011	Mar 2012	Mar 2011
Profit/(loss) from continuing operations	(766,259)	(851,291)	(537,802)	(915,968)
Weighted average number shares	343,553,188	343,553,188	343,553,188	343,553,188
Basic earnings per share	(0.22) cent	(0.25) cent	(0.16) cent	(0.27) cent
Diluted average shares on issue	343,553,188	343,553,188	343,553,188	343,553,188
Diluted earnings per share	(0.22) cent	(0.25) cent	(0.16) cent	(0.27) cent

20. EMPLOYEE BENEFITS

	Group	Group	Parent	Parent
	Mar 2012	Mar 2011	Mar 2012	Mar 2011
	NZ\$	NZ\$	NZ\$	NZ\$
Balance at beginning of year	5,284	22,708	5,284	22,708
Additional provision	10,852	5,776	10,852	5,776
Amount utilised	(9,577)	(23,200)	(9,577)	(23,200)
Balance at end of year	6,559	5,284	6,559	5,284

21. RECEIVABLES AND PREPAYMENTS

	Group	Group	Parent	Parent
	Mar 2012	Mar 2011	Mar 2012	Mar 2011
	NZ\$	NZ\$	NZ\$	NZ\$
Sundry receivables	18,787	18,466	18,787	18,466
Accrued income	1,307	5,044	1,307	5,044
Prepayments	16,421	1,434	16,421	1,434
Intercompany advance	-	-	7,199	-
	36,515	24,944	43,714	24,944

Health of receivables

All financial assets are within the contracts terms. None are overdue and none are impaired. No collateral is held for receivables.

22. JUDGEMENT AND ESTIMATION UNCERTAINTY

The preparation of financial statements of necessity involves judgement and estimation. The effect of estimation is greatest in the assessment of impairment to capitalised exploration expenditure. The directors have therefore obtained independent confirmation from an experienced valuer as described in Note 10.

23. SIGNIFICANT EVENTS SINCE BALANCE DATE

Since 31 March 2012, the company successfully raised NZ\$306,961 through a share purchase plan, commenced a restructuring of the group and changed its name from Heritage Gold NZ Limited to New Talisman Gold Mines Limited. Other than those changes, there have been no significant events since balance date.

ADDITIONAL INFORMATION

DIRECTORS' INFORMATION

The following general disclosures of interest were received in relation to the year ended 31 March 2012:

Director	Relevant Interest in Ordinary Shares	
P R Atkinson	16,201,950	Substantial security holder - 9.96% holding
W R Grigor*	Nil	
G G Hill	34,190,198	
M G Hill	Nil	
J M McKee	Nil	
I J Pringle	Nil	

*Note: WR Grigor resigned 7 April 2011; PR Atkinson and GG Hill resigned 26 April 2012.

ADDITIONAL INFORMATION

DIRECTORS DISCLOSURE OF INTERESTS

The following general disclosures of interest were received in relation to the year ended 31 March 2012:

Director	Entity	Status
P R Atkinson	Broken Hill Prospecting Limited	Director
	Coromandel Gold Limited	Director
	Prophecy Mining Limited	Director and shareholder
	Up Minister Limited	Director and shareholder
W R Grigor*	Peninsula Minerals Limited	Director
	Tawana Resources NL	Chair
G G Hill	Asian Property Services Ltd	Chair
	Asian Property Investments Ltd	Chair
	Australasian Investment Holdings Limited	Chair
	Broken Hill Prospecting Limited	Director
	Hong Kong Administrative Services	Chair
	International Pacific Securities Group	Chair and shareholder
	HFT Nominees Pty Limited	Director and shareholder
	Metals Finance Limited	Chair
	Mount Gibson Iron Limited	Chair
	Parry International Trading	Chair
	So Co Limited	Director and shareholder
	Texas & Oklahoma Coal Company	Chair
M G Hill	Asia Pacific Capital Pty Limited	Director
	Broken Hill Prospecting Limited	Alternate Director
	International Pacific Capital Limited	Director
	So Co Limited	Director
J M McKee	Broad Horizons Limited	Director
I J Pringle	Broken Hill Prospecting Limited	Director

*Note: WR Grigor resigned 7 April 2011; PR Atkinson and GG Hill resigned 26 April 2012.

SHAREHOLDING STATISTICS AT 14 JUNE 2012

Name	Shares	%
So Co Limited	21,072,380	5.86%
Hamish Elliot Brown	17,171,717	4.78%
HSBC Custody Nominees (Australia) Limited	14,878,920	4.14%
Peter Robert Atkinson	10,901,950	3.03%
Bestfield Company	9,700,000	2.70%
HFT Nominees Ltd	8,016,751	2.23%
International Pacific Capital Limited	7,175,351	2.00%
Basil Courtney McGirr	6,447,030	1.79%
Peter William Hall	6,000,000	1.67%
Prophecy Mining Limited	5,300,000	1.47%
James Lee McGirr	4,629,794	1.29%
Matthew Alan Moore and Hamish Duncan Mitchell	4,352,288	1.21%
Robert Marshall Walsham & Rachel Sandra Walsham	3,530,850	0.98%
George Matthew James Atkinson	3,517,300	0.98%
Ka Fu Tse	3,477,473	0.97%
Relativity Pty Ltd	3,135,618	0.87%
Troyward Pty Ltd	3,000,000	0.83%
Feoh Pty Ltd <Karlson Investment A/C>	2,985,714	0.83%
Relativity Pty Ltd	2,962,618	0.82%
Pacific Gold Resources Limited	2,790,000	0.78%
TOTAL FOR TOP 20	141,045,754	39.23%
TOTAL SHARES	359,554,548	100%

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	Holders	Shares	%
1 - 1,000	100	27,266	0.01%
1,001 - 5,000	226	787,244	0.22%
5,001 - 10,000	211	1,801,087	0.50%
10,001 - 100,000	785	33,499,820	9.32%
100,001 and over	460	323,439,131	89.96%
TOTAL	1,782	359,554,548	100.00%

CORPORATE GOVERNANCE

In accordance with the ASX Corporate Governance Council's Principles and Recommendations ("ASX Principles and Recommendations") and the NZX Corporate Governance Best Practice Code (the "NZX Code"), New Talisman Gold Mines Ltd (formerly Heritage Gold NZ Ltd) ("Company") has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Principles and Recommendations and the NZX Code, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the ASX Principles and Recommendations or the NZX Code, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice, as set out below.

Further information about the Company's corporate governance practices and policies is set out on the Company's website at www.newtalismangold.co.nz. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

EXPLANATIONS FOR DEPARTURES FROM ASX PRINCIPLES AND RECOMMENDATIONS

During the Company's 2011/2012 financial year ("Reporting Period") the Company has followed each of the ASX Principles and Recommendations, other than in relation to the matters specified below.

Principle 2

Recommendation 2.1: A majority of the Board should be independent directors

Notification of Departure

The Board did not have a majority of independent directors during the Reporting Period, two directors were considered independent.

Explanation for Departure

The Board considers that it continues to be of a suitable structure to govern the Company's affairs in a manner that is in the best interests of shareholders. The Board has put in place appropriate safeguards, in particular, where the financial affairs of the Company are concerned. The Audit Committee was made up of the two independent directors who had the opportunity to meet separately with the external auditor in respect of the financial reports. The Audit Committee monitors and makes recommendations for improvement of the Company's internal controls. The Board also relied on the sign-off of senior management with respect to the financial reports, which sign-off has been provided in respect of the Company's 2011/2012 accounts.

Recommendation 2.2: The chairperson should be an independent director

Notification of Departure

The Chair is not an independent director.

Explanation for Departure

The Company has been chaired by Mr Geoffrey Hill who is not independent. The Board believes that Mr Hill is the most appropriate person for the position as chair at this time because of the extent of his experience. The only matter that precludes Mr Geoffrey Hill from being independent is his substantial shareholding. The Board believes however that Mr Geoffrey Hill has consistently demonstrated that he is able to make decisions that are in the best interests of the Company.

Principle 3

Recommendation 3.3: Disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them

Explanation for Departure

The Board considers the size of the Company's operations make it impractical to establish measureable objectives for gender diversity.

Principle 4

Recommendation 4.2: Structure the Audit Committee so that it

consists of only non-executive directors, a majority of independent directors, an independent chairperson who is not chairperson to the Board, and at least 3 members.

Notification of Departure

The Audit Committee was comprised of two members.

Explanation for Departure

The Audit Committee was comprised of the two independent directors of the Board. The Board considers the Audit Committee to be comprised of the most appropriate mix of skills and expertise in order to carry out the function of the Audit Committee. The Board has adopted, and the Audit Committee applies, an Audit Committee Charter.

Recommendation 8.2: Structure a Remuneration Committee so that it consists of a majority of independent directors, an independent chairperson who is not chairperson to the Board, and at least 3 members.

Notification of Departure

The Remuneration Committee is comprised of two members.

Explanation for Departure

The Remuneration Committee was comprised of the two independent directors of the Board. The Board considers the Remuneration Committee to be comprised of the most appropriate mix of skills and expertise in order to carry out the function of the Remuneration Committee. The Board has adopted, and the Remuneration Committee applies a Remuneration Committee Charter.

EXPLANATIONS FOR DEPARTURES FROM NZX CODE AND/OR NZSX LISTING RULES

During the Reporting Period the corporate governance principles adopted or followed by the Company materially differed from the NZX Code and the NZSX Listing Rules in the following respects:

NZX Code Requirement 2.6

Director remuneration packages should be recommended to shareholders

Notification of Departure:

The Remuneration Committee is governed by a charter in respect of the method by which director remuneration packages are to be determined. However the Remuneration Committee does not comply with principle 2.6 of the NZX Code in that the Remuneration Committee does not recommend the remuneration packages to shareholders.

Explanation of Departure:

See comment under the explanation for the departure from NZX Code Requirement 2.7 below.

NZX Code Requirement 2.7

Directors should be encouraged to take a portion of remuneration under a performance based equity security compensation plan

Notification of Departure:

The remuneration policies of the Company did not comply with principle 2.7 of the NZX Code in that the directors were not encouraged to take a portion of their remuneration under either a performance based equity plan or to invest a portion of their remuneration in equity securities of the Company.

Explanation of Departure:

Under the Charter adopted by the Board the Remuneration Committee meets once a year to review the Company's executive compensation programme. Subject to NZSX Listing Rule Requirements, the Board presently considers that such matters are more efficiently determined by the Remuneration Committee itself rather than by way of recommendation to shareholders.

NZX Code Requirement 3.10

A nomination committee should recommend director appointments to the Board and a majority of the nomination committee should be independent directors

Notification of Departure:

Composition of the committee did not comply with principle 3.10 of the NZX Code in that it did not comprise a majority of Independent Directors.

Explanation of Departure:

Although there was not strict compliance with principle 3.10 of the NZX Code, the Board considers that the existing nomination committee has the best and most suitable composition to effectively carry out its functions. The Board considers that no efficiencies would be achieved by having an additional Independent Director on the nomination committee.

NZSX Listing Rule Requirement 3.3.1(c) **The composition of the board must include a minimum of two independent directors**

Following Mr Grigor's departure from the Board on 7 April 2011, the Board comprised only one independent director. While the Board undertook reasonable endeavours to appoint a replacement independent director promptly following the departure, the recruitment process was challenging and lengthier than anticipated and no replacement was obtained until Dr Pringle's appointment on 2 August 2011. The Board accepts this was an unintentional breach of the NZSX listing rules. After the Reporting Period the Board composition was changed to include four independent directors and one non-independent director.

NZSX Listing Rule Requirement 3.6.2(b) **The audit committee shall have a minimum of three members**

The Company's audit committee had only two members in the Reporting Period. The Board had disclosed composition of its audit committee at all material times. After the Reporting Period, two further independent directors were appointed to the Audit Committee.

Except as disclosed the Company adheres to the NZX Code.

DIRECTOR SKILLS, EXPERIENCE AND EXPERTISE

A profile of each director containing the skills, experience, expertise and term of office of each director is set out in the director profiles.

The Board assesses the mix of skills essential to the Board's effective operation to be significant experience and expertise in: geological data, financial records, financial markets, risk management and statutory compliance.

IDENTIFICATION OF INDEPENDENT DIRECTORS

ASX requirements

In considering independence of directors, the Board refers to the criteria for independence as set out in Box 2.1 of the ASX Principles and Recommendations ("**Independence Criteria**"). To the extent that it is necessary for the Board to consider issues of materiality, the Board refers to the thresholds for qualitative and quantitative materiality as adopted by the Board and contained in the Board Charter, which is disclosed in full on the Company's website.

Applying the Independence Criteria, during the Reporting Period, the independent directors of the Company were J (Murray) McKee, Warwick Grigor and Ian Pringle.

NZX requirements

Mr J (Murray) McKee, Mr Warwick Grigor and Mr Ian Pringle were determined Independent Directors pursuant to NZX Listing Rule 3.3.2. Peter Atkinson, Geoffrey Hill and Matthew Hill were determined as not being Independent Directors for the purposes of NZX Listing Rule 3.3.2.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his/her office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

CONFIRMATION WHETHER PERFORMANCE EVALUATION OF THE BOARD AND ITS MEMBERS HAVE TAKEN PLACE AND HOW CONDUCTED

During the Reporting Period an evaluation of the Board was carried out. The evaluation process occurred during the Board Strategy meeting on 15 September 2011. The evaluation was conducted by the chairman and comprised an informal round table discussion between board members.

GENDER DIVERSITY

The Board has adopted a Diversity Policy (available on the Company's website). Gender diversity over the Reporting Period:

Component	Total	Female Component	% Female Component
Board of Directors	5	0	0%
Senior Management	2	1	50%
Consultants	3	1	33%
TOTAL	10	2	20%

RISK MANAGEMENT

The company has continued to develop its strategies for risk management during the Reporting Period, particularly where internal controls are concerned. The Company's internal controls are reviewed by the external auditor twice a year, and are monitored regularly by the independent directors.

The Company has adopted a Risk Management Policy (available on the Company's website). Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer (or equivalent). The Policy sets out the role of the Chief Executive Officer (or equivalent) and accountabilities. It also contains the Company's risk profile and describes some of the policies and practices the Company has in place to manage specific business risks.

ASSURANCES TO THE BOARD

The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration in accordance with Section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

REMUNERATION

Details of remuneration are contained in the Notes to the Financial Statements forming part of this report.

Of the non-executive directors:

- Warwick Grigor received a fixed fee for his services as a director
- Geoffrey Hill received a fixed fee for his services as a director
- Matthew Hill received a fixed fee for his services as a director
- J (Murray) McKee received a fixed fee for his services as director
- Ian Pringle received a fixed fee for his services as a director.

Of the executive directors:

- Peter Atkinson received a fixed fee for his consulting services to the company.

There is no direct link between remuneration paid to any of the directors and corporate performance such as bonus payments for achievement of key performance indicators.

There are no termination or retirement benefits for directors.

REMUNERATION COMMITTEE

During the Reporting Period the Remuneration Committee members were Mr J (Murray) McKee, Mr W Grigor and Mr Ian Pringle. Remuneration Committee responsibilities were assigned to the whole Board for consideration during the current financial year and carried out during two strategy meetings held during the Reporting Period.

NOMINATION COMMITTEE

During the Reporting Period the Nomination Committee members were Mr J (Murray) McKee and Mr M Hill. The Nomination Committee held three meetings over the Reporting Period and the whole Board also considered some responsibilities of the Nomination Committee during their two strategy meetings.

AUDIT COMMITTEE

Names and Qualifications of Audit Committee Members

During the Reporting Period, the Audit Committee members were:

J (Murray) McKee (Independent, Chair)
Warwick Grigor (Independent) to 7 April 2011, and
Ian Pringle (Independent) from 2 August 2011.

Details of each of the director's qualifications are included in the Board of Director's Profiles. While the Audit Committee members do not have specific financial qualifications, all members considered themselves to be financially literate and have financial experience and industry knowledge. Mr McKee has gained significant financial experience from his careers in management consulting and senior management over the past 30 years; Mr Grigor has extensive experience as a senior mining analyst and research partner with stock broking firms specialising in mining and Mr Pringle has significant experience in mineral exploration and development at senior management level.

Number of Audit Committee Meetings and Names of Attendees

During the Reporting Period the Audit Committee held two meetings. Mr McKee attended both, Mr Pringle attended one meeting and the Executive Director attended both meetings by invitation.

NEW TALISMAN GOLD

COMPANY DIRECTORY

DIRECTORS

Robert A Pearce (Chairman)
J Murray McKee (Deputy Chairman)
Paul V Griffin (Executive Director)
Matthew G Hill
Dr Ian J Pringle
A Douglas Buerger

COMPANY SECRETARY

Mrs Sue Sangster

Incorporated in New Zealand / ABN 009 474 702

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BANKERS

Westpac Bank, Auckland
National Australia Bank, West Perth

AUDITORS

DFK Carlton
DFK Carlton Centre
135 Broadway
Newmarket
Auckland

SOLICITORS

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

SECURITIES LISTED

New Zealand Stock Exchange
Australian Securities Exchange
Code: Shares NTL

SHARE REGISTRARS

New Zealand:

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159 Hurstmere Road
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Telephone (+64 9) 488 8777
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Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
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Overseas callers (+61 3) 9415 4000

Managing your shareholding online:

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

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Please assist our registrar by quoting your CSN or shareholder number



NEW TALISMAN GOLD

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28 June 2012

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6005
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Director's Statement

The directors of the company declare that:

1. The financial statements and notes, as set out in the Annual Report to 31 March 2012:
 - (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 31 March 2012 and of its performance for the 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.



Robert Pearce
Chairman
New Talisman Gold Mines Limited