

ANNUAL REPORT 2015



Report to the Shareholders of New Talisman Gold Mines Ltd

Year ended 31 March 2015

NEW Talisman
GOLD MINES LIMITED

HIGHLIGHTS

During the year the Company:

- Received authority to Enter and Operate Talisman mine from Department of Conservation
- Received Change of Conditions on the Talisman permit from NZPAM
- First production achieved by processing 2 batches of ore containing high grade gold and silver
- Successfully raised over NZ \$1.4m
- Judicial review proceedings discontinued at request of applicant
- Declared a maiden resource at Rahu of 40,000 ounces Gold and 258,000 ounces Silver
- Completed an application for an Extension of Land with NZPAM over Rahu including a project study
- Entered into an exclusive non-binding Heads of Agreement with a wholly owned subsidiary of Newcrest Mining Limited on its highly prospective Rahu permit area
- Completed and lodged Health and Safety management plan with Worksafe NZ
- Secured a term sheet for NZ\$1.46M on funding by Chinese investors



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Directors' Report

For the year ended 31 March 2015

Dear Shareholders

The Directors of New Talisman Gold Mines Ltd are pleased to provide the following report on the progress your company made in the year to 31 March 2015 and its financial position at the end of the period.

Introduction

During the year under review the Company made significant progress at the company's key project area in the Karangahake Gorge. Your directors are pleased to report that your Company is further shaping itself into a producer from the company it was twelve short months ago. The difference is observable both at the mine site where tonnes of ore have been removed and processed and in the surrounding exploration landscape with new exploration programs underway by major companies.

Having 20 years under its belt in the Karangahake Gorge area New Talisman welcomes its newest neighbours to the area, Oceana Gold, who recently acquired Newmont's Waihi Gold mine. The Company also welcomes Newcrest Mining who have recently announced a major land acquisition surrounding Talisman and the Rahu tenements.

Twelve months ago your directors amid a lower gold price considered a plan aimed to extract bulk ore samples from the mine in order to test processing options and to trial different mining methods as a precursor to more expansive operations. The plan is now on track with all legal hurdles having been overcome including the recent announcement by Protect Karangahake that they have discontinued their application for judicial review proceedings in the high court in the face of very strong evidence provided by both New Talisman and the Council.

Subject to completion of capital raising initiatives the program is now to finalise the traffic management plan and move on an accelerated pathway towards bulk sampling. Your Company is currently exploring further options as to how to best utilise its full extraction capabilities under the consents allowing up to 20,000 cubic metres per annum for 2 years. This represents up to 50,000 tonnes per annum which assumes the maximum allowable ore is extracted at the average head grade contemplated of up to 15,500 ounces of gold and up to 60,000 ounces of silver contained in the ore could be taken offsite each year for processing.

Following on from the change of the accounting conventions adopted last year shareholders can see the company's balance sheet continue to grow where it was unable to do under the exploration conventions previously adopted by the company.

Today we have all the consents necessary to enter and operate. It is possible to drive a truck to within a few meters of the mine portal and walk through the underground workings to the ore-bearing face where bulk sampling/trial mining will commence. As outlined previously the commencement of bulk sampling remains dependent on installation of the necessary surface facilities and underground infrastructure – water, compressed air, electricity, roof support and a ventilation system. Assuming the current capital raising initiatives with both our partners and our current shareholders this is the next immediate focus prior to initiating underground works.

Broken Hill has advanced its prospects significantly with the acquisition and drilling assessment of several high-grade heavy mineral sands deposits south of Broken Hill in western NSW (refer to subsequent section). These deposits may have the potential to be fast-tracked into a low-cost development.

Last year two of the Company's permits (Rahu and Golden Valley) were approaching the end of their current terms. Whilst the Company has relinquished Golden Valley it has invested significant time and effort into the Rahu permit, completing a Karangahake

project study and lodging an application for an Extension of land (EOL) over the Rahu area. Simply put this would increase the Company's Mining permit at Talisman to encompass Rahu given the contiguity of the mineralisation NTL geologists believe exists between the two. During the year the technical team declared a resource and completed a study showing the various options for mining at Rahu.

Recently New Talisman has entered into an exclusive non-binding Heads of Agreement with a wholly owned subsidiary of Newcrest Mining Limited on its highly prospective Rahu permit area.

During the year gold fell from USD1321 at this time last year to its current price of about USD1,205 per ounce. However, the NZD



dropped significantly in that time from USD0.88 to its current level of USD0.69. This means that the effective gold price increased from NZD1,497 per ounce to a current price of NZD1,741 per ounce. If the dollar continues on its current trajectory and gold rises by only USD150 it is quite possible that NZD2,000 per ounce could be reached in 2016. HSBC forecasts Gold above this price by mid-2016.

Corporate

The Company successfully completed two rights issues during the period under review and raised over NZD1.4m in all, including a placement to major shareholders. This allowed the Company to deliver its first gold to Newmont Waihi for processing resulting in the first revenues from gold production for the Company since its inception in 1987.

Post the year under review the Company entered into a binding term sheet subject to entering into satisfactory documentation with a major Chinese investor for the development of the Talisman mine.

Having entered into the term sheet with the investor, the Directors considered ways to ensure current shareholders were able to provide additional support. The Directors determined to complete a Share Placement Plan (SPP) and this is currently underway. The pricing of the SPP at NZD0.007 (available only to existing shareholders) reflects the Directors understanding (as outlined at the AGM) that shareholders wished to continue to participate in the Company's funding.

Following on from the successful capital raising in November the Directors instigated a number of cost saving measures including reductions in both executive and Directors fees. A strategy session was completed by the Directors which focussed on the road to production as well as the long-term expansion and future potential of the Karangahake project.



Capital Raising

Rights Issue

Subsequent to the close of the previous financial year NTL raised \$634,069 through a rights issue at .008 which closed on 13 June 2014. The funds will be applied to the bulk sampling project at Talisman and were applied to the preparation of extraction of ore from the stockpiles at Talisman. The placement of the shortfall totaled \$35,000

Rights Issue

A Rights was initiated in November 2014 at 1 cent NZ/AU, raising NZ\$495,547 and A\$28,853. Funds were applied to the Talisman mine development and NTL working capital. These funds allowed for the first production at Talisman in 2 batches of ore sent to Newmont Waihi which resulted in revenues from production exceeding \$150K.

Placements

A few placements were completed between October - November 2014 at 1 cent, raising NZ\$280,000. Funds were applied to the Talisman mine development and the Rahu development as well as working capital.

Share Purchase Plan

The company is currently undertaking a share purchase plan to existing shareholders raising up to a maximum of 30% of the company's capital. Each shareholder is entitled to a \$15,000 NZD or A\$12,600 at a price of NZ\$.007 or A\$.007.

Talisman Gold Project, NEW ZEALAND (100% New Talisman Gold)

The focus over the last year has been mainly regulatory with the granting by the Department of Conservation clearance to enter and operate the Talisman mine. Following this the Company lodged the Health and Safety Plan which is detailed further in this report. Under the granted consents and valid Traffic Management Plan (TMP) the Company extracted crushed and sampled more than 120 tonnes of ore from stockpiles at the mine and sent it for processing. The primary foci have been to complete the remaining requirements for health and safety and submission of a revised Traffic Management Plan which will allow for four trucks per day to freight ore from the mine.

NZPAM granted the Change of Conditions (COC) which NTL applied for during the period. The changes take into consideration the further definition of resources during the bulk sampling phase which replaces the previous drilling requirement as well as providing for extension of time for production. Among key features of this COC is the recognition of external climate factors outside the Company's control which may affect annual production.

In the midst of the progression towards bulk sampling the Company was met with opposition by an anti-mining group in the form of a judicial review and a number of small protests. The Company maintains its view that the effects of any mining deep underground at Talisman would have minimal if any effects on the surrounding area which has been modified through 100 years of mining. In fact it is the curiosity in the historic mine workings at the Company's Talisman mine which attracts thousands of tourists per year to the gorge. It is expected that with increasing mine activities there will be even more public interest.

The anti-mining group questioned the Company's water management plan which was subsequently independently assessed by Waikato District Council who verified with an independent expert that there would be no measurable effects of the water by the Company's activities. The group subsequently withdraw their allegations.

Post the date under review the opponents to the mine requested that Talisman and Hauraki District Council allow them the ability to stop proceedings without seeking costs and following both NTL and HDC agreement, withdrew their requests for a Judicial Review. New Talisman takes its social and environmental license to operate in hand with its other key priorities of health and safety. The Company will continue to liaise with landowners and the community to ensure they are fully aware of the Company's plans and activities. The Company has set up a stakeholder management plan and will engage with various stakeholders over the coming months.

Work during the next few months will include completion of the Health and Safety Management Plan (after feedback from WorkSafe NZ) and completion of the revised TMP. Following these the Company will secure the site and begin the first phase of rehabilitation.

Depending on the timeframe for processing of the Traffic Management Plan and completion of the current capital raising initiatives the Company expects to begin the first upgrades of the road by late November followed by commencement of mine refurbishment.

Bulk Sampling Project

As previously set out the bulk sampling/trial mining phase of the project was derived from the first year of the mine plan set out in the Pre-Feasibility study and takes into account the current price of gold along with the need to acquire additional geological and metallurgical data for the ore body and establish sustainable revenues from the bulk sampling/trial mining phase. With the significant increase in gold price on a NZD basis and with the potential for further injection of capital into the Company the mine team is currently looking at the potential for a more expansive extraction plan which will leverage off the initial plan to extract 600 tonnes of ore per month.

Nonetheless the requirements for ventilation, power and water remain and the Company is focussed in the near term on completion of the rehabilitation works necessary to access the mine. This will take a number of months particularly in developing the ventilation air lock and support work required prior to commencing mine operations.

Based on what are considered to be conservative development rates, the company expects production of approximately 650 tonnes of material per month at steady state. Based on the calculated JORC reserve this will equate to between 200 and 300 ounces of gold and between 600 and 900 ounces of silver per month. While much depends on information obtained in the early

months of development there is potential to expand production through the establishment of additional production areas.

The bulk sampling plan is based on a gold price of USD1200 (NZD1500) per ounce, which is conservative when compared to the prevailing spot price of around NZD1700 per ounce, and indicates a net return after 18 months of NZD1.3 million.

Mine Access and Consenting

As highlighted above NTL has secured all necessary consents and has no foreseeable legal challenges. The final steps in the long path to production are completion of a Traffic Management Plan and feedback on the Health and Safety Management Plan to ensure that we maintain the high standards required to operate an underground mine in NZ.

Ore Processing

During the year under review the Company completed preliminary testwork through crushing and treating two batches of ore from stockpiles at the mine. This work entailed trucking of material from site to a nearby quarry for crushing and subsequently transport to Newmont Waihi for treatment. At Newmont Waihi the ore was sampled by both New Talisman and Newmont. Both parties agreed that the batches contained approximately 1.5 ounces of gold per tonne and 1 ounce of silver per tonne respectively. This was a significant milestone for the Company with the first gold revenues from the Talisman ore in more than 30 years and a first since New Talisman (formerly Heritage Gold) has owned the project.

Health and Safety Management System

Development of a Health and Safety Management System which complies with the new Health and Safety in Employment (Mining Operations and Quarrying Operations) Regulations 2013 has progressed satisfactorily. The documentation includes a series of Principal Hazard Management Plans and Principle Control Plans which together detail how the Company will manage hazards at the mine. The Company is currently completing some additional risk assessment material requested by WorkSafe so that they can verify compliance of the proposed safety management plans with legislative requirements. Both organisations are mindful of the duty of care imposed by regulation and are working together constructively to ensure robust systems that are commensurate with the scale of the Talisman operations.

The focus on long term potential upside included the application made for an extension of permitting at Rahu which has a declared resource and is generally contiguous with the Talisman permit mineralisation. As outlined below this has attracted the interest of a multinational mining company.



Rahu Project

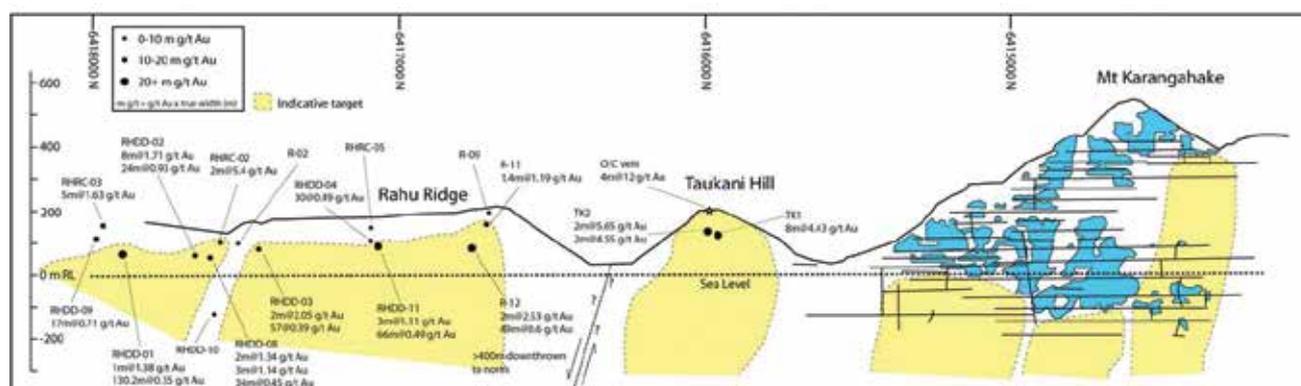
One of the most recent discoveries made in NZ by the Company, the Rahu area which is believed to be a generally contiguous mineralisation and extension of the Talisman vein system is currently under an application to be included in the Talisman permit area. The Company has long recognised that the gold mineralised vein system at Talisman extends into Rahu where less erosion has preserved the upper levels of the mineralisation and the likelihood of high grade veins at moderate depth.

NTL executive team and its joint venture partners recently met with NZPAM to discuss the application for an Extension of Land “EOL” over Rahu (lodged in August 2014) for which a formal response was received and further details are being provided to support the application. The Company is working closely with NZPAM in order to finalise the application.

A Rahu project plan encompassing an extension of the Talisman mine plan was submitted to NZPAM in early May. As announced Rahu is currently under an application for an Extension of Land. The completion of any binding agreement with Newcrest is subject to the Extension of Land application being granted and Newcrest being satisfied in its absolute discretion with its due diligence over New Talisman and the project. Rahu is one of the more recent discoveries developed by New Talisman and provides a significant potential for a vein structure similar to that found at the Talisman mine.

The JORC 2012 mineral resources at Rahu are tabulated below:

	Lower cut off (g/t)	Tonnes	Au g/t	Au Oz	Ag (g/t)	Ag Oz
Indicated	(0.3)	277,669	0.6	5,327	8.79	78,430
Inferred	(0.3)	2,116,904	0.53	36,264	2.64	179,989
Total	(0.3)	2,394,573	0.54	41,591	3.36	258,419



Rahu/Talisman cross section

NTL have completed 2,492m of drilling at Rahu which, together with previous drilling campaigns and geological investigations, provides evidence that mineralisation and alteration present at Rahu represent the upper levels of and northern extension of the Talisman epithermal gold system. Most of the drilling has intersected broad zones of low-medium grade gold and silver mineralisation with narrower higher grade intervals. This is characteristic of the upper parts of an epithermal system. Highly mineralised quartz vein fragments (up to 7.6g/t Au) in hydrothermal breccia zones intersected by drilling attest to the presence of deeper higher-grade quartz veining that is characteristic of the veins mined within the Talisman Mine and provides further evidence that Rahu is an extension of the Talisman mineral system. The EOL to include Rahu in the Talisman MP will allow for a natural extension of mining operations.

The Karangahake project study which was recently completed looked at the development of Rahu given its similar mineralisation. To support EOL application the detailed project study drew on the metallurgical and geological knowledge of the vein system which is believed to extend from Talisman and through Rahu was submitted to NZPAM. This included proposed extraction plans which will be further developed through prefeasibility drilling in parallel with the PFS as data becomes available. Should NTL be successful in its application for an extension of Land it will immediately embark upon finalising a joint venture and a work program in a staged approach. NTL Executives have been working through the various questions posed by NZPAM geologists and are confident that these queries have been addressed in the application and accompanying project study. Should further proposed work program be successful and significantly increase the maiden resource declared during the past year, NTL believes this provides significant upside to the current 5 year mine plan.



Core Samples from Rahu Ridge show similar characteristics to the rock found in Talisman.

The Year Ahead

Having lodged its Health and Safety Management Plan with Worksafe NZ and submitted a number of variations to each module as requested, the coming months are focussed on preparing the Traffic Plan and road leading to the mine. Upon completion of these, the Company can commence activities at the mine site. This will include securing the site to ensure the health and safety of its workforce and the wider public.

Once suitable security arrangements are in place work will begin on upgrading site water handling facilities, establishment of an explosives storage facility and construction of the ventilation air lock prior to installation of the main ventilation fan. With this in place the company will be in a position to proceed underground with mobile machinery to begin rehabilitation of the mine workings and installation of mechanical and electrical infrastructure from the Number 8 level portal to the Mystery and Dubbo vein areas. With this infrastructure in place the Company will be able to mine gold-bearing ore from both vein structures.

As per its name the Mystery Vein is a relatively unknown vein with less than 100 metres of on-vein drive development completed by Cyprus Mining in the 1980's. The ore reserve calculations take into account only high confidence measured and indicated resources proximate to these drives, however, with face sampling in the area yielding assayed gold grades exceeding 50g/t and potential for strike extension of this vein, there is an excellent opportunity to increase resources and reserves in the short term.

The drive on the Maria Vein within the Dubbo Section of the mine will have a twofold purpose. Firstly to provide additional information on the structural and grade characteristics of this high grade block of ground which has yielded core assays in excess of 1000 g/t. Secondly, to provide a return path for ventilating air.

Blast holes will be drilled in the drive face using a hand held air leg rock drill, charged with explosive and detonated. The broken ore will be loaded from the face by an operator using a skid steer loader and removed from the mine in a purpose built trailer. The Company expects to be in a position to conclude negotiations with respect to a toll treating arrangement within the coming months. Metallurgical test work on ore samples has been substantially progressed. NTL will seek to continue treating ore at Waihi Gold treatment facilities which have recently been acquired by Oceana Gold.

Coromandel Gold Limited (100% New Talisman Gold)

Coromandel Gold Limited ("CGL"), a 100% subsidiary of NTL, manages and develops NTL's exploration and non-core assets under a separate board and management structure. During the period CGL worked closely on Rahu and developed in conjunction with NTL technical experts a Karangahake project study and prefeasibility which shows a significant potential in Rahu. This was recently submitted to NZPAM as part of its application for an extension of land which subject to such being granted would see Rahu be encompassed in the Mining permit for Talisman. CGL will continue to look at ways of independent funding once the market climate becomes more conducive to exploration companies which in the current market in NZ and overseas has seen a large number of companies reduce their exposure to exploration. Once the Rahu application is processed NTL may be in a position to use CGL as the vehicle for any joint venture with the key executive it has already identified.

EL 40736 Golden Valley

Post the date of the period under review Directors considered the current position relating to Golden Valley and a decision was made to relinquish the permit. It was decided that due to the other highly prospective tenements the Company holds in Rahu and Parakoa it would not be in the best interests of shareholders to divert funds from Talisman which remains the Company's main focus.

Northland minerals Limited (100% New Talisman Gold Mines)

EL 53706 Parakao

Northland Minerals Ltd, a wholly owned subsidiary of NTL holds an 1,188 hectare Exploration Permit in Northland, New Zealand. Several gold rich copper occurrences related to base metal massive sulphide deposits occur within the permit. These are possibly analogous to the "black smoker" base metal and gold-rich deposits located off the north east coast of New Zealand. Overseas examples of this style of mineralisation include the Rio Tinto deposit in Spain, Cyprus-style deposits on Cyprus Island, and Mt Lyell in Tasmania.

While some small scale mining took place in the middle of the 20th century there has been no modern exploration in EL 53706.

Broken Hill Prospecting Limited (18.04% New Talisman Gold Mines Ltd)

The company holds a 18.04% interest in Broken Hill Prospecting Limited (BPL) which owns the following projects:

Thackaringa Cobalt-Pyrite Project, New South Wales, AUSTRALIA

A financial analysis which identified the potential for a viable stand-alone project to produce two million tonnes per year sulphuric acid production from roasting BPL's cobalt-pyrite was completed. Based on a cobalt price of USD27,450 per tonne, the study also suggested that an additional value of the contained cobalt within the deposits could be between USD822 million to USD1,300 million.

Heavy Mineral Sands (Ti and Zr) Projects, New South Wales, AUSTRALIA

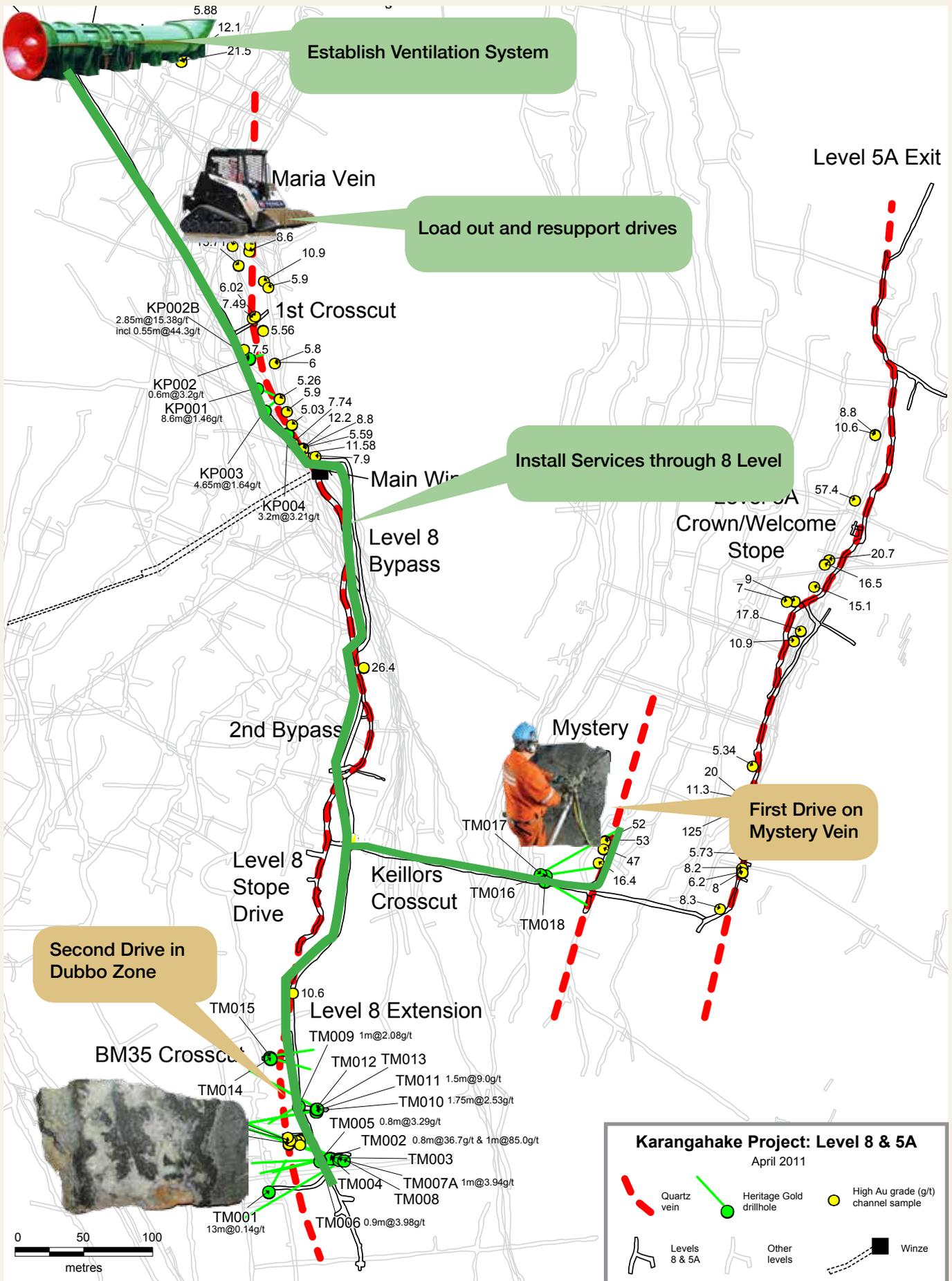
Broken Hill Prospecting Limited (BPL) has been granted five Exploration Licences to explore for heavy mineral sand deposits (titanium and zirconium) in the Murray Basin, south of Broken Hill. The tenements cover substantial heavy mineral sand deposits which include two deposits of considerable size and grade:

- The Magic HMS Deposit which extends for over 12 kilometres and has a 1-5 metre thick, 100-300 metre wide high-grade zone with heavy mineral contents of up to 28%.
- The Copi North HMS Deposit which extends for more than 10 kilometres and has a >3 metre thick, 120-220 metre wide zone with numerous high-grade heavy mineral intersections of >20%.

Magic and Copi North are relatively high-grade HMS deposits which may have the potential for either parallel or sequential fast-track, low cost mine developments using one or two mobile, modular heavy mineral separation and processing plants.

In March 2015, BPL completed drill testing at both deposits. The drilling was funded by Relentless Resources Limited which is providing AUD2 million of funding through a joint venture to earn a 50% interest in two tenements (EL8311, EL8312). BPL is manager of the joint venture. JORC resource estimations and mineral make-up studies for the deposits are underway and prefeasibility studies are expected to commence in the second half of 2015.

Three other tenements (EL8308, EL8309 and EL8310) are not included in the joint venture and are 100% owned by BPL. These include 18 heavy mineral sand prospects which have been drilled by other exploration groups. BPL is planning to evaluate these targets in coming months.



Schematic diagram of the Talisman Mine showing the tunnels (drives) that will be equipped and the location of the Mystery and Maria drives that will be extended during the Bulk Sampling Program

Board of Directors

James Murray McKee BA (Hons) 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 New Talisman Gold Mines Board for 19 years, being appointed a Director on 16 March 1996.

Matthew Geoffrey Hill MBA, MAICD, Ffin Chief Executive Officer

Mr Hill is the Executive Director of International Pacific Capital, and Managing Director of Asia Pacific Capital Group Limited. Matthew is an experienced merchant banker having worked previously at Potter Warburg; Eventures (a joint venture between NewsCorp and Softbank); Pitt Capital and Souls Private Equity Limited. Matthew specializes in resources and company listings on the ASX and NZX and acts for a number of multinational clients. Matthew has been responsible for leading the company into the development phase at the Talisman mine since his appointment in late 2012 and is primarily responsible for day to day operations and capital raising initiatives of the company. Mr. Hill is an alternate director of Pacific American Coal and a director of Broken Hill Prospecting Limited both listed on the ASX. Matthew Holds a Graduate Diploma in Applied Finance and Master of business administration. He is a fellow of the FINSIA and a member of the Australian Institute of Company Directors.

Mr Hill was appointed as alternate director for Geoffrey Hill on 1 December 1999, and has served for nearly 9 years since his appointment as Director on 10 October 2006 and Executive Director on 3 September 2012.

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's previous roles have included Managing Director of Geopacific Resources Ltd, Manager of Silver Standard Australia Ltd and Exploration Manager for Oxiana Resources and Golden Shamrock Mines.

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

Trevor Murray Rintoul NZCE APRCSA Non-executive (Independent) Director

Appointed on 23 December 2014.

Trevor Rintoul is an experienced HR and Civil engineering professional focused on the mining and civil industries. Trevor has worked extensively in the Asia Pacific region. He has worked for small contractors up to large global corporations in Senior management roles. Recent work over the last 5 years has been in NZ and PNG on civil engineering and mining projects.

Trevor is a qualified Civil Engineer and has significant experience in PNG having worked there on and off for the last 25 years.

Competent Person Statement

Exploration activities 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). The Inferred Mineral Resource was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The Potential is reported under JORC Code 2012. It is conceptual in nature and more drilling is required to further define it. However, there is no certainty that additional work will result in an upgrade of potential to Mineral Resource. 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.

The information in this announcement that relates to the Talisman Project Pre-Feasibility Study. Ore Reserve estimates and Metallurgical Testwork were prepared by Mr Wayne J Chowles, a Mining Engineer and member of the AusIMM. Mr Chowles is a full time employee of New Talisman Gold Mines Limited and the author of the Talisman Prefeasibility Study referred to in this release. He has sufficient experience which is relevant to the style of mineralisation

and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Chowles consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The information in this report that relates to exploration results, exploration targets and mineral resources is based on information compiled by or supervised by Mr Murray Stevens. Mr Stevens is 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 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". The information is extracted from the report entitled "HERITAGE GOLD NEW ZEALAND LIMITED, KARANGAHAKE GOLD PROJECT, EXPLORATION AND RESOURCE DEFINITION PROGRAMME – PHASE 2, TALISMAN MINE, EXPLORATION PERMIT 40-081" created on 09/06/2006. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Persons findings are presented have not been materially modified from the original market announcement.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Talisman Gold Mines Limited

Report on the Financial Statements

We have audited the consolidated financial statements of New Talisman Gold Mines Limited and its subsidiaries on pages 11 to 22, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with Section 207B(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, for this report or for the opinions we have formed.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and which give 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, 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 statements that give 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 presentation of the consolidated financial statements.

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 auditor, we have no relationship with or interests in New Talisman Gold Mines Limited.

Opinion

In our opinion, the consolidated financial statements on pages 11 to 22 present fairly, in all material respects, the financial position of New Talisman Gold Mines Limited and its subsidiaries as at 31 March 2015 and their financial performance and cash flows for the year ended on that date in accordance with New Zealand Equivalents to International Financial Reporting Standards.

Emphasis of matter

Going concern

We draw attention to note 19 to the financial statements which states: "The directors are actively raising funds and have issued Share Purchase Plan since balance date. The directors expect to ensure that financial obligations can continue to be met for longer than 12 months." The financial report has been prepared on a going concern basis and do not include any adjustments that may be necessary if fundraising were not successful.

Intangible exploration asset

We draw attention to note 10 to the financial statements which states: "A new application for an extension of land over the Rahu permit area was lodged before the expiry date and is currently being assessed by NZPAM. The company is working closely with NZPAM on this application." The financial report does not include any adjustments that may be necessary if the application is not successful.

DFK Oswin Griffiths Carlton

DFK Oswin Griffiths Carlton

Chartered Accountants

Auckland, New Zealand

30 June 2015



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

We make it happen!

New Talisman Gold Mines Limited

Statement of Comprehensive Income

For year ended 31 March 2015

	Note	Group		Parent	
		2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Continuing Operations					
Other operating income	2	488,466	139,295	141,216	139,295
Operating and administrative expenses	3, 4	(643,746)	(482,059)	(704,343)	(1,028,346)
Exploration costs written off	10	(357,653)	(1,200,000)	(357,653)	(1,200,000)
Gain/(loss) from operations		(512,933)	(1,542,764)	(920,780)	(2,089,051)
Share of results of associates	13	-	143,700)	-	-
Net profit/(loss) for the year		(512,933)	(1,686,464)	(920,780)	(2,089,051)
Total comprehensive income/(loss)		(512,933)	(1,686,464)	(920,780)	(2,089,051)
Net profit/(loss) attributable to equity holders of the parent		(512,933)	(1,686,464)	(920,780)	(2,089,051)
Comprehensive profit/(loss) attributable to equity holders of the parent		(512,933)	(1,686,464)	(920,780)	(2,089,051)
Earnings per share					
Basic earnings/(loss) per share					
From continuing operations		(0.08) cent	(0.31) cent	(0.14) cent	(0.39) cent
Diluted earnings/(loss) per share					
From continuing operations		(0.06) cent	(0.22) cent	(0.12) cent	(0.28) cent

New Talisman Gold Mines Limited

Statement of Changes in Equity

For year ended 31 March 2015

	Group 2015				Group 2014			
	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)	-	-	(512,933)	(512,933)	-	-	(1,686,464)	(1,686,464)
Proceeds from share capital issued	1,443,290	-	-	1,443,290	919,464	-	-	919,464
Equity at beginning of year	26,733,638	335,341	(17,884,110)	9,184,869	25,814,174	335,341	(16,197,646)	9,951,869
Equity at end of year	28,176,928	335,341	(18,397,043)	10,115,226	26,733,638	335,341	(17,884,110)	9,184,869
	Parent 2015				Parent 2014			
	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)	-	-	(920,780)	(920,780)	-	-	(2,089,051)	(2,089,051)
Proceeds from share capital issued	1,443,290	-	-	1,443,290	919,464	-	-	919,464
Equity at beginning of year	26,733,638	297,641	(17,435,335)	9,595,944	25,814,174	297,641	(15,346,284)	10,765,531
Equity at end of year	28,176,928	297,641	(18,356,115)	10,118,454	26,733,638	297,641	(17,435,335)	9,595,944

The accompanying notes form part of these financial statements

New Talisman Gold Mines Limited

Statement of Financial Position

As at 31 March 2015

	Note	Group		Parent	
		2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Equity					
Attributable to parent company shareholders	7	10,115,226	9,184,869	10,118,454	9,595,944
		10,115,226	9,184,869	10,118,454	9,595,944
Term liabilities					
Rehabilitation Reserve	9	666,023	666,023	666,023	666,023
Total term liabilities		666,023	666,023	666,023	666,023
Current liabilities					
Payables	8	132,233	80,713	132,233	80,713
Employee benefits	21	15,583	12,947	15,583	12,947
Total current liabilities		147,816	93,660	147,816	93,660
Total liabilities		813,839	759,683	813,839	759,683
Total equity and liabilities		10,929,065	9,944,552	10,932,293	10,355,627
Current assets					
Cash		584,729	334,745	584,729	334,745
Receivables and prepayments	22	85,932	48,100	110,673	68,506
Total current assets		670,661	382,845	695,402	403,251
Non-current assets					
Property, plant & equipment	9	5,330	5,779	5,330	5,779
Assets under construction	9	7,615,280	7,020,965	7,615,280	7,020,965
Intangible exploration assets	10	1,754,015	1,998,433	1,732,712	1,981,383
Investments	11	883,779	7,770	883,570	7,560
Investment in associate company	13	-	528,760	-	936,689
Total non-current assets		10,258,404	9,561,707	10,236,892	9,952,376
Total assets		10,929,065	9,944,552	10,932,294	10,355,627

For and on behalf of the Board:



J M McKee (Chairman)

Dated 29 June 2015



M G Hill

Dated 29 June 2015

The accompanying notes form part of these financial statements

New Talisman Gold Mines Limited

Statement of Cash Flows

For year ended 31 March 2015

	Note	Group		Parent	
		2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Cash flows from operating activities					
<i>Cash was provided from:</i>					
Gold Ore Sales		98,226	Nil	98,226	Nil
Interest received		16,638	10,460	16,638	10,460
Other		504	1,050	504	1,050
		115,368	11,510	115,368	11,510
<i>Cash was disbursed to:</i>					
Payments to suppliers		(518,131)	(308,497)	(518,131)	(308,497)
Rent		(13,644)	(14,154)	(13,644)	(14,154)
Payments to and on behalf of employees		(48,578)	(133,508)	(48,578)	(133,508)
		(580,353)	(456,159)	(580,353)	(456,159)
Net cash outflows from operating activities	16	(464,985)	(444,649)	(464,985)	(444,649)
Cash flows from investing activities					
<i>Cash was provided from:</i>					
Intercompany loan repayments		Nil	325	Nil	325
Proceeds from sale of shares		577	428,677	577	428,677
		577	429,002	577	429,002
<i>Cash was applied to:</i>					
Prospecting and mine development expenditure		(684,128)	(869,129)	(684,128)	(869,129)
Purchase of property, plant and equipment		(2,340)	(2,248)	(2,340)	(2,248)
Investments		-	-	-	-
Intercompany loans		(4,334)	(5,236)	(4,334)	(5,236)
		(690,802)	(876,613)	(690,802)	(876,613)
Net cash outflows from investing activities		(690,225)	(447,611)	(690,225)	(447,611)
Cash flows from financing activities					
<i>Cash was provided from:</i>					
Issue of shares		-	-	-	-
Short term loan		-	-	-	-
		1,443,290	1,014,932	1,443,290	1,014,932
<i>Cash was applied to:</i>					
Short term loan repayment		Nil	(55,829)	Nil	(55,829)
Issue of shares		(35,682)	(31,862)	(35,682)	(31,862)
		(35,682)	(87,691)	(35,682)	(87,691)
Net cash outflows from financing activities		1,407,608	927,241	1,407,608	927,241
Net increase /(decrease) in cash held		252,398	34,981	252,398	34,981
Effect of changes in exchange rates		(2,414)	(26,116)	(2,414)	(26,116)
Cash at beginning of year		334,745	325,880	334,745	325,880
Cash at end of year		584,729	334,745	584,729	334,745
CASH COMPRISES:					
Cash		479,729	6,323	479,729	6,323
Short term deposits		105,000	328,422	105,000	328,422
		584,729	334,745	584,729	334,745

All cash balances are available without restriction except for NZ\$105,000 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 year ended 31 March 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

The company is an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013 and the financial statements of the company and group have been prepared in accordance with the Financial Markets Conduct Act 2013 and comply with NZX Listing Rule 10.6.1 with the exception that separate financial statements for the parent have been presented as the parent engages in the majority of the group's business activities

The group consists of New Talisman Gold Mines Limited (the "company") and its subsidiaries (the "group") and these financial statements comprise the separate financial statements of the parent company and the consolidated financial statements of the group. The group is engaged in mine development and mineral exploration.

These financial statements were approved for issue by the Directors on 29 June 2015.

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 comply with New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS).

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 which is the company's functional currency.

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 other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The group has made significant accounting estimates in respect of:

- the assessment of impairment to capitalised exploration expenditure, and
- the anticipated rehabilitation costs at the conclusion of mining. The estimate does not have a profit effect in the current year.

The directors have therefore obtained independent confirmation from an experienced, independent valuer (Note 10).

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.

Specific accounting policies

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

(a) Prospecting costs

Acquisition, exploration and development expenditure on exploration and mining tenements is initially recorded at cost. Exploration and evaluation costs are capitalised as deferred expenditure.

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.

Prospecting costs are expected to be recovered from future mining revenues. The recoverability of exploration and evaluation assets is contingent upon future events, such as technical success and commercial development, sale of the area of interest, the results of further exploration, agreements entered into with other parties, and also upon meeting commitments under the terms of the permits.

(b) Mining tenements

When a tenement is assessed as capable of sustaining commercial mining operations, capitalised exploration and evaluation expenditure is reclassified as assets under construction and is disclosed as a component of property, plant and equipment. All subsequent development expenditure, net of any proceeds from ore sales during the development stage, is capitalised and classified as assets under construction. On completion of development, the value or cost of accumulated exploration and development costs will be reclassified as other mineral assets and amortised on the basis of units of production over the expected productive life of the mine.

Provision is made for estimated future rehabilitation and reinstatement costs following mining. These costs will be amortised over the life of the mine.

(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 of assets

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.

If the carrying value of intangible capitalised exploration expenditure exceeds the value determined by an independent valuation, the asset is written down and the write-down recognised as an expense.

(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.

(g) Income tax

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.

Notes to the Financial Statements

For year ended 31 March 2015

(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) Cash flows

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 profit and loss in equal instalments over the lease term. Finance leases, which effectively transfer the risks and benefits of ownership, are capitalised at the lower of fair value and 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 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.

Where the group ceases to have significant influence in respect of an associate company, the investment in the associate is restated at fair value in the consolidated accounts and any adjustment to the carrying value is taken to profit and loss.

(o) Financial instruments

Financial instruments recognized 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 and subsequently at amortised cost using the effective interest method. 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 at market value. Gains or losses are recorded in profit or loss. 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 recognized 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 or payable is included as part of the receivables or payables balance in the statement of financial position.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shareholders outstanding, adjusted for the effects of all dilutive potential ordinary shares, comprising share options.

(r) Revenue recognition

Revenue is recognised at the fair value of the consideration received net of the amount of GST. Sales comprise revenue earned from the sale of gold ore. Revenue is recognised when the significant risks and rewards of ownership of gold-bearing ore have been transferred to the buyer.

(s) Change in Accounting Policies

Changes in accounting policies

There have been no significant changes in accounting policies. All policies have been applied on bases consistent with those used in the prior period.

(t) New and revised standards

Adoption of Standards, Interpretations and modifications

Changes and amendments to the following standards, which are required to be adopted for accounting periods beginning on or after 1 January 2014, have been adopted:

- IAS 27 *Separate Financial Statements - Investment Entities*
- NZ IFRIC 21 *Levies*

There have been no changes to the financial statements as a result of these changes and amendments.

New Standards and amendments not adopted early:

- NZ IFRS 9 *Financial Instruments* (effective for accounting periods beginning on or after 1 January 2018)

2. OPERATING INCOME

	Group Mar 2015 NZ\$	Group Mar 2014 NZ\$	Parent Mar 2015 NZ\$	Parent Mar 2014 NZ\$
Interest	16,638	10,643	16,638	10,643
Sales of gold ore	124,074	-	124,074	-
Equipment hire	-	1,050	-	1,050
Gain on sale of shares*	-	127,602	-	127,602
Revaluation of Investment	347,250	-	-	-
Sundry income	504	-	504	-
Total operating income	488,466	139,295	141,216	139,295

Notes to the Financial Statements

For year ended 31 March 2015

3. OPERATING AND ADMINISTRATION EXPENSES BY NATURE

	Group Mar 2015 NZ\$	Group Mar 2014 NZ\$	Parent Mar 2015 NZ\$	Parent Mar 2014 NZ\$
Auditor's fees – auditing financial statements	23,700	18,250	23,700	18,250
– tax advice	-	1,500	-	1,500
Depreciation	2,789	1,093	2,789	1,093
Director fees	81,250	75,000	81,250	75,000
Executive director remuneration	-	45,798	-	45,798
Employee salaries	48,578	100,000	48,578	100,000
Foreign exchange loss	2,414	39,888	2,414	39,888
Legal fees	67,831	32,940	67,831	32,940
Loss on sale of shares	776	-	776	-
Rental and lease costs	13,644	14,154	13,644	14,154
Share revaluation loss	-	21,119	60,680	568,219
Other	402,764	132,317	470,512	131,504
Total administration expenses	643,746	482,059	704,343	1,028,346

4. DIRECTOR AND EMPLOYEE REMUNERATION

Director remuneration

	2015 NZ\$	2014 NZ\$
MG Hill (Executive Director)*	230,000	254,424
JM McKee	50,000	50,000
IJ Pringle	25,000	25,000
TM Rintoul (appointed 23 December 2014)	6,250	-

*Of which \$41,400 (2014:\$45,798) is expensed as wages and the remainder is capitalised in the balance sheet as Talisman development expenditure. The development expenditure amount is based on time spent.

During the reporting period, no options were issued to directors or employees. In the prior year, Messrs MG Hill, JM McKee and IJ Pringle each received 1,500,000 unlisted five year options under the Employee Share Option Plan.

Remuneration of Employees

During the reporting period, one employee received remuneration and benefits of between \$200,000 and \$210,000. The remuneration included Kiwisaver contributions of \$6,000.

Employee share option plan

	2015 Number	2014 Number
Unlisted options Issued to employees	-	6,000,000
Unlisted options Issued to directors	-	4,500,000
Total unlisted options issued during the period	-	10,500,000
Balance of options at start of period	8,500,000	-
Unlisted options converted to fully paid shares during the period	(2,000,000)	(2,000,000)
Options cancelled during the period	(750,000)	-
Unlisted options on issue at end of the period	5,750,000	8,500,000

5. TAXATION

	Group 2015 NZ\$	Group 2014 NZ\$	Parent 2015 NZ\$	Parent 2014 NZ\$
Operating loss before taxation	(512,933)	(1,542,764)	(920,780)	(2,089,051)
Prima facie income tax at 28%	(143,621)	(431,974)	(257,818)	(584,934)
Add/(subtract) the taxation effect of permanent differences:				
Non-deductible entertainment expenses	-	84	-	84
Non-deductible legal fees	-	4,936	-	4,936
Tax losses not recognised	(143,621)	(426,954)	(257,818)	(579,914)
Temporary differences not recognised	Nil	(873)	Nil	(873)
Income tax expense/(benefit) not recognised	(143,621)	(427,827)	(257,818)	(580,787)

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

The parent company has the following estimated taxation losses available:

- mining losses to offset against future mining income of NZ\$11,178,206 (2014: NZ\$10,832,562) and
- non-mining taxation losses of NZ\$17,546,625 (2014: NZ\$16,646,408).

The mining losses are currently being assessed by the IRD and the company is working closely with their representatives to confirm balances brought forward from previous years. Such losses will only be available to be offset if:

- the company derives future assessable income of a nature and an amount sufficient to enable the benefit of the losses to be realised;

Notes to the Financial Statements

For year ended 31 March 2015

- (b) the company continues to comply with the conditions for deductibility imposed by the law;
 (c) there are no adverse changes in tax legislation or tax rates which affect the company in realising the benefit from the deduction for the losses.

At balance date the company's imputation credit account balance was \$1,746.78 which resulted from resident withholding tax paid on interest earned during the period (2014: Nil).

6. SEGMENT INFORMATION

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

7. EQUITY & RESERVES

Equity	Group 2015 NZ\$	Group 2014 NZ\$	Parent 2015 NZ\$	Parent 2014 NZ\$
Share capital	28,176,928	26,733,638	28,176,928	26,733,638
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	(18,397,043)	(17,884,110)	(18,356,115)	(17,435,335)
Total parent shareholder equity	10,115,226	9,184,869	10,118,454	9,595,944

The group's capital is managed with the objective 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 2015 NZ\$	Group 2014 NZ\$	Parent 2015 NZ\$	Parent 2014 NZ\$
Balance at beginning of year	(17,884,110)	(16,197,646)	(17,435,335)	(15,346,284)
Net loss attributable to shareholders	(512,933)	(1,686,464)	(920,780)	(2,089,051)
Balance at end of year	(18,397,043)	(17,884,110)	(18,356,115)	(17,435,335)

There were no movements in other reserves.

Share capital	Group and Parent			
	2015 Number	2014 Number	2015 NZ\$	2014 NZ\$
Ordinary shares				
Balance beginning of year	565,883,501	479,406,064	26,733,638	25,814,174
Shares Issued	165,537,824	86,477,437	1,443,290	919,464
Balance at end of year	731,421,325	565,883,501	28,176,928	26,733,638

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.

Listed options	Group and Parent	
	2015 Number	2014 Number
Balance at beginning and end of year	119,851,516	119,851,516

Listed options can be exercised on or before 28 November 2017. Conversion price is AS0.02. When exercised, one option will convert to one fully paid ordinary share.

Unlisted Options	Group and Parent	
	2015 Number	2014 Number
Options issued to employees:		
Opening Balance of options on issue	4,000,000	2,000,000
Unlisted options issued (expiry 11/11/2018)	Nil	2,000,000
Unlisted options issued (expiry 13/2/2019)	Nil	2,000,000
Unlisted options cancelled during period	(750,000)	Nil
Unlisted options converted to fully paid share at A 1.1 cent each	(2,000,000)	(2,000,000)
Total unlisted options on issue to employees	1,250,000	4,000,000
Options issued to directors:		
Unlisted options issued during the period	Nil	4,500,000
Total unlisted options on issue to directors 13/11/2018	4,500,000	4,500,000
Total unlisted options on issue at end of year	5,750,000	8,500,000
Total listed and unlisted options on issue at end of year	125,601,516	128,351,516

Notes to the Financial Statements

For year ended 31 March 2015

Unlisted options were issued under the Employee Share Option Plan approved by shareholders on 19 September 2013. Options issued to directors and employees have not been recognised in these financial statements because they had no value at the date of issue.

The 2,000,000 unlisted employee options converted during the year at market value of A1.1 cent each (2014 A1.1 cent). These options were issued as an incentive for employees for no consideration.

The unlisted options on issue to employees at balance date have an exercise price of A1.1 cent and are due to expire on 13 February 2019.

The unlisted options on issue to directors at balance date have an exercise price of A1.1 cent and are due to expire on 13/ November 2018.

8. RELATED PARTY TRANSACTIONS

Payments for consulting services to companies in which directors and major shareholders have a substantial interest amounted to NZ\$230,000 (2014:NZ\$335,835). At balance date, creditors included NZ\$8,718 payable to directors and other related companies (2014:NZ\$22,042). These amounts owing to directors at balance date were in respect of directors' fees and have since been paid. There were no related party debtors at balance date (2014:NZ\$Nil) and no related party debts were written off during the year.

9. PROPERTY, PLANT & EQUIPMENT

	Group and Parent				
	Fixtures & fittings	Office equipment	Field equipment	Motor vehicle	Total
	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Year ended 31 March 2014					
Carrying amount 1 April 2013	919	2,286	2,359	-	5,564
Additions	100	156	1,993	-	2,249
Depreciation	(126)	(966)	(942)	-	(2,034)
Carrying amount	893	1,476	3,410	-	5,779
31 March 2014					
Cost	1,385	4,565	7,128	18,000	31,078
Accumulated depreciation	(492)	(3,089)	(3,718)	(18,000)	(25,299)
Carrying amount	893	1,476	3,410	-	5,779
Year ended 31 March 2015					
Carrying amount 1 April 2014	893	1,476	3,410	-	5,779
Additions	-	2,340	-	-	2,340
Depreciation	(126)	(1,726)	(937)	-	(2,789)
Carrying amount	767	2,090	2,473	-	5,330
31 March 2015					
Cost	1,385	6,905	7,128	18,000	31,078
Depreciation	(618)	(4,815)	(4,655)	(18,000)	(25,299)
Carrying amount	767	2,090	2,473	-	5,330

ASSETS UNDER CONSTRUCTION

Talisman mine development	Group & Parent	
	2015 NZ\$	2014 NZ\$
Balance at beginning of year	7,020,965	-
Transfer from intangible assets	-	5,613,340
Development expenditure	594,316	1,407,625
Balance at end of year	7,615,281	7,020,965

A mine is currently being developed on the Talisman Mining permit and development expenditure has been classified as a tangible asset and recorded at cost in the statement of financial position.

An independent valuation was obtained from Mr M Stevens for the Talisman mining project. The independent valuation indicated a carrying value in the range of \$11.9M to \$17.5M which is higher than the project's carrying value.

Directors declined to include any revaluation of the project in these financial statements but will review valuation policy with respect to tangible assets in the coming year.

The Directors have provided for rehabilitation costs of the Talisman mine site on its closure. The estimated cost is \$1m. The net present value of the estimated cost (\$666,023) has been calculated on the assumption that payments will commence in the year ending March 2021. The provision is included in development expenditure.

As the liability is a future cost, there will always be uncertainty in estimating the actual costs to be incurred.

Notes to the Financial Statements

For year ended 31 March 2015

10. INTANGIBLE EXPLORATION ASSETS

	Group		Parent	
	2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Prospecting costs				
Balance at beginning of year	1,998,433	8,720,090	1,981,383	8,707,736
Development expenditure	113,235	91,683	108,981	86,987
Transfer to Talisman assets under construction	-	(5,613,340)	-	(5,613,340)
Less prospecting expenditure written off	(357,653)	(1,200,000)	(357,653)	(1,200,000)
Balance at end of year	1,754,015	1,998,433	1,732,711	1,981,383

	Group		Parent	
	2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Gross prospecting costs				
Gross cost of current permit	3,311,668	3,198,433	2,090,364	3,181,383
Less prospecting expenditure written off	(1,557,653)	(1,200,000)	(357,653)	(1,200,000)
Balance at end of year	1,754,015	1,998,433	1,732,711	1,981,383

Exploration and evaluation expenditure is recorded as an intangible asset and carried at historic cost less any adjustment for impairment. An independent valuation of the Rahu and Golden Valley exploration permits was obtained from Mr M Stevens. His valuation indicated an impairment to the carrying value of the Golden Valley exploration tenement. Directors recognised the impairment and have written off the full carrying value of the asset in the current year (\$357,653). The Golden Valley permit was relinquished subsequent to balance date.

TENEMENT SCHEDULE:

Permits held by New Talisman Gold Mines Limited:

Granted mining permit, Coromandel, New Zealand
51 326 Talisman
Exploration Permits, Coromandel, New Zealand
40 117 Rahu (under application).

Permits Held by Northland Minerals Limited:

(100% OWNED SUBSIDIARY)
Granted Exploration Permits, Northland, New Zealand
53 706 Parakao

A new application for an extension of land over the Rahu permit area was lodged before the expiry date and is currently being assessed by NZPAM. The company is working closely with NZPAM on this application. If the application is unsuccessful, and all other avenues open to the company are exhausted, the carrying amount of \$1.7m may be written off.

11. SHARE INVESTMENTS

	Group	Group	Parent	Parent
	2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Investment in listed companies	880,479	4,470	880,270	4,260
Investment in unlisted companies	3,300	3,300	3,300	3,300
Total share investments	883,779	7,770	883,570	7,560

Investment in listed companies includes the investment in Broken Hill Prospecting Limited which ceased to be an associate company during the year. Unlisted shares are held for the long term. They are stated at cost because fair value cannot be reliably measured. Shares in ANZ Antipodes were acquired and sold during the reporting period (Note 3 discloses the loss on sale of these shares).

12. SUBSIDIARY COMPANIES

Subsidiaries	Percent held		Incorp in	Balance Activity date
	2015	2014		
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. The investment in each subsidiary is recorded at cost (NZ\$Nil) in the company's statement of financial position.

13. ASSOCIATE COMPANY

At balance date, the group held 18.04% (2014: 21.7%) of the ordinary shares issued by Broken Hill Prospecting Limited (BPL). The holding consists of 17,929,000 ordinary shares, (500,000 listed and 17,429,000 unlisted), and 8,964,500 unlisted options. The number of shares and options held did not change during the period. BPL has exploration rights to cobalt deposits in Australia and is listed on the ASX. Its balance date is 30 June.

In view of the dilution of the holding below 20%, the directors have reassessed the investment and concluded that the company no longer has significant influence in BPL. Consequently equity-accounting for BPL ceased. The group has no other associate company investments.

Notes to the Financial Statements

For year ended 31 March 2015

	Group	
	2015 NZ\$	2014 NZ\$
Results of associate		
Share of associate's surplus/(deficit)	-	(143,700)
Income tax	-	-
Share of recognised revenue and expenses for the year	-	(143,700)
Investment in associate		
Shares at cost		
Share of surpluses/(deficits)	-	1,502,553
Balance at beginning of year	-	(830,093)
Revaluation of Investment	-	672,460
Share of recognised revenue and expenses for the year	-	-
Carrying value at end of year	-	(143,700)
	-	528,760
Details of associate at 31 March 2015		
Assets	-	2,265,231
Liabilities	-	-
Revenue for the 9 month period to 31 March 2015	-	350,190
Loss for the 9 month period to 31 March 2015	-	349,586
Percentage held	-	21.7%
Carrying amount	-	528,760

Adjustments to investment in Broken Hill Prospecting Limited (BPL)

In accordance with NZ IAS 28, the investment in BPL has been restated to market value in both the consolidated financial statements and in the parent's separate financial statements. At balance date, the fair value of the investment was NZ\$0.876M (2014: NZ\$0.937M).

The adjustments to market value were taken to profit or loss.

In the group's financial statements, the investment in BPL has been revalued upwards by \$347,250 to market value as the investment is no longer being equity accounted in the group financial statements.

In the separate financial statements of the parent the investment has been written down by \$60,680 (2014 - \$565,864).

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 in interest bearing accounts 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 87% 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 risk 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 and mine development expenditure.

Interest Rate Risk

At balance date the company had no exposure to interest rate risks. The table below shows short term deposits held at balance date of the previous reporting period:

Re-pricing Analysis	Effective Interest Rate	Total NZ\$	6 months or less NZ\$
2014 short term bank deposits	3.02%	352,058	352,058

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 and are stated at cost.

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.

Notes to the Financial Statements

For year ended 31 March 2015

15. COMMITMENTS

Operating lease commitments

Lease commitments under non-cancellable operating leases:

	Group & Parent	
	2014 NZ\$	2014 NZ\$
Not later than one year	-	13,644
Later than one year but not later than five years	-	-
	-	13,644

The company currently leases offices on a monthly basis.

The group has capital commitments of NZ\$Nil (2014:Nil).

16. RECONCILIATION OF OPERATING CASHFLOW AND REPORTED DEFICIT

	Group		Parent	
	2015 NZ\$	2014 NZ\$	2015 NZ\$	2014 NZ\$
Net profit/(deficit) after taxation and before including share of retained deficit of associates	(512,933)	(1,542,764)	(920,780)	(2,089,051)
Add non-cash items:				
Depreciation	2,789	1,093	2,789	1,093
Field expenditure write off	357,653	1,200,000	357,653	1,200,000
Share revaluation (gain)/loss	(347,250)	21,119	60,680	568,219
Capital loss on sale of shares	776	-	776	-
Exchange (gain)/loss	2,414	39,888	2,414	39,888
	16,382	1,262,100	424,312	1,809,200
Add (less) movement in working capital:				
Decrease (increase) in debtors	(29,968)	52	(29,968)	52
Increase (decrease) in creditors	71,073	(148,951)	70,990	(149,764)
Decrease (increase) in accrued income	193	(181)	193	(181)
Decrease (increase) in prepayments	2,495	(1,031)	2,495	(1,031)
Decrease (increase) in intercompany loans	(4,335)	(5,477)	(4,335)	(5,477)
Decrease (increase) in GST	(7,892)	(8,397)	(7,892)	(8,397)
	31,566	(163,985)	31,483	(164,798)
Net cash flows from operating activities	(464,985)	(444,649)	(464,985)	(444,649)

17. CONTINGENT LIABILITIES

	Group and Parent	
	Mar 2015 NZ\$	Mar 2014 NZ\$
Contingent liabilities	Nil	Nil

18. NET TANGIBLE ASSETS PER SECURITY

	Group and Parent	
	Mar 2015 NZ\$	Mar 2014 NZ\$
Net tangible assets	8,361,211	7,946,119
Net tangible assets per security	1.26 cent	1.5 cent

19. GOING CONCERN

The financial report has been prepared on a going concern basis. The directors are actively raising funds and have issued a Share Purchase Plan since balance date. The directors expect to ensure that financial obligations can continue to be met for longer than 12 months. In the event that the funds raised are less than the amount sought, expenditure on mining equipment will be reduced and there may be an initial effect on productivity from mining operations.

Notes to the Financial Statements

For year ended 31 March 2015

20. EARNINGS PER SHARE

	Group Mar 2015	Group Mar 2014	Parent Mar 2015	Parent Mar 2014
Profit/(loss) from continuing operations	(512,933)	(1,686,464)	(920,780)	(2,089,051)
Weighted average number shares	663,888,630	539,256,663	663,888,630	539,256,663
Basic earnings per share	(0.08) cent	(0.31) cent	(0.14) cent	(0.39) cent
Diluted average shares on issue	791,275,763	757,168,510	791,275,763	757,168,510
Diluted earnings per share	(0.06) cent	(0.22) cent	(0.12) cent	(0.28) cent
Weighted average number shares	663,888,630	539,256,663	663,888,630	539,256,663
Weighted average number options	127,387,132	217,911,847	127,387,132	217,911,847
Diluted average share on issue	791,275,763	757,168,510	791,275,763	757,168,510

21. EMPLOYEE BENEFITS

	Mar 2015 NZ\$	Mar 2014 NZ\$	Mar 2015 NZ\$	Mar 2014 NZ\$
Balance at beginning of year	12,947	16,063	12,947	16,063
Additional provision	22,237	33,617	22,237	33,617
Amount utilised	(19,601)	(36,733)	(19,601)	(36,733)
Balance at end of year	15,583	12,947	15,583	12,947

Employee benefits accrued comprise holiday pay.

22. RECEIVABLES AND PREPAYMENTS

	Group Mar 2015 NZ\$	Group Mar 2014 NZ\$	Parent Mar 2015 NZ\$	Parent Mar 2014 NZ\$
Sundry receivables	61,312	20,791	61,312	20,791
Accrued income	302	495	302	495
Prepayments	24,318	26,814	24,318	26,814
Intercompany advances	-	-	24,741	20,406
	85,932	48,100	110,673	68,506

Health of receivables

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

23. SIGNIFICANT EVENTS SINCE BALANCE DATE

There were no adjusting events but the following significant non-adjusting events occurred between balance date and the authorising date:

- A Chinese-based investor signed a term sheet for an investment of NZ\$1.6m in new shares at 0.8 cents per share;
- The company issued a Share Purchase Plan at 0.7 cents per share;
- The judicial review proceedings brought about by an anti-mining group were discontinued.

Additional Information

DIRECTOR INFORMATION AND DISCLOSURE OF DIRECTORS INTERESTS

The following general disclosures of interest were received in relation to the year ended 31 March 2015:

Director	Relevant interest in Ordinary Shares	Relevant Interest in Unlisted Options
M G Hill	150,000	1,500,000
J M McKee	-	1,500,000
I J Pringle	-	1,500,000
T M Rintoul	-	-

SHAREHOLDING STATISTICS AT 8 JUNE 2015

Name	Shares	%
Hamish Elliot Brown*	85,000,000	11.62%
HFT Nominees Limited*	42,154,117	5.76%
So Co Limited	28,096,507	3.84%
Riuo Hauraki Limited	16,000,000	2.19%
National Nominees Limited	15,528,920	2.12%
International Pacific Securities Limited	14,356,000	1.96%
Nimpod Pty Limited	11,318,027	1.55%
Peter Robert Atkinson	10,901,950	1.49%
Bestfield Company	9,700,000	1.33%
International Pacific Capital Limited	9,567,135	1.31%
Newtal Investments Pty Limited	9,000,000	1.23%
Ka Fu Tse	8,760,000	1.20%
Peter William Hall	8,000,000	1.09%
Dojomac Management Limited	7,183,500	0.98%
Ianaki Semerdzief	6,979,172	0.95%
Basil Courtney McGirr	6,707,030	0.92%
Robert Marshall Walsham & Rachel Sandra Walsham	6,534,160	0.89%
Ross William McMeeken & Elizabeth Ann McMeeken	5,866,685	0.80%
FNZ Custodians Limited	5,565,000	0.76%
Jetosea Pty Limited	5,480,080	0.75%
TOTAL FOR TOP 20	312,698,283	42.75%
TOTAL SHARES	731,421,325	100%

* Substantial Security Holders

DISTRIBUTION OF SHAREHOLDERS

Size of Holding	Holders	Shares	%
1 to 1,000	99	24,946	0.00%
1,001 to 5,000	214	752,413	0.10%
5,001 to 10,000	185	1,571,185	0.21%
10,001 to 100,000	756	33,898,002	4.63%
100,001 and over	641	695,174,779	95.04%
Total	1,895	731,421,325	100.00%

Each share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Additional Information

OPTION HOLDING STATISTICS AT 8 JUNE 2015

Name	Options	%
HFT Nominees Limited	22,672,250	18.91%
International Pacific Securities Limited	14,356,000	11.97%
Hamish Elliot Brown	12,718,283	10.61%
Nimpod Pty Limited	9,852,911	8.22%
So Co Limited	7,024,127	5.86%
Goffacan Pty Limited	6,314,953	5.26%
Dojomac Management Limited	4,789,000	3.99%
Ka Fu Tse	4,100,000	3.42%
Acemac Pty Limited	2,394,500	1.99%
Belanna Pty Limited	2,394,500	1.99%
Ralph Nicholas Stagg	2,393,500	1.99%
International Pacific Capital Limited	2,391,784	1.99%
William Geoffrey Kroon	1,719,852	1.43%
Forsyth Barr Custodians Limited	1,525,000	1.27%
Ianaki Semerdzief	1,389,286	1.15%
Robert Marshall Walsham & Rachel Sandra Walsham	1,176,950	0.98%
ASB Nominees Limited	1,000,000	0.83%
George Matthew James Atkinson	1,000,000	0.83%
Riuo Hauraki Limited	992,293	0.82%
Christopher Lindsay Bollam	976,191	0.81%
TOTAL FOR TOP 20	101,181,380	84.32%
TOTAL LISTED OPTIONS	119,851,516	100%

DISTRIBUTION OF OPTION HOLDERS

Size of Holding	Holders	Options	%
1 to 1,000	6	2,921	0.00%
1,001 to 5,000	22	71,779	0.06%
5,001 to 10,000	28	223,707	0.19%
10,001 to 100,000	127	5,681,251	4.74%
100,001 and over	67	113,871,858	95.01%
Total	250	119,851,516	100.00%

Corporate Governance

In accordance with the NZX Corporate Governance Best Practice Code Appendix 16 (“NZX Code”), and the ASX Corporate Governance Council’s Principles and Recommendations (2nd Edition) (“ASX Recommendations”) New Talisman Gold Mines Ltd (“Company”) has adopted systems of control and accountability as the basis for corporate governance best practice.

Policies and Charters (for the board and its committees), including the Company’s Code of Ethics and other policies and procedures relating to the Board and its responsibilities are available on the Company’s website www.newtalisman.co.nz.

Commensurate with the spirit of the NZX Code and the ASX Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company.

After due consideration by the Board during the Company’s 2014/2015 financial year (“reporting period”) the Company’s corporate governance practices departed from the NZX Code or ASX Recommendations only as set out below.

The information in this statement is current at 31 March 2015.

EXPLANATIONS FOR DEPARTURES FROM NZX CORPORATE GOVERNANCE BEST PRACTICE CODE APPENDIX 16

Recommendation	Notification of Departure	Explanation for Departure
2.6: Every issuer should have a formal and transparent method to recommend Director Remuneration to shareholders	The Remuneration Committee does not recommend remuneration packages to shareholders.	Under the Charter adopted by the Board the Remuneration Committee meets once a year to review the Company’s executive compensation programme. Subject to NZX 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.
3.1: For the purposes of Listing Rule 3.6.2 membership on the Audit Committee should comprise solely non-executive Directors of the Issuer	Composition of the Audit Committee for part of the reporting period included one executive director who is not considered independent.	Appointment of an Executive Director to the Audit Committee was necessary to ensure compliance with Listing Rule 3.6.2(b) (that the Audit Committee comprise a minimum of three members). At all times, the majority of the Audit Committee members were independent.

EXPLANATIONS FOR DEPARTURES FROM ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (2nd Edition)

The Company has followed each of the ASX Recommendations during the reporting period, except in relation to the matters specified below:

Recommendation	Notification of Departure	Explanation for Departure
3.2: The Company should establish a diversity policy and disclose the policy or a summary of the policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and the progress towards achieving them.	The Company has established a diversity policy, a copy of which is disclosed on the Company’s website. However, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity, or for the board to assess annually the objectives and the progress towards achieving them.	The Board considers the size of the Company’s operations make it impractical to establish meaningful measurable objective for achieving gender diversity.
3.3: Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	No measurable objectives for achieving gender diversity have been set by the Board.	The Board considers the size of the Company’s operations make it impractical to establish meaningful measurable objectives for achieving gender diversity. However, the Board recognises the importance of diversity and has therefore adopted a diversity policy, a copy of which is available on the Company’s website.
4.2: Structure the Audit Committee so that it consists of only non-executive directors, a majority of independent directors, an independent chair who is not chair to the Board, and at least 3 members	Composition of the Audit Committee for part of the reporting period included one executive director who is not considered independent.	Appointment of an Executive Director to the Audit Committee was necessary to ensure compliance with Listing Rule 3.6.2(b) (that the Audit Committee comprise a minimum of three members). At all times, the majority of the Audit Committee members were independent.

Corporate Governance

BOARD COMPOSITION AND EXPERTISE

The Company has established the functions reserved to the Board, and those delegated to senior executives and has set out these functions in a Statement of Board and Management Functions, which is disclosed on the Company's website.

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

The mix of skills and diversity that the Board is seeking to achieve in its membership is significant experience and expertise in: mine development and underground operations, geological modelling, financial reporting, financial markets, risk management, statutory compliance, resource management, health and safety and employment. Each of these skills are represented in the Board's current composition except significant experience and expertise in financial reporting and mine development. These skills are represented in the senior management team. The size of the Board and the development of the Company's projects places constraints on the mix of skills the Board is able to achieve.

It is the policy of the Board that in determining candidates for the Board, the following process shall occur:

The Nomination Committee (or equivalent) evaluates the range of skills, experience and expertise of the existing Board. In particular, the Nomination Committee (or equivalent) is to identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors on the Board.

A potential candidate is considered with reference to their skills and expertise in relation to other Board members.

If relevant, the Nomination Committee recommends an appropriate candidate for appointment to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

The Board recognises that Board renewal is critical to performance and the impact of Board tenure on succession planning. Re-appointment of directors is not automatic. The Company's Policy and Procedure for Selection and (Re) Appointment of Directors is disclosed on the Company's website.

IDENTIFICATION OF INDEPENDENT DIRECTORS

In considering independence of directors, the Board refers to the criteria for independence as set out in NZX Listing Rule 3.3.2 and Box 2.1 of the ASX Recommendations ("Independence Criteria"). Applying the Independence Criteria during the reporting period and at balance date the Board comprises a majority of independent directors. The independent directors of the Company were the Chair, J (Murray) McKee, Ian Pringle and Trevor Rintoul. Matthew Hill is not an independent director as he is the Chief Executive Officer.

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 Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

DIRECTOR REMUNERATION

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

The Company's Remuneration Policy is disclosed on the Company's website. Remuneration of Directors and senior executives is set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of the Directors and executives.

There is currently 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, retirement or Company superannuation scheme benefits for non-executive directors.

PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND SENIOR EXECUTIVES

The board reviews the size and composition of the board and the mix of existing and desired competencies across members from time to time. Criteria considered by the directors when evaluating prospective candidates are contained in the board's charter. The chair of the board is responsible for ensuring a regular review of the performance of the board, committees and individual directors occurs at least annually. The chair is responsible for determining the process under which this evaluation takes place. The board reviews annually the size and composition of the board and the mix of existing and desired competencies across members.

The board is responsible for evaluating the performance of senior executives. The board evaluates the performance of senior executives via an ongoing process of assessment and a formal annual review in December. During the formal review, the senior executive's performance is measured against their role's assessment criteria.

The Company's Process for Performance Evaluations is disclosed on the Company's website.

CORPORATE CODE OF CONDUCT

The board has adopted a Corporate Code of Conduct (available on the Company's website). Directors, employees and consultants must comply with the policies which the Board has endorsed to achieve ethical behaviour and efficiency within the authorities and discretions designated to them, avoiding putting themselves in a position where they stand to benefit personally or be accused of insider trading. Compliance with all laws and regulations and maintenance of confidentiality and honesty is expected. The Corporate Code of Conduct forms part of every employment and consultancy agreement. Failure to comply can result in disciplinary action, including, where appropriate, dismissal. The Board has not adopted a Whistleblower Policy. However, employees have direct access to the Chair and are encouraged to contact the Chair with any suspected departure from the Company's Code of Conduct.

GENDER DIVERSITY

The board has adopted a Diversity Policy (available on the Company's website). As noted above, the Diversity Policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Gender diversity at balance date for the reporting period:

Component	Total	Female Component	% Female Component
Board of Directors	4	0	0%
Senior Executives	1	0	0%
Consultants	3	1	33%
TOTAL*	8	1	12.5%

* Total comprises the figures for the whole organisation.

The Board considers that the Company complied with its diversity policy during the reporting period.

AUDIT COMMITTEE

The Audit Committee as at the end of the reporting period consists of the following non-executive independent directors: Dr Ian Pringle (Chair), Murray McKee and Trevor Rintoul. Before the appointment of Mr Rintoul (on 23/12/2014) Matthew Hill was also a member of the Committee. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

During the reporting period the Audit Committee had the opportunity to meet with the external auditor in respect of the financial reports. The Audit Committee is responsible for reviewing Annual and Interim Financial Statements, related stock exchange announcements and all other financial information published or released to the market; monitoring and making recommendations for improvement in internal control environment, including effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations; overseeing the risk management and compliance framework; the appointment, removal and remuneration of the external auditors; reviewing the terms of their engagement and the scope and quality of the audit, reviewing and approving the nature and scope of non-audit services and ensuring rotation of the external audit engagement partner.

Details of each of the director's qualifications are included in the Board of Director's Profiles. While the Board Committee members do not have specific financial qualifications, all members considered themselves to be financially literate and have financial experience and industry knowledge. Mr Pringle has significant experience in mineral exploration and development at senior management level, Mr McKee has gained significant financial experience from his careers in management consulting and senior management over the past 30 years and Mr Hill is an experienced merchant banker.

The Company has established a Procedure for the Selection, Appointment and Rotation of its External Auditor, which is disclosed on the Company's website. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent) and any recommendations are made to the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (N&R) as at the end of the reporting period consists of the following non-executive independent directors: Dr Ian Pringle, Murray McKee and Trevor Rintoul. Before the appointment of Mr Rintoul (on 23/12/2014) Matthew Hill was also a member of the Committee.

Some responsibilities of the N&R Committee were also addressed by the full Board at Board and Strategy meetings during the reporting period. The Board has adopted, and the N&R Committee applies a Nomination Committee

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Charter and a Remuneration Policy which is available on the Company's website.

Duties of the N&R Committee includes reviewing remuneration of executive and non-executive directors, incentive schemes and reviewing the Remuneration Committee Policy (disclosed on the Company's website).

The Board has adopted, and the Remuneration Committee applies, a Remuneration Committee Charter which is available on the Company's website.

The Company's Policy for Trading, which is disclosed on the Company's website, states that key management personnel must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Chair, Audit Committee Chair or Executive Director; and Key Management Personnel are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

MEETING ATTENDANCE

Director	Board	Audit	Nomination
M Mkee	7/7	5/5	1/1
M Hill	7/7	5/5	1/1
I Pringle	7/7	5/5	1/1
T Rintoul*	2/2	0/0	0/0

*T Rintoul was appointed on the 23/12/2014

In addition a number of matters were resolved by circular resolutions.

RISK MANAGEMENT

The Company has continued to develop its strategies for managing risk 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 Board relies 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 2014/2015 accounts.

The Company has adopted a Risk Management Policy (a summary is available on the Company's website). Under the Policy, the Board delegates day-to-day management of risk to the Chief Executive Officer. The Policy sets out the role of the Chief Executive Officer 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.

The process of management of material business risks is allocated to the business risk owners within the management team. The Board relies on risk controls being implemented effectively and the primary risk controls reviewed monthly through a standing item on the Board agenda. The Company is in the process of updating its Risk Management Policy to include formal processes to identify, manage and mitigate risk, using a risk register. A significant body of work was completed during the reporting period addressing mine operational risks. This document will be reviewed externally by government regulators. Certain risks pertinent to the sector in which the Company operates are not able to be managed at this time, for example the price of gold.

Material business risks reported on during the reporting period included statutory compliance, health and safety in the operational environment, sustainability of the company's ore resources, environmental risk working in a conservation estate, internal audit compliance, adequacy of computer systems, ethical conduct and business practice, retention of key staff, financial reporting and liquidity risk.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board receives on a regular basis reports from management as to the effectiveness of the Company's management of its material business risks, risk evaluation, analysis and treatment. Risk management is a standing item on the Board agenda, giving opportunity for Board discussion. The Audit Committee and the full Board address areas of risk and evaluates the effectiveness of controls.

ASSURANCES TO THE BOARD

The Chief Executive Officer (CEO) and the Chief Financial officer (CFO) are not required to provide a declaration to the Board in accordance with section 295A of the Corporations Act (Australia) as the Company is instead subject to the laws of New Zealand. However, the Board requires the CEO and the CFO to provide a declaration confirming that the financial reports for the reporting period present a true and fair view, in all material respects, of the Company's financial condition and operational results, and are in accordance with relevant accounting standards. Assurance is also given that the financial statements are founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control is operating efficiently and effectively.

CONTINUOUS DISCLOSURE

The Company has adopted a Continuous Disclosure Policy which sets out obligations for directors, employees and consultants in relation to continuous disclosure. The Company has also adopted Compliance Procedures to ensure compliance with the ASX Listing Rule requirements in relation to continuous disclosure, and to ensure accountability at a senior executive level for that compliance. Summaries of both these documents are available on the Company's website. In accordance with the NZX and ASX Listing Rules, the Company is required to disclose to the market matters which could be expected to have a material effect on the price or value of the Company's securities. Management processes are in place to ensure that all material matters which may potentially require disclosure are promptly reported to the Chief Executive Officer or the Company Secretary who is responsible for ensuring that such information is not released to any person until the NZX and ASX have confirmed its release to the market.

SHAREHOLDER COMMUNICATION

The Board has adopted a Shareholder Communication Policy, a copy of which is disclosed on the Company's website.

DIRECTOR AND OFFICER LIABILITY INSURANCE

The Company maintains director and officer liability insurance and indemnifies directors and officers of the Company against all liabilities which may arise out of the performance of normal duties as directors or officers, unless the liability relates to conduct involving a lack of good faith. This includes indemnity of costs and expenses incurred in defending an action that falls within the scope of the indemnity.

MATERIALITY

To the extent that it is necessary for the Board to consider issues of materiality, including in relation to the independence of directors, 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. Balance sheet items are material if they have a value of more than 10% of pro-forma net asset. Profit and loss items are material if they have an impact on the current year operating result of 10% or more. Items are also material if they impact on the reputation of the Company, they involve a breach of legislation; they are outside the ordinary course of business; they could affect the Company's rights to its assets; if accumulated, they would trigger the quantitative tests; they involve a contingent liability that would have a probable effect of 10% or more on balance sheet or profit and loss items; or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%. Criteria for determining the materiality of contracts can be found in "Board and Management" under Corporate Governance on the Company's website.

SHARE TRADING

The Company has adopted a Share Trading Policy to assist with compliance with insider trading regulations under the Securities Market Act 1988 (New Zealand) and the Corporations Act 2001 (Australia). This policy restricts directors, employees and consultants from trading in a number of ways and is available on the Company's website. Application must be made by directors, employees and consultants to the Company for approval prior to trading in the Company's securities. A requirement to comply with this policy forms part of every employment or consultancy agreement.

SUMMARY OF WAIVERS

No waivers to the rules were requested to the Stock Exchanges during the reporting period.

Company Directory

DIRECTORS

J Murray McKee (Chairman, Independent)
Matthew G Hill (Chief Executive Officer)
Dr Ian J Pringle (Independent Director)
Trevor M Rintoul (Independent Director)

COMPANY SECRETARY

Mr Francesco Giroto

REGISTERED (HEAD) OFFICE

541 Parnell Road, Parnell
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BANKERS

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National Australia Bank, West Perth

AUDITORS

DFK Oswin Griffiths Carlton
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52 Symonds Street
Auckland 1010

SOLICITORS

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

SECURITIES LISTED

New Zealand Stock Exchange
Australian Securities Exchange
Codes: Shares NTL (NZSX & ASX)
Options NTLOA (NZSX)
Options NTLO (ASX)

SHARE REGISTRARS

New Zealand:

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142
159 Hurstmere Road
Takapuna, Auckland 0622.
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Telephone (+64 9) 488 8777
Facsimile (+64 9) 488 8787

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Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067, Australia
Telephone 1300 850 505
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

