





REPORT TO THE SHAREHOLDERS OF NEW TALISMAN GOLD MINES LTD

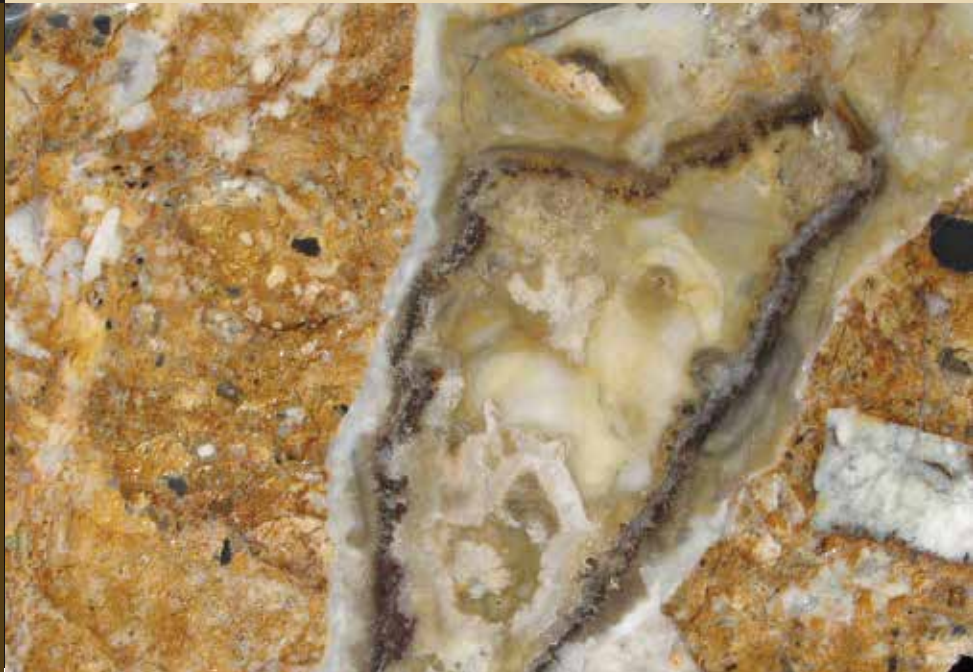
For the year ended 31 March 2016

HIGHLIGHTS

- Anti-mining group withdrew Judicial review accepting effects were no more than minor.
- Department of Conservation renewed the consent to enter and operate at Talisman.
- Traffic management plan lodged and approved in principal.
- Initiated and advanced discussions with Amer International.
- Secured a binding agreement on Rahu with Newcrest Mining Limited.
- Health and Safety Management plans completed and lodged with WorkSafe NZ.
- Acquired and analysed historic data demonstrating key target areas.
- Sold down non-core assets providing working capital from sale of BPL shares.

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DIRECTORS' REPORT

Dear Shareholders

The directors of New Talisman Gold Mines Ltd (NTL) are pleased to provide the following report on the progress your company made in the year to 31 March 2016 and its financial position at the end of the period.

Introduction

Your company is at a pivotal point in its history with directors and management having worked diligently to meet all of the preconditions required in order to produce ore at Talisman. The traffic management plan for the mine road proved to be a time consuming administrative issue but with attention to detail and persistence the company secured approval in principle for the plan from the local authority. The legal issues presented by the judicial review are now well behind us and the exercise has strengthened our confidence in the robustness of the terms and conditions under which we will operate. The programme to process ore at Newmont's (now Oceana's) nearby gold treatment plant was successfully completed and proved from a metallurgical perspective the ability of the plant to treat Talisman's high grade ore. The Department of Conservation issued the company with Authority to Enter and Operate in the designated area of the mine and at the commencement of operations on the site the area will be secured. Finally, the company filed an application to vary the terms and conditions of the Mining Licence to take account of timing factors outside the company's control.

Three key value enhancing initiatives your Board set out in its strategy have been implemented by the Executive team and will come to fruition over the next few months, possibly over the next few weeks. It has taken almost 4 years to close in on the strategy laid down by directors in 2012 with a huge body of work both in the field and at the corporate level which has been successfully

completed. A primary goal was to transition the company from explorer to developer with a focus on gaining all the consents to begin mining at Talisman. The secondary part of the strategy was to maintain where possible the company's exploration skillsets as one of New Zealand's leading mineral exploration companies. This applied particularly to the Rahu asset where the geological signatures indicate a vein system running from Talisman to Rahu and contiguity of gold mineralisation.

The third element of the strategy focused on securing shareholder and external party support and finance to fund the company's "explorer to producer" ambitions.

Adhering to this strategy despite the often difficult economic conditions for resource stocks, junior miners and gold miners in general has been key to positioning the company where it sits today: on the cusp of reopening and commencement of mining one of New Zealand's most productive and highest grade gold mines. The other elements of the strategy include: forging partnership with one of the world's leading mining companies, Newcrest at Rahu and securing a strong external partner to support and fund the company's longer term growth ambitions, offer shareholders real options and opportunities for the future.

The company sits today on the cusp of reopening and commencement of mining one of New Zealand's most productive and highest grade gold mines.

MINING TIMELINE

- | | |
|---|---|
| 1852 – Gold discovered on the Coromandel | 2013 – Bulk sampling Project Plan Completed |
| 1875 – Ohinemuri goldfield opened for prospecting | 2013 – Resource consent granted |
| 1882 – Maria Vein discovered at Mt Karangahake | 2013 – Access Arrangement approved |
| 1883 – Crown Mine established | 2014 – Authority to Enter and Operate obtained |
| 1887 – Woodstock Mine established | 2014 – Rahu Mineral Resource Estimate |
| 1894 – Historical Talisman Mine established | 2014 – First Gold Production of 64Oz Au @47g/t |
| 1904 – Woodstock Mine incorporated into Talisman | 2014 – Health and Safety plan lodged |
| 1919 – Talisman Closure | 2015 – Water Management Plan reviewed |
| 1928 – Crown Mine closure | 2015 – Second ore treatment yields 16 Oz Au @ 37g/t |
| 1971 – Southern Cross Minerals begin exploration | 2015 – Judicial Review successfully defended |
| 1980 – NZ Goldfields registered | 2016 – Traffic Management Plan Approved |
| 1985 – NZ Goldfield/Freeport JV | |
| 1987 – NZ Goldfields/Cyprus Minerals JV | |
| 1989 – Discovery of Dubbo Zone | |
| 1993 – Southern Mining license lapses | |
| 1995 – Exploration Permit granted to Heritage Gold | |
| 2003 – 1st Phase exploration – 109 600 Oz | |
| 2006 – 2nd Phase exploration – 205 000 Oz | |
| 2012 – Renamed New Talisman Gold Mines Limited | |
| 2012 – Scoping Study completed | |
| 2013 – Pre-Feasibility Study completed | |
| 2013 – Advanced stage access negotiations | |
| 2013 – Detailed planning in process for Bulk Sampling | |
| 2013 – Feasibility Study commissioned | |
| | NEXT STEPS |
| | 2016 - Initiate Bulk Sampling Project |
| | 2016 – Identify and evaluate additional resources |
| | 2016 – Site Establishment |
| | 2016 – Initial Mine refurbishment |
| | 2016 – Finalisation of Proposed Newcrest JV |
| | 2016 – Rehabilitation to Mystery Vein |
| | 2016 – Development of Mystery Block |
| | 2017 – Rehabilitation to Dubbo |
| | 2017 – Development of Dubbo Block |
| | 2017 - Feasibility Study complete |
| | 2018 – Initiate Phase 1 mining |

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

Talisman Mine Project

Subject to the success of the rights issue currently open for subscription the company will commence operations at the Talisman mine shortly.

Much of the focus during the initial part of the year under review was taken up with compiling a defence against the application for judicial review of the company's resource consents that was lodged by an anti-mining group. The Judicial review was vigorously defended by both Hauraki District Council (HDC) and the company. After reviewing the documents submitted by HDC and the company the group accepted that the effects of the activities to be undertaken by New Talisman were no more than minor.

The company's water management plan was reviewed by an independent expert commissioned by Waikato Regional Council who requested NTL defer operations until the review was complete. Following this both the independent expert and the anti-mining group's own expert upheld the company's position that the effects of water discharge were negligible.

NTL is well aware of its social responsibility to its neighbours and the broader community. The company has donated a significant amount of mine timber to the Department of Conservation to assist with refurbishment of the Windows Walk – a major tourist attraction in the district and is in continued discussion with further ways to assist including the development of a walking track to ensure trampers can access all of the DOC land apart from a small footprint at the portal entrance to a soon to be operating mine.

Bulk Sampling Project

The Bulk Sampling Project constitutes the commencement of underground mining operations at the Talisman Mine where the last production was recorded in the early 1990's. The Bulk Sampling Project is essentially an extrapolation of the first years production plan and is aimed as a low cost and low risk approach to establishing operational capability and gaining information on both the mineral resource and the geotechnical characteristics of the vein material.

The projected cash flow model is based on production volumes of approximately 650 tonnes per month at an average head grade of 10.82g/t for between 200 and 300 ounces, a gold price of US\$1,200 per ounce (currently US\$1,330 per ounce) and a cash production cost of US\$568 per ounce that includes labour and material to deliver run of mine ore to the surface. Exchange rate is based on NZ\$0.64 (currently NZ\$0.68) The project requires a cumulative spend of NZ\$2.1 million over 7 months to bring the Talisman Mine into positive cash flow in the 8th month of operations, the current gold price of over 1900 NZD per ounce provides considerable upside to the initial project assumptions.

The project comprises 3 primary phases whereby the company will secure access to the site for heavy vehicles through rehabilitation and widening of the mine road, installation of surface infrastructure to support the underground engineering and reticulation systems and rehabilitate the underground workings prior to beginning removal of ore through development of a series of drives within the Maria and Mystery Vein systems.

Mine Access and Consenting

NTL has secured all necessary permits and consents to begin operations and has secured an agreement with the Department of Conservation to close the land to public access of the mine portal area once work commences on site.

Traffic Management Plan

The traffic Management Plan has been approved in principle by the HDC. The plan sets out an analysis of the risks involved with roads transport and the company's approach to managing these risks. The plan proposes a series of controls, ranging from limitations on speed to structural alterations to the road, aimed at eliminating the risk, isolating users from the risk or minimising the effect of the risk. This approach is consistent with the intent of the 2015 Health and Safety at Work Act.

Historic Information Database

During the year the company acquired a large database of historic information collected by a contractor to a mining company that previously held the mining permit. The database consists of several large scale plans dating back as far as 1919, assay tracings where the results of historic sampling of the mine are plotted on plans of the mine workings, reports from previous consultants and exploration results from previous sampling campaigns. From the perspective of health and safety management access to these historic plans gives the company a very good view into the layout of the mine and the locations of existing excavations that are not accessible from No 8 Level. This enables the company to take suitable precautions to prevent inadvertent excavation into unstable ground.

The data also highlights highly prospective areas both within the workings of the mine and in other areas of the mining permit. As recently announced the company is extremely encouraged by some findings following a preliminary analysis of the data. Of particular interest are plans showing an extension of the Dubbo Zone at depth where the results of 541 samples taken in raises from 10, 11, 12 and 13 Levels immediately below the Dubbo zone on No 8 Level show a mean grade of 13.26 g/t gold equivalent. Applying a 3.0 g/t Au lower cut off to these samples yields a mean of 28.61 g/t Au equivalent within a sample range of 125.17g/t. This lower cut-off is the same as applied in the company's ore reserve calculations.

Set out below are the grades found in Talisman. Target grades lie within the highest grades of underground gold mines operating in the world today. The bulk sampling plan as set out above is based on an average head grade of 10.82 grams per ton.

Another high priority target for development is the Mystery Vein which will be tested as part of the bulk sampling phase. The vein was discovered in the late 1980's when Keillors Crosscut was driven to connect the Talisman 8 Level with the Crown Mine 5A Level to provide ventilation flow. The previous mine owners drove on the vein 30m north and 20m south of Keillors Crosscut. Examination of surface and underground geochemical sampling results from the new historic data shows the possibility that the Roderick Dhu veins that occur around 600m north of the Mystery vein may well be the same vein system. The grades recorded in

The top 10 highest grade underground gold operations.

Mine	Country	Major Owner	Au grade g/t	Ore Reserves, 000' tonnes*	Contained Au, 000'ozt
Fire Creek	United States	Klondex Mines	44.1	170	172
Macassa (South Mine)	Canada	Kirkland Lake Gold	22.2	1330	950
Kedrovka	Russia	Zapadnaya Gold	22	380	269
Turquoise Ridge	United States	Barrick Gold	16.9	10932	5943
Toguracl	Indonesia	Newcrest Mining	16	1000	514
Orcopampa	Peru	Beunaventura	15.8	630	321
Pinson	United States	Atna Resources	13.8	353	157
Midas	United States	Klondex Mines	12.9	220	92
Pimenton	Chile	Cerro Grande	11.1	138	49

*Ore reserves are Proven + Probable, except Kedrovka, where A+B categories calculated

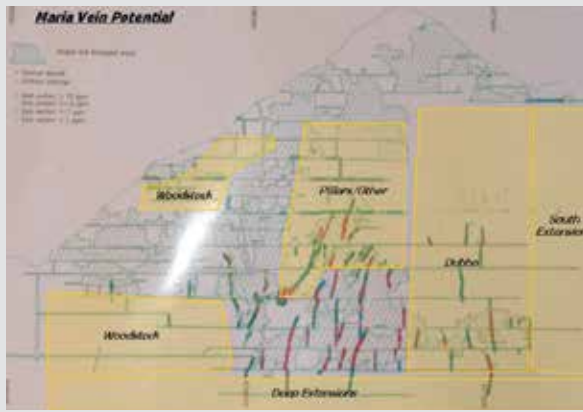


Figure showing a long section through the Maria Vein and highlighting potential extensions of the vein system.

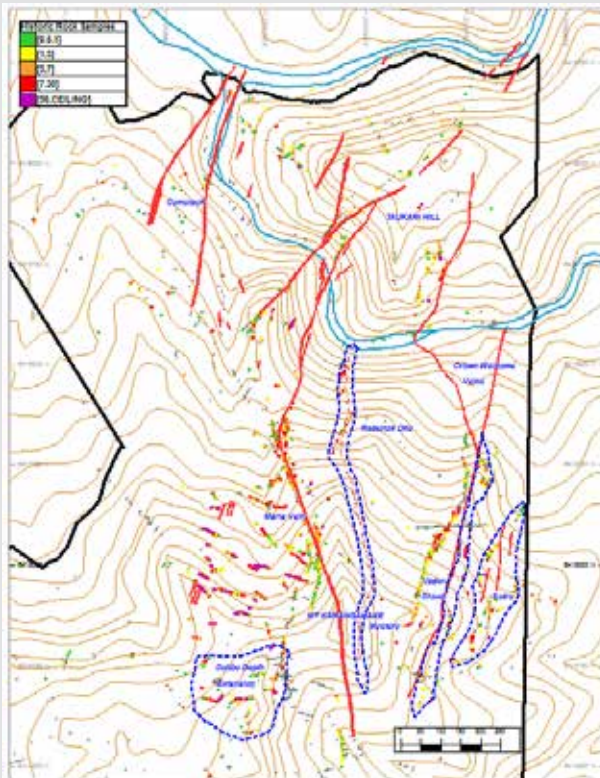


Diagram shows a plan view of a portion of the Mining Permit with vein systems and exploration targets overlain.

channel samples range from below detection to 84.0g/t gold with an average of 11.89g/t Au and 107.4g/t Ag. Sample widths range from around 10cm to 1.8m and average 0.4m.

Examination of the historic data from 123 surface or near surface samples of the Crown Vein showed that what appear to be mainly channel samples, to be averaging 10.47 g/t gold, 19.0 g/t silver with an average sample width of 0.86 metres. Sample widths

ranged from 0.1m to 3.0m, while gold grades range from 0.05 g/t to 147.5 g/t. These samples appear to have been taken above the current workings of the Crown Mine in an area which can be relatively easily accessed through the existing Talisman workings.

The Sutro workings lie approximately 100m east of the Crown Mines surface outcrop. These appear to be a southward extension of the north east trending Imperial veins. Their significance is now apparent from the historic data and they require further work to develop the target but do demonstrate the potential for the permit area.

Preliminary observations are that the veins in the Sutro workings from which 39 channel samples were taken range in gold values from below detection to 94.0 g/t gold, averaging 8.46 g/t Au and 22.8 g/t silver. Sample widths average 0.5m and range from 0.1m to 1.2m.

While the quality control and assurance procedures in place at the time that the samples were taken cannot be verified and the data cannot be used to generate mineral resource or reserve estimates that will comply with the requirements of the JORC code (given it did not exist at the time), the information certainly confirms the company's view that there is significant opportunity to expand the operation in the future.

Rahu

The company has previously advised that it has entered into a non-binding Heads of Agreement with Newcrest Mining with respect to the Rahu Project. In January 2016 NZ Petroleum and Minerals declined NTL's application for an extension of land over Rahu. Newcrest applied for and was granted an exploration permit over Rahu. The parties have since completed the detailed terms of a binding agreement which has been released to the exchanges. The company's 20% interest in the Rahu permit provides shareholders with a strong value growth opportunity. New Talisman made the discovery at Rahu and the involvement of a major international player like Newcrest brings real credibility through its technical and operating capability. We look forward to working with Newcrest and to building a successful and financially rewarding relationship.

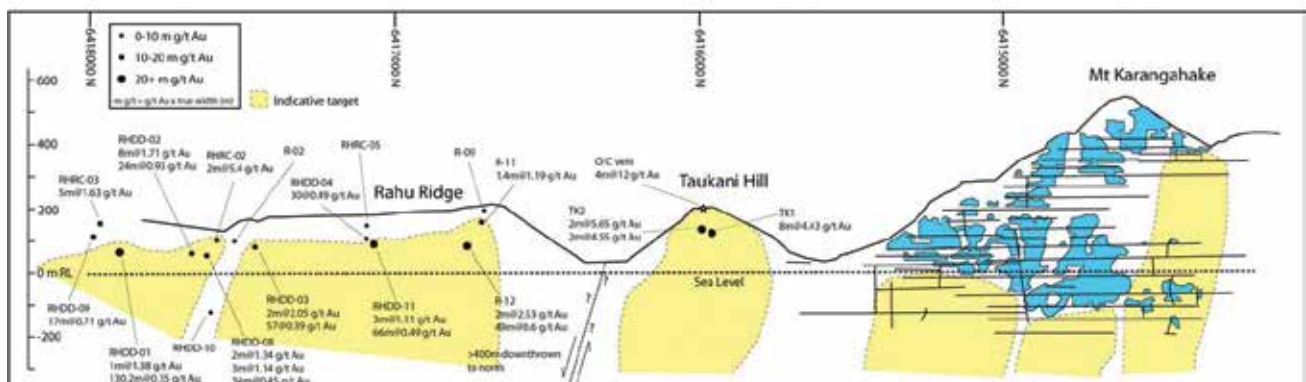
Geological evidence points to the fact that Rahu is the northward extension of the gold mineralisation found at Talisman and is part of the overall approximately 4km by 3km epithermal gold system.

Exploration by NTL of around \$2.6 million has previously defined gold silver mineralisation in 11 diamond drill holes and 8 reverse circulation percussion holes with broad intercepts of strongly anomalous gold and narrower intervals of higher grade gold mineralisation.

Mineralisation intersected to date is hosted in hydrothermal breccia zones and studies point to the potential for high grade mineralisation at depth beneath the current mineralisation.

Newcrest is planning a programme of surface geochemical profiling and targeted deep diamond drilling.

We have had to carefully consider the accounting treatment of the carrying value of the Rahu asset in our books. The accounting standards demand a high level of certainty around the legal



Rahu/Talisman cross section



ownership status of assets carried in the balance sheet. As of the 31 March 2016 the status was deemed to be uncertain and the company impaired the carrying value of the Rahu Asset as at 31 March 2016 to a nominal figure. Needless to say the accounting treatment adopted for this asset had no effect on the cash position of the company.

Immediately prior to this report going to print the company concluded a binding agreement with Newcrest, the details of which have been released to the ASX and NZX. The binding agreement secures the company's interest in the Rahu project with certainty and directors consider that had the binding agreement been concluded as at 31 March the impairment may have been treated differently. Accordingly, they will reconsider the accounting treatment in light of the binding agreement, an independent valuation and application of the relevant accounting standard at the half year.

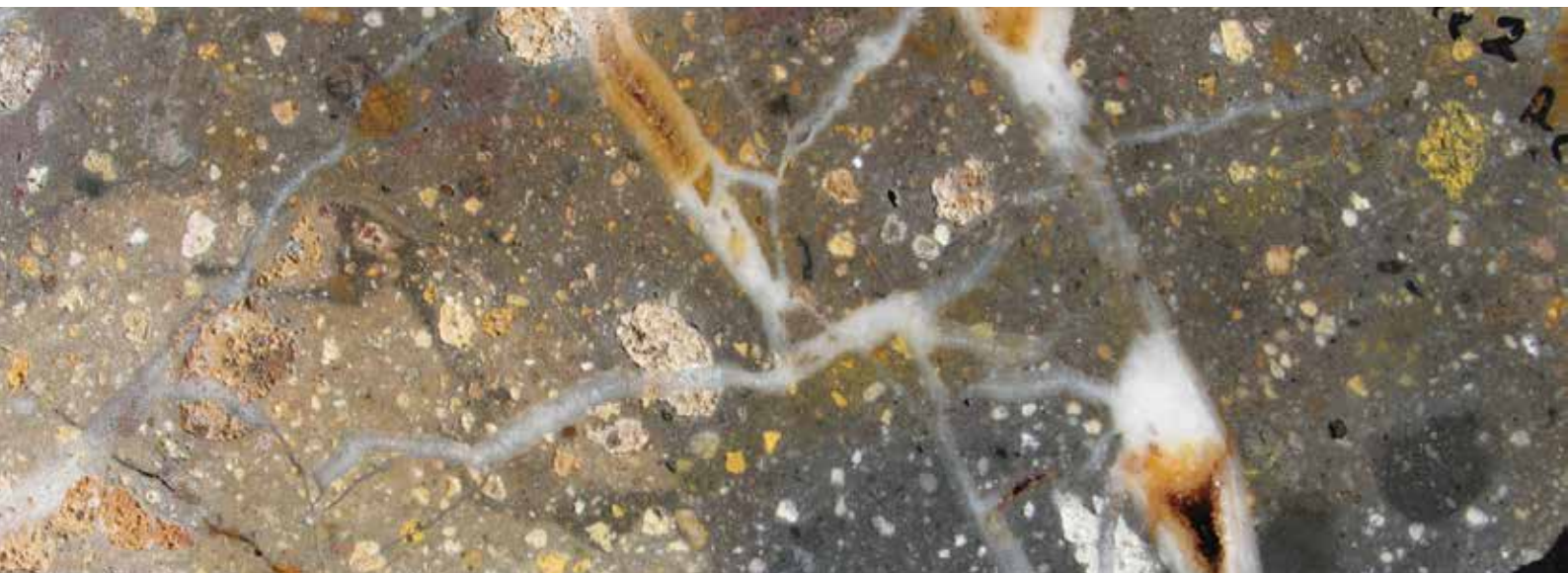
Amer International Group

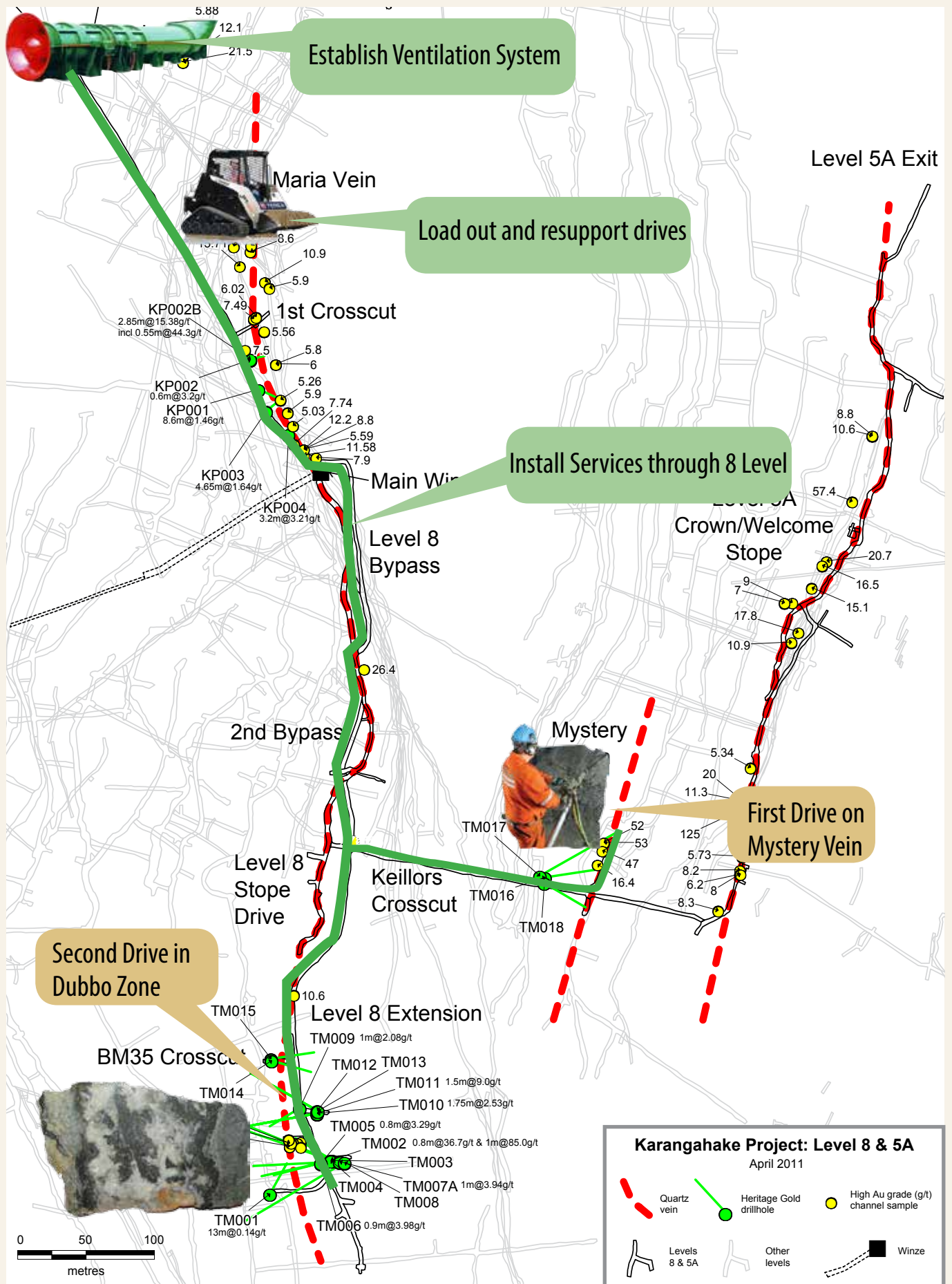
The company has recently received a signed Terms sheet from Amer International Group. It proposes Amer acquire approximately 70% interest in the company for a subscription price together with a guarantee to underwrite profits over a 3-year period. The term sheet is non-binding and is subject to due diligence, detailed agreements being signed, and shareholder approval under the NZ takeovers code, listing rules of the ASX and NZX and any other regulatory approvals. Your directors have resolved to proceed to the next stage of the process and accepted and signed the terms sheet.

By any standards Amer is a very large diversified multi-national industrial group. In November 2015 at Amer's invitation NTL's Chairman Murray McKee and CEO Matthew Hill visited their headquarters in Shenzhen. The visit provided key insights into the fast growing group now positioned in the upper half of the select group of companies making up the Fortune Global 500 list which Amer have achieved in 20 short years.

At last year's AGM the early stage of the negotiations with Amer's representatives were discussed with shareholders. Directors continue to pursue this opportunity and it is clear that Amer is committed to pursuing a deal with New Talisman.

While as noted in the recent release due diligence is still to be completed, it is important to understand the depth of investigations already completed. Following signing of a non-disclosure agreement a data room providing all of the required information for a desktop analysis was provided to Amer's advisors. Subsequently two site visits were complete by Amer's advisors and technical representatives accompanied by NTL's principal mining engineer, senior geological consultant and CEO. Directors see no impediments to completion of the due diligence and detailed agreement stages of the process which will provide shareholders a very different option to consider for the direction of the company. Ultimately however it will be up to the shareholders of New Talisman to decide.





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



Competent Person Statements

The information in this announcement that relates to the Talisman Project Pre-Feasibility Study, Ore Reserve estimates and Metallurgical Testwork were prepared by Mr Wayne J Chowles, a Mining Engineer and member of the AusIMM. Mr Chowles is a full time employee of New Talisman Gold Mines Limited and the author of the Talisman 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 2012 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.

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 10 years since his appointment as Director on 10 October 2006 and Executive Director on 3 September 2012.

Mr Murray Ronald Stevens, BSc, MSc(Hons), Dip.Geol.Sci, MAusIMM

Non-executive (Independent) Director

Mr Stevens joined the Board on 9 June, 2016.

Mr Stevens has BSc and MSc (Hons) degrees in geology from the University of Auckland and a Post-graduate Diploma in Geoscience from Macquarie University in Sydney majoring in Mineral Economics.

Mr Stevens has over than 35 years of experience as a geologist and has provided consulting services to NTL since 2002.

Mr Stevens has extensive expertise exploring for epithermal gold deposits in the Coromandel and the wider Asia-Pacific region. He has held senior management and consulting roles in a number of public and private companies and was NTL's (formerly Heritage Gold Ltd) first exploration manager from 1987 to 1996. He was instrumental in recognising the potential for the Talisman mine and the Rahu area when NTL acquired these areas in the early 1990's. Murray played a key role in the original discovery made at Rahu and was the exploration consultant for NTL when the work undertaken between 2003 and 2006 delineated the current resources at Talisman.



From L-R: Directors and representatives of Amer at Level 8 portal

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of New Talisman Gold Mines Limited

Report on the Financial Statements

We have audited the financial statements of New Talisman Gold Mines Limited and its subsidiaries on pages 11 to 21, which comprise the consolidated and separate statement of financial position as at 31 March 2016, the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 or its subsidiaries.

Opinion

In our opinion, the consolidated and separate financial statements on pages 11 to 21 present fairly, in all material respects, the financial position of New Talisman Gold Mines Limited and its subsidiaries as at 31 March 2016 and their consolidated and separate financial performance and consolidated and separate 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

Without modifying our opinion, we draw attention to Note 19 to the financial statements which states: "In the event that 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."



DFK Oswin Griffiths Carlton

Chartered Accountants
Auckland, New Zealand
29 June 2016



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NEW TALISMAN GOLD MINES LIMITED

Statement of Comprehensive Income For year ended 31 March 2016

		Group		Parent	
	Note	2016 NZ\$	2015 NZ\$	2016 NZ\$	2015 NZ\$
Continuing Operations					
Sales	2	-	124,074	-	124,074
Other operating income	2	9,689	364,392	9,689	17,142
Operating and administrative expenses	3, 4	(1,050,431)	(643,746)	(1,073,085)	(704,343)
Exploration costs written off	11	(1,801,137)	(357,653)	(1,778,397)	(357,653)
Gain/(loss) from operations		(2,841,879)	(512,933)	(2,841,793)	(920,780)
Net profit/(loss) for the year		(2,841,879)	(512,933)	(2,841,793)	(920,780)
Total comprehensive income/(loss)		(2,841,879)	(512,933)	(2,841,793)	(920,780)
Net profit/(loss) attributable to equity holders of the parent		(2,841,879)	(512,933)	(2,841,793)	(920,780)
Comprehensive profit/(loss) attributable to equity holders of the parent		(2,841,879)	(512,933)	(2,841,793)	(920,780)
Earnings per share					
Basic earnings/(loss) per share					
From continuing operations		(0.36) cent	(0.08) cent	(0.36) cent	(0.14) cent
Diluted earnings/(loss) per share					
From continuing operations		(0.31) cent	(0.06) cent	(0.31) cent	(0.12) cent

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Statement of Changes in Equity For the Year Ended 31 March 2016

	Note	Group 2016				Group 2015			
		Share Capital NZ\$	Capital Reserves NZ\$	Retained Earnings NZ\$	Total Equity NZ\$	Share Capital NZ\$	Capital Reserves NZ\$	Retained Earnings NZ\$	Total Equity NZ\$
Profit/(Loss)		-	-	(2,841,879)	(2,841,879)	-	-	(512,933)	(512,933)
Other comprehensive income		-	-	-	-	-	-	-	-
Proceeds from share capital issued		614,998	-	-	614,998	1,443,290	-	-	1,443,290
Equity at beginning of year		28,176,928	335,341	(18,397,043)	10,115,226	26,733,638	335,341	(17,884,110)	9,184,869
Equity at end of year	7	28,791,926	335,341	(21,238,922)	7,888,345	28,176,928	335,341	(18,397,043)	10,115,226

	Note	Parent 2016				Parent 2015			
		Share Capital NZ\$	Capital Reserves NZ\$	Retained Earnings NZ\$	Total Equity NZ\$	Share Capital NZ\$	Capital Reserves NZ\$	Retained Earnings NZ\$	Total Equity NZ\$
Profit/(Loss)		-	-	(2,841,793)	(2,841,793)	-	-	(920,780)	(920,780)
Other comprehensive income		-	-	-	-	-	-	-	-
Proceeds from share capital issued		614,998	-	-	614,998	1,443,290	-	-	1,443,290
Equity at beginning of year		28,176,928	297,641	(18,356,115)	10,118,454	26,733,638	297,641	(17,435,335)	9,595,944
Equity at end of year	7	28,791,926	297,641	(21,197,908)	7,891,659	28,176,928	297,641	(18,356,115)	10,118,454

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Statement of Financial Position

As at 31 March 2016

		Group		Parent	
	Note	2016 NZ\$	2015 NZ\$	2016 NZ\$	2015 NZ\$
Equity					
Attributable to parent company shareholders	7	7,888,344	10,115,226	7,891,659	10,118,454
		7,888,344	10,115,226	7,891,659	10,118,454
Term liabilities					
Rehabilitation Reserve	10	666,023	666,023	666,023	666,023
Total term liabilities		666,023	666,023	666,023	666,023
Current liabilities					
Payables	8	81,945	132,233	81,946	132,233
Employee benefits	21	22,506	15,583	22,506	15,583
Total current liabilities		104,451	147,816	104,452	147,816
Total liabilities		770,474	813,839	770,475	813,839
Total equity and liabilities		8,658,819	10,929,065	8,662,134	10,932,293
Current assets					
Cash		456,181	584,729	456,181	584,729
Receivables and prepayments	22	40,508	85,932	45,094	110,673
Total current assets		496,689	670,661	501,275	695,402
Non-current assets					
Property, plant & equipment	9	2,625	5,330	2,625	5,330
Assets under construction	9	7,956,695	7,615,280	7,956,695	7,615,280
Intangible exploration assets	11	1,162	1,754,015	100	1,732,712
Investments	12	201,648	883,779	201,439	883,570
Total non-current assets		8,162,130	10,258,404	8,160,859	10,236,892
Total assets		8,658,819	10,929,065	8,662,134	10,932,294

For and on behalf of the Board:



J M McKee (Chairman)

Dated: 29th June 2016



M G Hill

Dated: 29th June 2016

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Statement of Cash Flows

For year ended 31 March 2016

	Note	Group	Parent	
		2016 NZ\$	2015 NZ\$	2016 NZ\$
Cash flows from operating activities				
<i>Cash was provided from:</i>				
Gold Ore Sales		25,902	98,226	25,902
Interest received		9,341	16,638	9,341
Other		-	504	-
		35,243	115,368	35,243
<i>Cash was disbursed to:</i>				
Payments to suppliers		(543,615)	(518,131)	(543,615)
Rent		(16,652)	(13,644)	(16,652)
Payments to and on behalf of employees		-	(48,578)	-
		(560,267)	(580,353)	(560,267)
Net cash outflows from operating activities	16	(560,267)	(464,985)	(560,267)
Cash flows from investing activities				
<i>Cash was provided from:</i>				
Intercompany loan repayments		-	-	-
Proceeds from sale of share investments		336,172	577	336,172
		336,172	577	336,172
<i>Cash was applied to:</i>				
Prospecting and mine development expenditure		(394,828)	(684,128)	(394,828)
Purchase of property, plant and equipment		-	(2,340)	-
Investments		-	-	-
Intercompany loans		(2,584)	(4,334)	(2,584)
		(397,412)	(690,802)	(397,412)
Net cash outflows from investing activities		(397,412)	(690,225)	(397,412)
Cash flows from financing activities				
<i>Cash was provided from:</i>				
Issue of shares		449,998	1,443,290	449,998
Short term loan		-	-	-
		449,998	1,443,290	449,998
<i>Cash was applied to:</i>				
Short term loan repayment		-	-	-
Issue of shares		-	(35,682)	-
		-	(35,682)	-
Net cash inflows from financing activities		449,998	1,407,608	449,998
Net increase /(decrease) in cash held		(136,266)	252,398	(136,266)
Effect of changes in exchange rates		7,718	(2,414)	7,718
Cash at beginning of year		584,729	334,745	584,729
Cash at end of year		456,181	584,729	456,181
CASH COMPRISES:				
Cash		351,181	479,729	351,181
Short term deposits		105,000	105,000	105,000
		456,181	584,729	456,181

All cash balances are available without restriction except for NZ\$105,000 on deposit which is security for guarantees issued by the bank. The bank holds a \$75,000 bond on behalf on the NZ Stock Exchange for the term of the exchange listing and a \$30,000 bond on behalf of the Department of Conservation held for any potential mining rehabilitation.

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

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 2016.

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) and with International Financial Reporting Standards (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 and development expenditure, and
- the anticipated rehabilitation costs at the conclusion of mining. The estimate does not have a profit effect in the current year.

Last year the directors obtained independent confirmation from an experienced valuer who at the time of the valuation was independent of the company (Note 11). 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	10-30%
Fixtures and fittings	Straight line	10%

(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.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

(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.

(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) Financial instruments

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

(1) Receivables and payables

Receivables and payables are initially recorded at fair value 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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 *Leases*

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)
- NZ IFRS 14 Regulatory Deferral Accounts (effective for accounting periods beginning on or after 1 January 2016)
- NZ IFRS 15 Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017)
- NZ IFRS 16 Leases (effective for accounting periods beginning on or after 1 January 2019)

2. OPERATING INCOME

	Group Mar 2016 NZ\$	Group Mar 2015 NZ\$	Parent Mar 2016 NZ\$	Parent Mar 2015 NZ\$
Interest	9,689	16,638	9,689	16,638
Sales of gold ore	-	124,074	-	124,074
Equipment hire	-	-	-	-
Gain on sale of shares*	-	-	-	-
Revaluation of Investment	-	347,250	-	-
Sundry income	-	504	-	504
Total operating income	9,689	488,466	9,689	141,216

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

3. OPERATING AND ADMINISTRATION EXPENSES BY NATURE

	Group Mar 2016 NZ\$	Group Mar 2015 NZ\$	Parent Mar 2016 NZ\$	Parent Mar 2015 NZ\$
Auditor's fees – auditing financial statements	35,645	23,700	35,645	23,700
Consultancy Fees	140,000	50,377	140,000	50,377
Depreciation	2,704	2,789	2,704	2,789
Director fees	65,000	81,250	65,000	81,250
Employee salaries	-	48,578	-	48,578
Foreign exchange loss/(gain)	(7,718)	2,414	(7,718)	2,414
Kiwisaver	2,699	6,000	2,699	6,000
Legal fees	114,333	67,831	114,333	67,831
Capital Loss on sale of shares	579,946	776	579,946	776
Rental and lease costs	16,652	13,644	16,652	13,644
Share revaluation loss reversal	(234,329)	-	(234,329)	60,680
Other	335,499	346,387	358,153	346,304
Total administration expenses	1,050,431	643,746	1,073,085	704,343

4. DIRECTOR AND EMPLOYEE REMUNERATION

Director remuneration

	2016 NZ\$	2015 NZ\$
MG Hill (Executive Director)*	187,833	230,000
JM McKee	40,000	50,000
IJ Pringle (ceased 9 May 2016)	20,000	25,000
TM Rintoul (ceased 11 September 2015)	5,000	6,250

*Of which \$33,810 (2015:\$41,400) 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, no options were issued to directors or employees.

Remuneration of Employees

During the reporting period, one employee received remuneration and benefits of between \$90,000 and \$100,000. The remuneration included Kiwisaver contributions of \$2,699.

Employee share option plan

	2016 Number	2015 Number
Unlisted options Issued to employees	-	-
Unlisted options Issued to directors	-	-
Total unlisted options issued during the period	-	-
Balance of options at start of period	5,750,000	8,500,000
Unlisted options converted to fully paid shares during the period	-	(2,000,000)
Options cancelled during the period	-	(750,000)
Unlisted options on issue at end of the period	5,750,000	5,750,000

5. TAXATION

	Group 2016 NZ\$	Group 2015 NZ\$	Parent 2016 NZ\$	Parent 2015 NZ\$
Operating loss before taxation	(2,841,879)	(512,933)	(2,841,793)	(920,780)
Prima facie income tax at 28%	(795,726)	(143,621)	(795,702)	(257,818)
Add/(subtract) the taxation effect of permanent differences:				
Capital Loss on Disposal of Investments	162,385	-	162,385	-
Non-deductible Provision For Doubtful Debt	6,367	-	6,367	-
Tax losses not recognised	(626,974)	(143,621)	(626,950)	(257,818)
Temporary differences not recognised	1,400	-	1,400	-
Income tax expense/(benefit) not recognised	(625,574)	(143,621)	(625,550)	(257,818)

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

The parent company has the following estimated taxation losses available:

- (a) mining losses to offset against future mining income of NZ\$9,787,008 (2015: NZ\$11,178,206)' and
- (b) non-mining taxation losses of NZ\$19,780,732 (2015: NZ\$17,546,625).

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

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

At balance date the company's imputation credit account balance was \$2,060 which resulted from resident withholding tax paid on interest earned during the period (2015: 1,747).

6. SEGMENT INFORMATION

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

7. EQUITY & RESERVES

Equity	Group 2016 NZ\$	Group 2015 NZ\$	Parent 2016 NZ\$	Parent 2015 NZ\$
Share capital	28,791,926	28,176,928	28,791,926	28,176,928
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	(21,238,922)	(18,397,043)	(21,197,908)	(18,356,115)
Total parent shareholder equity	7,888,345	10,115,226	7,891,659	10,118,454

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 2016 NZ\$	Group 2015 NZ\$	Parent 2016 NZ\$	Parent 2015 NZ\$
Balance at beginning of year	(18,397,043)	(17,884,110)	(18,356,115)	(17,435,335)
Net loss attributable to shareholders	(2,841,879)	(512,933)	(2,841,793)	(920,780)
Balance at end of year	(21,238,922)	(18,397,043)	(21,197,908)	(18,356,115)

There were no movements in other reserves.

Share capital	Group & Parent			
Ordinary shares	2016 Number	2015 Number	2016 NZ\$	2015 NZ\$
Balance beginning of year	731,421,325	565,883,501	28,176,928	26,733,638
Shares Issued	64,028,534	165,537,824	449,998	1,443,290
Share Based Payments	22,272,727	-	165,000	-
Balance at end of year	817,722,586	731,421,325	28,791,926	28,176,928

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.

Shared based payments

During the year \$25,000 worth of new shares were issued in exchange for the purchase of geological data at a market rate. The data was considered important for the development of the Talisman Gold Mine and shares were issued at NZ\$1.1cps.

During the period under review NTGML received consultancy services from related companies in which two directors of the entity had beneficial ownership. Two separate invoices of \$70,000 plus GST were issued to NTGML with the total of the Consultancy Fees being recognised in the Statement of Comprehensive Income. The fair value of the consultancy fees was determined by the invoiced amounts which was agreed by the NTGML board at the time the services were performed.

Settlement of the invoices occurred via separate transactions where Directors of the Consultancy companies applied for a subscription of shares at NZD0.7cps from the shortfall of a rights issue. Funds owing to the related companies for the Consultancy services were subsequently applied in part to the application of shares subject to shareholder approval and a cash transaction paying the remainder of the invoice amount was paid to each company.

Shareholders voted in favour of the director's application for new shares and the subscription was processed in the name of the directors. The resulting effect on the financial position of the company was increased share capital of \$140,000. Under NZIFRS 2 these separate transactions are considered to be equity-settled share-based payment transactions and have been recognised accordingly.

At balance date there were no liabilities carried in the statement of Financial Position arising from share-based payment transactions.

Listed options	Group & Parent	
	2016 Number	2015 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.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

Unlisted Options

	Group & Parent	
	2016 Number	2015 Number
Options issued to employees:		
Opening Balance of options on issue	1,250,000	4,000,000
Unlisted options issued (expiry 11/11/2018)	-	-
Unlisted options issued (expiry 13/2/2019)	-	-
Unlisted options cancelled during period	-	(750,000)
Unlisted options converted to fully paid share at A 1.1 cent each	-	(2,000,000)
Total unlisted options on issue to employees	1,250,000	1,250,000
Options issued to directors:		
Unlisted options issued during the period	-	-
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	5,750,000
Total listed and unlisted options on issue at end of year	125,601,516	125,601,516

Options issued to directors and employees have not been recognised in these financial statements because they were issued for no consideration during a rights issue.

Nil unlisted employee options were converted during the year (Last Year 2,000,000 at 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\$327,833 (2015:NZ\$230,000) of which \$140,000 relates to share based payments. At balance date, payables included NZ\$36,433 payable to directors related companies (2015:NZ\$8,718). There were no related party debtors at balance date (2015:NZ\$Nil) and no related party debts were written off during the year.

9. PROPERTY, PLANT & EQUIPMENT

	Fixtures & fittings NZ\$	Office equipment NZ\$	Group & Parent Field equipment NZ\$	Motor vehicle NZ\$	Total NZ\$
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	33,418
Depreciation	(618)	(4,815)	(4,655)	(18,000)	(28,088)
Carrying amount	767	2,090	2,473	-	5,330
Year ended 31 March 2016					
Carrying amount 1 April 2015	767	2,090	2,473	-	5,330
Additions	-	-	-	-	-
Depreciation	(126)	(1,825)	(753)	-	(2,704)
Carrying amount	641	265	1,719	-	2,625
31 March 2016					
Cost	1,385	6,905	7,128	18,000	33,418
Depreciation	(744)	(6,640)	(5,409)	(18,000)	(30,793)
Carrying amount	641	265	1,719	-	2,625

ASSETS UNDER CONSTRUCTION

	Group & Parent	
Talisman mine development	2016 NZ\$	2015 NZ\$
Balance at beginning of year	7,615,282	7,020,965
Transfer from intangible assets	-	-
Development expenditure	341,413	594,316
Balance at end of year	7,956,695	7,615,281

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. Last year an independent valuation was obtained from Stevens & Associates 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 requirements for disclosure of a Mineral Resource or Ore Reserves are set out in the JORC Code which is binding on all members and policed by ASIC. The company's Mineral Resources Statement is an estimate of the gold and silver content of in situ ore and is

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

prepared in accordance with all quality control and quality assurance requirements set out in the code. The ore reserve is an estimate of the quantity and quality of the Mineral Resource that can be mined based on the results of a technical study where modifying factors such as dilution, underground recovery, geotechnical and financial are applied to estimate the volume and contained grade of run of mine ore. The company's Technical Statement on Ore Reserves contains all this information and is also compliant with the requirements of the code. The technical study on which the Ore Reserve statement is based was critiqued by Hatch, an international engineering consultancy, and found to comply with the requirements of a Pre-Feasibility Study which implies approximately 15% accuracy. The sensitivity analysis on teal prices, recovery etc is also set out in the Technical Report.

10. PROVISION FOR REHABILITATION RESERVE

Rehabilitation Reserve	2016 NZ\$	2015 NZ\$
Balance at beginning of year	666,023	666,023
Movements during the year	-	-
Balance at end of year	666,023	666,023

The Directors have provided for rehabilitation costs of the Talisman mine site on its closure. The provision is based on a best estimate of the expenditure required to rehabilitate the mining site. The estimated costs of \$1m have been discounted to net present value using a pre-tax discount rate of 12% on the assumption that payments will commence in the year ending March 2021.

Since the extent of the mine's expected footprint and the minimum standards required by legislation may change during mining operations, the directors have exercised judgment and taken into account the probability of all possible outcomes.

11. INTANGIBLE EXPLORATION ASSETS

	Group		Parent	
	2016 NZ\$	2015 NZ\$	2016 NZ\$	2015 NZ\$
Prospecting costs				
Balance at beginning of year	1,754,015	1,998,433	1,732,711	1,981,383
Development expenditure	48,284	113,235	45,786	108,981
Transfer to Talisman assets under construction	-	-	-	-
Less prospecting expenditure written off	(1,801,137)	(357,653)	(1,778,397)	(357,653)
Balance at end of year	1,162	1,754,015	100	1,732,711
	Group		Parent	
	2016 NZ\$	2015 NZ\$	2016 NZ\$	2015 NZ\$
Gross prospecting costs				
Gross cost of current permit	1,802,299	3,311,668	1,778,497	2,090,364
Less prospecting expenditure written off	(1,801,137)	(1,557,653)	(1,778,397)	(357,653)
Balance at end of year	1,162	1,754,015	100	1,732,711

Exploration and evaluation expenditure is recorded as an intangible asset and carried at historic cost less any adjustment for impairment. The carrying value of the asset in the parent entity was written down to just \$100 during the period after NZPAM declined an application for an extension of land and after balance date Newcrest was granted the permit based on its application for the benefit of both parties under the terms of the non binding heads of agreement. Subsequently, on 27 June 2016, a binding agreement was reached with Newcrest Mining for the Rahu tenement, which is referenced to at note 23.

During the year the directors relinquished the Parakao 53 706 exploration tenement. Directors recognised the impairment and have written off the full carrying value of the asset in the current year (\$22,740).

TENEMENT SCHEDULE:

Permits held by New Talisman Gold Mines Limited:

Granted mining permit, Coromandel, New Zealand

51 326 Talisman

12. SHARE INVESTMENTS

	Group 2016 NZ\$	Group 2015 NZ\$	Parent 2016 NZ\$	Parent 2015 NZ\$
Investment in listed companies	198,348	880,479	198,138	880,270
Investment in unlisted companies	3,300	3,300	3,300	3,300
Total share investments	201,648	883,779	201,439	883,570

Investment in listed companies includes the investment in Broken Hill Prospecting Limited.

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

13. SUBSIDIARY COMPANIES

	Percent held 2016	2015	Incorp in	Balance date	Activity
Subsidiaries					
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. Both of the subsidiaries did not trade during the year.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

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 92% 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 material 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\$
2016 short term bank deposits	3.25%	105,000	105,000

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

Fair Values

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

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

15. COMMITMENTS

Operating lease commitments

Lease commitments under non-cancellable operating leases:

	Group & Parent	
	2016 NZ\$	2015 NZ\$
Not later than one year	18,041	-
Later than one year but not later than five years	-	-
	18,041	-

The company currently leases offices on an annual basis and has one right of renewal for a further year.

The group has capital commitments of NZ\$Nil (2015:Nil).

16. RECONCILIATION OF OPERATING CASHFLOW AND REPORTED DEFICIT

	Group		Parent	
	2016 NZ\$	2015 NZ\$	2016 NZ\$	2015 NZ\$
Net profit/(deficit) after taxation and before including share of retained deficit of associates	(2,841,879)	(512,933)	(2,841,793)	(920,780)
Add non-cash items:				
Depreciation	2,704	2,789	2,704	2,789
Field expenditure write off	1,801,137	357,653	1,778,397	357,653
Share revaluation (gain)/loss	(234,329)	(347,250)	(234,329)	60,680
Provision For Doubtful Debts	-	-	22,739	-
Capital loss on sale of shares	579,945	776	579,945	776
Share based payments	140,000	-	140,000	-
Exchange (gain)/loss	(7,718)	2,414	(7,718)	2,414
	2,141,739	16,382	2,141,739	424,312
Add (less) movement in working capital:				
Decrease (increase) in debtors	30,221	(29,968)	30,221	(29,968)
Increase (decrease) in creditors	(43,279)	71,073	(43,364)	70,990
Decrease (increase) in accrued income	3	193	3	193
Decrease (increase) in prepayments	10,135	2,495	10,135	2,495
Decrease (increase) in intercompany loans	(2,584)	(4,335)	(2,584)	(4,335)
Decrease (increase) in GST	5,377	(7,892)	5,377	(7,892)
	(127)	31,566	(212)	31,483
Net cash flows from operating activities	(560,267)	(464,985)	(560,267)	(464,985)

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2016

17. CONTINGENT LIABILITIES

	Group & Parent	
	Mar 2016 NZ\$	Mar 2015 NZ\$
Contingent liabilities	-	-

18. NET TANGIBLE ASSETS PER SECURITY

	Group & Parent	
	Mar 2016 NZ\$	Mar 2015 NZ\$
Net tangible assets	7,887,183	8,361,211
Net tangible assets per security	1.00 cent	1.26 cent

19. GOING CONCERN

The financial report has been prepared on a going concern basis. The directors are actively raising funds and have announced a Renounceable Rights Offer 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.

20. EARNINGS PER SHARE

	Group Mar 2016	Group Mar 2015	Parent Mar 2016	Parent Mar 2015
Profit/(loss) from continuing operations	(2,841,879)	(512,933)	(2,841,793)	(920,780)
Weighted average number shares	789,893,534	663,888,630	789,893,534	663,888,630
Basic losses per share	(0.36) cent	(0.08) cent	(0.36) cent	(0.14) cent
Diluted average shares on issue	915,495,050	791,275,763	915,495,050	791,275,763
Diluted losses per share	(0.31) cent	(0.06) cent	(0.31) cent	(0.12) cent
Weighted average number shares	789,893,534	663,888,630	789,893,534	663,888,630
Weighted average number options	125,601,516	127,387,132	125,601,516	127,387,132
Diluted average share on issue	915,495,050	791,275,763	915,495,050	791,275,763

21. EMPLOYEE BENEFITS

	Mar 2016 NZ\$	Mar 2015 NZ\$	Mar 2016 NZ\$	Mar 2015 NZ\$
Balance at beginning of year	15,583	12,947	15,583	12,947
Additional provision	6,923	22,237	6,923	22,237
Amount utilised	-	(19,601)	-	(19,601)
Balance at end of year	22,506	15,583	22,506	15,583

Employee benefits accrued comprise holiday pay.

22. RECEIVABLES AND PREPAYMENTS

	Group Mar 2016 NZ\$	Group Mar 2015 NZ\$	Parent Mar 2016 NZ\$	Parent Mar 2015 NZ\$
Sundry receivables	26,026	61,312	26,026	61,312
Accrued income	299	302	299	302
Prepayments	14,183	24,318	14,183	24,318
Intercompany advances	-	-	4,585	24,741
	40,508	85,932	45,093	110,673

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:

- On 25 May 2016 the company released a 3 for 1 pro-rata renounceable rights offer of new shares at an issue price of NZ\$0.005 or AU\$0.005 per new share to raise upwards of \$12 million, on the basis of 3 new shares for every 1 existing share held.
- In June 2016 New Talisman Gold Mines Limited accepted a signed MOU with both binding and non-binding terms from Amer International Group of Shenzhen to invest in New Talisman. The details of the offer were publicly announced in a release statement on 16 June 2016.
- In June 2016, the Directors reached agreement with Newcrest Mining Limited for the terms of a binding agreement for a farm-in on the Rahu exploration tenement. Under the terms of the agreement, Newcrest will spend up to \$5M on the permit based on results and hold a 20% interest in the Rahu permit in trust for New Talisman.
- In April 2016 NTL applied for a change of conditions to the Talisman permit consistent with the Change of conditions granted in April 2015 for an amendment to the commencement date of operations.

An estimate of the financial effects of post balance date events on the entity could not be made at the time of writing this report while the rights issue was still open and the number of shares to be issued is unknown. It was also unable to determine the overall effect on the number of shares on issue for the same reason.

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 2016:

Director	Relevant interest in Ordinary Shares	Relevant Interest in Unlisted Options
M G Hill	12,722,419	1,500,000
J M McKee	10,000,000	1,500,000
I J Pringle	-	1,500,000
T M Rintoul	-	-

TOP 20 OPTION SHAREHOLDERS			
Rank	Full Name	Holding	Percentage
1	HFT NOMINEES LTD <SUPER FUND A/C>	22,672,250	18.91
2	INTERNATIONAL PACIFIC SECURITIES LIMITED	14,356,000	11.97
3	HAMISH EDWARD ELLIOT BROWN	12,718,283	10.61
4	NIMPOD PTY LIMITED	9,852,911	8.22
5	HILL FAMILY GROUP PTY LIMITED	7,024,127	5.86
6	DOJOMAC MANAGEMENT PTY LIMITED	4,789,000	3.99
7	KA FU TSE	4,100,000	3.42
8	GOFFACAN PTY LTD	3,545,952	2.95
9	FORSYTH BARR CUSTODIANS LIMITED <FORSYTH BARR LTD-NOMINEE A/C>	3,339,953	2.78
10	ACEMAC PTY LIMITED <MAC SUPER A/C>	2,394,500	1.99
11	BELANNA PTY LTD	2,394,500	1.99
12	RALPH NICHOLAS STAGG	2,393,500	1.99
13	INTERNATIONAL PACIFIC CAPITAL LIMITED	2,391,784	1.99
14	MICHAEL REX HUNT	2,000,000	1.66
15	NEIL FREDERICK KEATING & JEANETTE KEATING	1,476,243	1.23
16	IANAKI SEMERDZIEV	1,389,286	1.15
17	ROBERT MARSHALL WALSHAM & RACHEL SANDRA WALSHAM <R & R WALSHAM FAMILY A/C>	1,176,950	0.98
18	ANZ NEW ZEALAND SECURITIES LIMITED	1,000,000	0.83
19	ASB NOMINEES LIMITED <317485 ML A/C>	1,000,000	0.83
20	GEORGE MATTHEW JAMES ATKINSON	1,000,000	0.83
Total top 20 shareholders		101,015,239	84.18
Total issued options		119,851,516	

NEW TALISMAN GOLD MINES LIMITED (NTL) Analysis of Shareholding as at 24/05/2016				
Holding Range	Holder Count	Holder Count %	Holding Quantity	Holding Quantity %
1 to 1,000	100	5.01	24620	0
1,001 to 5,000	220	11.01	770747	0.09
5,001 to 10,000	185	9.26	1580248	0.19
10,001 to 100,000	806	40.34	37154050	4.54
100,001 to 9,999,999,999,999	687	34.38	778192921	95.17
Total	1998	100	817722586	99.99

TOP 20 ORDINARY SHAREHOLDERS			
Rank	Full Name	Total Holding	Percentage
1	HAMISH EDWARD ELLIOT BROWN	85,000,000	10.39
2	HFT NOMINEES LTD <SUPER FUND A/C>	42,154,117	5.15
3	HILL FAMILY GROUP PTY LIMITED	28,096,507	3.43
4	RIUO HAURAKI LIMITED	18,142,857	2.21
5	INTERNATIONAL PACIFIC SECURITIES LIMITED	14,356,000	1.75
6	MATTHEW GEOFFREY HILL	12,722,419	1.55
7	NIMPOD PTY LIMITED	11,318,027	1.38
8	PETER ROBERT ATKINSON	10,901,950	1.33
9	PETER WILLIAM HALL	10,000,000	1.22
10	JAMES MURRAY MCKEE	10,000,000	1.22
11	KA FU TSE	10,000,000	1.22
12	BESTFIELD COMPANY	9,700,000	1.18
13	INTERNATIONAL PACIFIC CAPITAL LIMITED	9,567,135	1.16
14	TONY CALDER BUTTERICK	9,000,000	1.1
15	NEWTAL INVESTMENTS PTY LIMITED	9,000,000	1.1
16	DOJOMAC MANAGEMENT PTY LIMITED	7,183,500	0.87
17	IANAKI SEMERDZIEV	6,979,172	0.85
18	ESTATE BASIL COURTNEY MCGIRR DECEASED	6,707,030	0.82
19	BERNARD CHEUK MUN FONG & KWOK CHUEN FONG	6,642,858	0.81
20	ROBERT MARSHALL WALSHAM & RACHEL SANDRA WALSHAM <R & R WALSHAM FAMILY A/C>	6,534,160	0.79
Total Top 20 Shareholders		324,005,732	39.5
Total issued Capital		817,722,586	

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 2015/2016 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 2016.

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.. Matthew Hill is not an independent director as he is the Chief Executive Officer. Post the balance date Ian Pringle resigned from the board and Mr Murray Stevens was appointed as an independent director and Chairman of the audit committee and member of the nomination committee.

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. Mr Tevor Rintoul was a member of the Audit committee until 11 September 2015. The Board deals

CORPORATE GOVERNANCE

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 Matthew Hill. Trevor Rintoul was a member of the Committee until 11th September 2015. . Matthew Hill was also a member of the Committee. Post the reporting period Dr Pringle resigned and Mr Murray Stevens appointed on 9th May 2016.

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 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 McKee	4/4	2/2	1/1
M Hill	4/4	2/2	1/1
I Pringle	4/4	2/2	1/1
T Rintoul*	0/1	0/1	0/1

*T Rintoul retired on 11th September 2015

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 2015/2016 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.

CORPORATE GOVERNANCE

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)
Murray Stevens (Independent Director)
- (appointed 9 May 2016)
Ian Pringle (resigned 9 May 2016)

COMPANY SECRETARY

Mr Richard Justice

REGISTERED (HEAD) OFFICE

541 Parnell Road, Parnell
Auckland, New Zealand
Telephone (+64 9) 303-1893
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BANKERS

Westpac Bank, Auckland
National Australia Bank, West Perth
Macquarie Bank, Sydney

AUDITORS

DFK Oswin Griffiths Carlton
Level 4
52 Symonds Street
Auckland 1010

SOLICITORS

Chapman Tripp, Auckland
Simpson Grierson, Auckland
Williams & Hughes, Perth
Gilbert and Tobin, 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:

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Private Bag 92119
Auckland 1142
159 Hurstmere Road
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New Zealand
Telephone (+64 9) 488 8777
Facsimile (+64 9) 488 8787

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452 Johnston Street
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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

