



ANNUAL REPORT 2018



REPORT TO THE SHAREHOLDERS OF NEW TALISMAN GOLD MINES LTD For the year ended 31 March 2018

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KEY HIGHLIGHTS DURING THE FINANCIAL YEAR

- **Commencement of operations at the Talisman Mine** – on the 6th of June 2017 the company mobilised to establish operations at the Talisman Mine. This was an historic moment in the company's development with the mine having not been in an active state since 2006. The site is now fully established, all services are in place and more than 700m of the tunnel network, leading to the Mystery Vein, have been rehabilitated, supported and services installed. Concurrently, NTL have undertaken refurbishment of the Dubbo drive which is well ahead of schedule with less than 40m remaining before access to the BM37 zone is achieved.
- **Modelling and resource estimation of the Talisman Deeps** – During the period the company undertook extensive upgrading of a significant portion of the mineral resource estimate to be compliant with JORC 2012 reporting standards. This was a continuation of the development of the historic database which was acquired in 2015, and due to the size, nature and grades of the resource of which a large proportion sits underneath the current Talisman activities was called "Talisman Deeps". Three modules of the Talisman Deeps resource area were released to the market between 12 July and 05 September covering Dubbo, Woodstock and the Talisman/Bonanza zones. The significant results of the revised Mineral Resource Estimate to JORC 2012 reporting standards more than doubled the measured, indicated and inferred resources from 229,000 Oz AuEq to **469,000 Oz AuEq at an average grade of 15.1g/t AuEq**. This total includes some **312,000 Oz AuEq at an average grade of 21.98g/t** contained in the Dubbo Zone of the mine.
- **Completion of Scoping Study on the Talisman Deeps** - The scoping study demonstrates that the inferred resources below No 9 Level have a significant potential for economic extraction. The report is currently being reviewed by independent experts.
- **Completion of the 2018 updated Prefeasibility study "PFS"** - The recently released PFS has demonstrated an increase in the Net Present Value, (NPV) from \$15.4m to \$35.9m at a 9% Discount Rate with an **IRR of 118%** as a result of increased gold production, grade and an extended mine life.
- **The return to 100% ownership of the Rahu project** through the acquisition of Newcrest New Zealand Pty Ltd, now renamed Rahu Resources Pty Ltd, from Newcrest Mining under the terms of the binding agreement between the companies.
- **Completion of successful capital raising** - The company completed another successful capital raising via an SPP with an attaching option raising a further \$1.9m in total. The funds raised were for both the metallurgical testwork and concentrator plant development at Talisman and work on Rahu. Following NZPAM's recent approval of the acquisition of Newcrest New Zealand Pty Ltd, work on Rahu is expected to commence during the next half year.

DIRECTORS' REPORT

Dear Shareholders

The 2018 Financial year is one which marks a significant milestone in the re-establishment of the Talisman Gold Mine. This year has seen the achievement of several other key milestones in the development of your company and one in which considerable value has been added for shareholders. At this time last year the company had only just commenced clearing the site area in preparation for prospecting.

Your board is delighted to report that the aims outlined in the Annual Report last year to complete rehabilitation works through to the target areas of Mystery and Dubbo and commence prospecting activities have largely been achieved.

The company had, at this time last year, compiled the Talisman Deeps database and has subsequently completed the Mineral Resource Estimate, modules for Talisman. This work provided a significant uplift

in gold resources and grades at the Talisman mine. A revised 2017 mineral resource estimate, reported in compliance with the 2012 JORC code, which was underpinned by an independent review and Valuation by Geos Mining from Sydney provided a key catalyst for a significant increase in shareholder value.

One of the key ambitions for the company noted this time last year, was to build and expand the scope of works in prospecting and resource definition to allow the upgrade of the prefeasibility study "PFS" which was completed in 2013. At that time we were optimistic that, with the completion of the updated mineral resource estimate to JORC 2012 reporting standards, the resulting PFS would provide further improvements in what were already very solid projected returns and gold outputs.

The board commissioned and the technical team completed a JORC 2012 compliant Scoping Study on the inferred portion of the Talisman Deeps resource as a preliminary economic assessment for extracting this sizeable high-grade gold resource. This study is currently being reviewed by independent experts.

It is with great pleasure the board advises the 2018 updated Pre-feasibility study has been completed with significant uplift in grades, reserves, recoverable gold and in turn revenues and economics. Key findings are outlined further in this report.

Late last year at the AGM the board outlined its aims to complete metallurgical test work to examine potential for the establishment of an environmentally benign method in which to concentrate gold underground. The company engaged an independent expert who tested representative ore inside Talisman. This demonstrated that by using a variety of methods which resulted in a preferred method using both gravity and flotation to produce gold at a recovery rate usually found in cyanide-based treatment of 94%.

Your company is currently working closely with stakeholders for the installation of a pilot plant for the treatment of ore and production of bullion as part of the bulk sampling phase. The company is engaging with specialists to provide the required data that will allow the company to install a small-scale pilot plant once the ventilation fan is installed.

With underground rehabilitation to the Mystery vein now complete, and resupporting works to the high grade Dubbo target zone being well ahead of timelines, your company is awaiting delivery of its customised ventilation fan which has been ordered and currently being built. The ventilation fan is a key step to allowing blasting and frequent underground traffic movements and is expected to be installed in the next 60 days.

FINANCIAL

From a financial perspective the company applied most of its funds to the development at Talisman with a total expenditure directly attributable to mine upgrades of over \$1.79m. Whilst expenses on development are shown in the accounts as a loss in the Statement of Financial Performance, such expenses capitalised in the balance sheet increased the Talisman mine asset from \$7.8m in 2017 to \$9.6m in 2018.

In June 2018 the company engaged Geos Mining Minerals Consultants Pty Ltd "Geos Mining" to complete a 2015 Valmin Code compliant independent valuation of the Talisman mine project. The Valuation reviewed the JORC compliant 2017 Mineral Resource Estimate, the updated 2018 Pre-feasibility study and Ore Reserve Statement and the Scoping Study on Talisman Deeps.

Geos Mining reviewed in detail the resource model and all technical data available as well as completing a field visit to site and confirmed that the resource and project was compliant with the 2012 JORC reporting standards. As set out in the notes to the accounts the directors will review valuation policy with respect to the Talisman project in the coming year.

The Rahu Project had been previously written down to a nominal amount on the Statement of Financial Position. However, following the acquisition of the remaining 80% of Exploration Permit 60144 through the purchase of Rahu Resources Pty Ltd (formerly Newcrest NZ Pty Ltd) from Newcrest Mining this has now been written back to \$2.7m based on capitalised costs to date.

At the end of the financial year your company's balance sheet remains in a very healthy position with cash of \$4.8m and the book value of the company's net assets of \$14.5m. The company has no debt and sufficient funds to meet its budgets which the board approves on a quarterly basis.



Community, sustainability and social responsibility

New Talisman is committed to strong sustainable health, safety and environmental performance. We are proud of our record of operating without incident for over 30 years.

During the year the company cleared invasive species and runoff material from the 0.25Ha surface footprint, and, in consultation with regulators, has put stormwater management facilities in place to direct runoff water into a series of silt dams and settling ponds. This ensures that water flowing across the site during rainy periods is of good quality on leaving the site.

Bulk sampling underground under the company's existing resource consent will have environmental effects which independent experts have deemed to be no more than minor. Innovative technology and solutions such as the closed loop water system all contribute to the company's aim of minimizing or mitigating any environmental impacts wherever possible and are driven by a commitment to environmental stewardship and compliance with all applicable environmental laws and regulations.

We recognise that the natural environs and forest areas adjacent to our area of operations are used for recreational activities and tourism and we wish to continue to enhance these areas. We have supported over the last 30 years the growth in tourism which is driven to significant degree by the area's significant mining heritage. The walking track which was outlined in last year's annual report has progressed substantially with the completion of a number of surveys and it is expected the company will be in a position to commence these works in the near future. This will provide a substantial opportunity for the public's extended enjoyment of the park by connecting the tracks at the bottom of the mine road with those leading to other parts of the park.

We have been, and continue to be, well supported by the people we meet near site and the community at large and direct as much of our procurement as possible towards local businesses. We continue to be committed to working in a spirit of cooperation and respect with the community in a sustainable and ethical way.

Mine Refurbishment



Portal pad area as at June 2017 – Installation of site works commences

In June 2017 the Company mobilised to the Talisman mine site and began preparing the site for installation of equipment to support underground works under a certificate of compliance issued by Hauraki District Council. The 0.25 hectare site, which has a smaller footprint at surface than the size of a quarter of an international rugby field, has been closed to the general public by the Department of Conservation, and has now been completely cleaned of gorse and other invasive species.

- A site office consisting of a management office and control room, a storage container, first aid room, change house, security office and ablutions are in place;

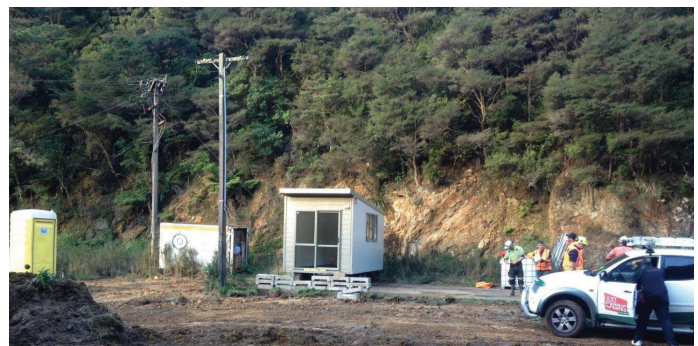


Figure 1 - Photos showing the evolution of the mine site from a muddy bog to what is now a fully functioning operation

- Stormwater management facilities have been constructed in consultation with Waikato Regional Council and include silt dams and settling ponds as part of the company's environmental management system;
- Perimeter fencing has been erected and a secondary gate established



Figure 2 - photos showing reconstruction of portal support and the ventilation lock

The old portal structure has been dismantled and a new ventilation lock installed with the area now prepared for installation of the ventilation fan which will sit atop the portal entrance;

- An underground communication system is in place which allows constant communication with underground workers from the control room;
- Support of workings from the portal to the Mystery drive, some 700m, is complete and water and compressed air reticulation systems have been installed throughout the length of the upgraded workings;







- Power generation facilities are in place providing sufficient power for the underground equipment compressed air systems and to fully run the office systems and charging of batteries.
- Work on powerlines and clearing a pathway for re-establishment of mains power is underway in discussion with Powerco which will provide 3 phase power from the existing substation.
- A high tech security system that includes night vision, motion detection, wireless modem and 16 cameras has been setup allowing 24/7 remote video coverage at site.

Refurbishment of the underground workings through to Mystery was completed during the period. Remedial works have now progressed more than 700m into the mine with clear access to Mystery Vein and now stand at the last section toward Dubbo. The team have faced many geotechnical challenges along the way and have completed the works to date without any notifiable incidents.

As set out at this time last year the company, having successfully raised sufficient capital to progress at full steam, began to shift focus from rehabilitation to prospecting and extraction, a recent inspection of the workings by a leading geotechnical expert concluded that the remediation works on No 8 Level have been conducted to a high standard and address the localised strata control hazards present about the drives.

Work continues on gaining access through to the highly prospective areas of the high-grade Dubbo Zone. The intersection of the Maria vein in that area in 1989 borehole **BM37 assayed at 656g/t gold over 1.8m which included 1154g/t gold over 1.0M.** This with channel sampling and drilling by NTL confirmed the presence of a high-grade shoot that has been further supported by modelling work of historic grade data in the recent mineral resource upgrade. The company is currently at the entrance to this area approximately 40 metres from the high grade area. A series of rehabilitation works will be required to this area prior to commencement of blasting and extraction. The completion of re-establishing the trafficable entry into the Dubbo Zone requires the use of machinery and as such will commence following installation of the vent fan which is expected late July.

Extraction and stockpiling of ore underground which commenced in December 2017 at the Talisman mine site continues. Small volumes of ore are currently being stockpiled Underground while treatment options as outlined further in this report are being reviewed.

2017 JORC compliant Mineral Resource Estimate

In late 2017 the Company undertook a programme to upgrade the Mineral Resource estimate to be compliant with JORC 2012 reporting standards.

The net result was to revise the estimate of mineral resources available to the Talisman Project from 917,000 tonnes at 6.9g/t Au for 204,000 Oz Au to **950,000 tonnes at 15.1g/t AuEq for 469,800 Oz AuEq.** Tabulations and details of the methods adopted in compiling the Mineral Resource estimate for the Dubbo, Woodstock and Bonanza blocks, reported in compliance with the 2012 JORC Code, are set out in the individual company releases of 12 July 2017, 25 July 2017 and 05 September 2017.

Dubbo Zone

Resource modelling of the Dubbo Zone has resulted in Measured, Indicated, and Inferred resources increasing to **312,800 oz gold equivalent (Au Eq) at a grade of 21.98g/t Au Eq** in compliance with the 2012 JORC Code. This is an increase of 102% over the 2004 resource estimate of 140,600 oz gold and 445,800 oz Ag for this zone (154,690 oz Au Eq). The Mineral Resources Estimate was reviewed by Geos Mining under their Valmin compliant report which confirmed compliance with the reporting standards of JORC 2012.

The increase in measured, indicated, and inferred gold equivalent resources in the Dubbo Zone is a significant milestone and has supported the considerable increase in project economics and further potential for mine life as set out in the summary of the revised PFS.

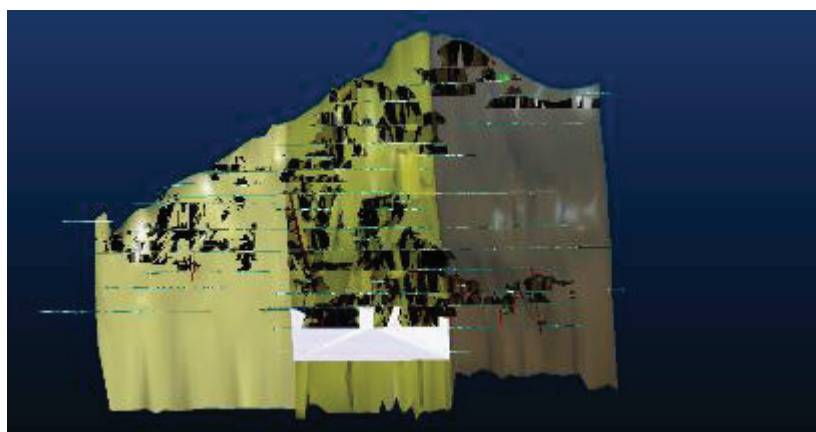


Figure 3 - Long Section of the Maria vein showing the Woodstock Zone on the left, Dubbo on the right and Talisman/Bonanza in the middle.

Woodstock Zone

As there has been little drilling in this zone, a significant proportion of the Woodstock data was unable to meet 2012 JORC Code requirements. Once the orebody is prospected further this may allow targeted drilling to expand the mineral resources which are set out below.

Resource modelling of the Woodstock Zone has resulted in Measured, Indicated, and Inferred resources increasing from 41,000 oz gold equivalent (Au Eq) at a grade of 6.30g/t Au Eq. This is an increase of 25% over the 2004 resource estimate of 32,686 oz AuEq for this zone.

Resource modelling of the Talisman and Bonanza Zones has resulted in quantifying of an Inferred resource of 73,601 oz gold equivalent (Au Eq) at a grade of 23.64g/t Au Eq. and brings the total JORC 2012 compliant resource estimate for the Maria vein to 427,600 Oz AuEq. The combined total of all resource blocks to has increased to 469,800 Oz AuEq.

JORC 2012 Compliant				JORC 2004 Compliant			
Woodstock				Mystery			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	50,500	5.2	8,500	Measured	9,200	6.4	1,900
indicated	46,600	3.6	5,300	indicated	12,100	6.5	2,530
inferred	106,000	8.0	27,330	inferred	30,900	6.4	6,420
Total resources	203,100	6.3	41,170	Total resources	52,200	6.5	10,840
Dubbo				Crown			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	13,000	96.9	40,700	Measured	30,100	6.7	6,380
Indicated	3,100	74.9	7,500	indicated	35,900	6.7	7,770
Inferred	436,000	18.9	264,600	inferred	80,100	6.6	17,230
Total Resources	452,100	22.0	312,829	Total resources	146,100	6.7	31,380
Bonanza				2004 Compliant Total			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	-	-	-	Measured	39,300	6.5	8,270
indicated	-	-	-	indicated	48,000	6.7	10,290
inferred	97,000	23.6	73,600	inferred	111,000	6.6	23,650
Total resources	97,000	23.6	73,601	Total resources	198,300	6.6	42,220
Total 2012 Compliant				Mineral Resources Total NTL			
Category	Tonnes	Aueq g/t	Ounces	Category	Tonnes	Aueq g/t	Ounces
Measured	63,500	24.1	49,200	Measured	102,800	17.4	57,480
Indicated	49,700	8.0	12,800	Indicated	97,700	7.4	23,100
Inferred	639,000	17.8	365,580	Inferred	750,000	15.9	389,200
Total Resources	752,200	17.6	427,600	Total Resources	950,500	15.1	469,800

Table 1 - Mineral resource estimate of Maria Vein, Dubbo Zone

Small differences in tonnage, grade and ounces are due to rounding.

Gold equivalents have been used as the historic data is expressed in bullion values. The gold price remained constant during the period that recorded production data is available at £4-6s-0d, (£4.25)/Oz or USD20.47/oz. Silver values ranged from USD0.49 to USD1.03. An average of USD 0.65 was chosen for silver and a ratio of 0.031609 was factored to give gold equivalence based on the formula $[Au\ g/t + (Ag\ g/t \times 0.031609)]$.

All more recent exploration data has been converted to gold equivalents at the same metal prices for consistency of resource estimation and reporting.

Over and above the Mineral Resource Estimate set out above, the exercise also identified some 387,000m² within the vein wireframe, measured on the plane of the resource model, that can be classified as an exploration target. The mineralised zone is expected to range between 1.2 and 1.8 metres in thickness with a grade range of between 7.4 and 12.9 g/t AuEq for between 277,000 Oz AuEq and 726,000 Oz AuEq. This target constitutes an Exploration Target as defined in the 2012 JORC Code. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource. The company has developed an exploration programme which will both upgrade the confidence in the estimate of inferred mineral resources and investigate the exploration potential.

Prospecting

Prospecting and check samples at the Mystery vein provided confidence the potential for high grade intersections in the area with a 1.45m wide vein sample and a 0.35 wide footwall sample yielding grades ranging from 0.78g/t Au, 3g/t Ag to 47.3g/t Au, 40g/t Ag. **The main vein assayed 47.3g/t Au, 40g/t Ag over 1.45m.** Significantly the 0.35m footwall sample gave 6.44g/t Au, 13g/t Ag and is attributed to gold bearing quartz stringers marginal to the main vein.

Including this foot wall sample gives a weighted average grade over **1.8m of 39.35 g/t Au, 34.75g/t Ag.**

These results were released to the market in the Quarterly Activities Report of 8 May 2018.

The company is investigating ways of achieving access to other areas of the mine to further prospect and increase resource confidence during the developments being undertaken through the Bulk Sampling Programme.



Figure 4 - installation of rock bolts in Keillors Crosscut

Prefeasibility

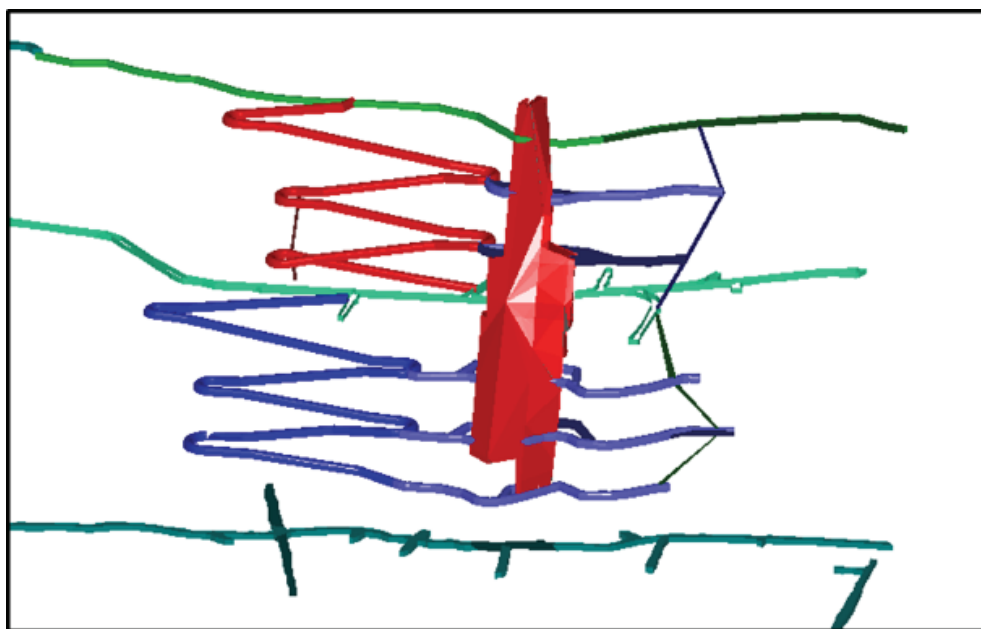
In 2013 the company completed a Pre-Feasibility Study on development of the Talisman Mine. This study proposed a mine plan, focussed on the high confidence areas adjacent to No 8 level, to produce some 32,000 ounces of gold from 106,000 tonnes of ore over a five-year period with an average Run of Mine grade of 9.9g/t Au. At a then gold price of USD 1,700/Oz and a USD: NZD exchange rate of 1:0.8 the project yielded an indicative NPV10% of NZD 15.5 million at an on mine cash cost of below NZD700/Oz with an IRR of 83%.

The Company as per the announcement dated 26th June 2018 has completed a revised 2018 Pre-Feasibility study which has demonstrated an increase in the Net Present Value, (NPV) from NZD15.4m to NZD35.9m at a 9% Discount Rate. The updated study proposes a mine plan, focussed on high confidence areas adjacent to No 8 level, based on the production of 45,000 tonnes at 30.6 g/t AuEq with a significant drop in on mine costs to NZD583 per ounce and **C2 cash costs of NZD710 per ounce.** The IRR increased significantly to 118%.

The key drivers for this increase in value are discussed below:

1. Increased ounces available for extraction – this is a result of the Mineral Resource Upgrade which saw gold equivalent ounces in the Measured and Indicated categories increase by some 18,000 ounces. These are included in the mining plan which has seen an increase in gold production of some 18,800 Oz AuEq.
2. Increased mine life – on the back of the increased ounces life of mine is extended by a year giving a current expectation of 6 years.
3. Grade – Run of Mine grade, on a gold equivalent basis, has increased from 11.2g/t to more than 27 g/t.
4. The USD gold price, based on independent forecasts, is expected to continue trading in a narrow range of between USD1300/Oz and USD1400/Oz.
5. Continued USD strength is expected to result in a falling NZD:USD exchange rate over the project life.
6. Extended mine life has seen an increase in operating costs of approximately \$8m.
7. Capital expenditure is reduced by \$1m because of the work already completed towards the Bulk Sampling Project.

It is important to note that by its nature a PFS is a technical study as defined in the 2012 JORC Code and can be used for the purposes of defining an Ore Reserve. Because of this a PFS is confined to examining only the higher confidence Measured and Indicated Resources and cannot take account of the extensive information available pertaining to the deeper extents of the mine where the Mineral Resources are classified in the Inferred Resource category. While indicative of the short to medium term potential of the project covering the reserves as outlined above the PFS is not reflective of the considerable upside value increase posed by the depth extensions of the vein system. In order to assess the value of the remaining resource the company completed a separate scoping study over the Talisman Deeps area.



Talisman Deeps Scoping Study

As outlined earlier the Talisman Deeps scoping study was completed in June 2018. This study reviewed the broad economic potential for the development of the much larger Talisman Deeps operation based on the significantly expanded 469,800 AuEq Oz Mineral resource, and significantly increased grades as discussed earlier in this report.

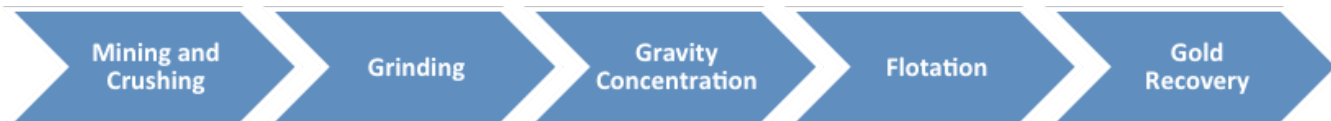
Preliminary mine design and production scheduling covering the much larger, 469,800 Oz AuEq mineral resource has been undertaken a review of the 100% inferred resource which has not previously been considered. The JORC 2012 Compliant Study is currently being independently reviewed in conjunction with our technical team and independent experts in line with requirements set out by the ASX.

We are currently identifying opportunities for exploration activities to be undertaken to gain the information required to increase confidence in the estimate of inferred mineral resources and portions of the Exploration Target highlighted during the recent mineral resource upgrade.

Concentrator Plant

Mystery is the first target for extraction and is expected to have the highest recovery using gravity processing alone. Following the final consultation with stakeholders as outlined earlier in this report the pilot plant will initially be used with the Mystery Ore. The Company continues to investigate opportunities to deploy environmentally sound gold recovery methods within and external to the workings of the mine and has carried out an initial testwork programme to examine these opportunities.

This metallurgical test work, which was carried out and announced during the year, was designed to deliver reliable and repeatable results to support design of a pilot processing plant to ensure maximization of recoveries can be attained by scaling up prior to a full scale plant.



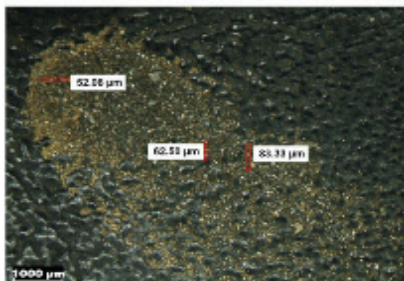
Testwork examined the potential of two processing paths, post mining, using gravity and flotation as illustrated below:

There are four stages to the metallurgical process once ore has been mined and crushed to a suitable feed size:

1. Grinding of ore to a suitable size to liberate gold- The results of the testwork announced during the year showed that the ore at a lower grind size of 106 micron is optimal.
2. Recovery of free milling gold in a gravity concentrator – Tests using a gravity concentrator for the recovery of gold from Mystery ore delivered high recovery rates of 81.9% with Dubbo ore showing rates of above 61.3%
3. Flotation of the concentrator tails to recover additional gold – By taking the remaining solids through a flotation system, testing indicates both gold and sulphides could be concentrated and extracted to gain a further 32.7% for Dubbo and 11.7% for Mystery ore.
4. Final gold recovery– If using both Gravity and subsequent flotation testing indicates the resulting recovery of gold could reach 94% for Dubbo and 93.6% for Mystery ore.

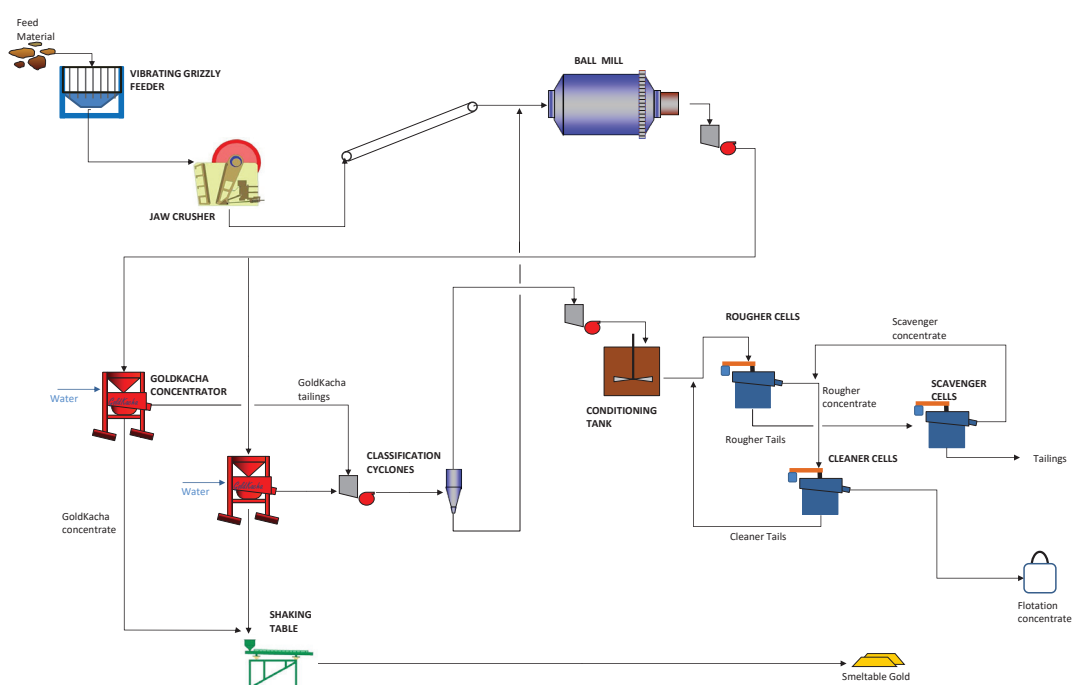
Three samples of 25kg each were collected and sent for testing 25kg from Mystery face, 25kg of Maria Vein ore and 25kg of control rock from inside the mine. As previously announced the results from metallurgical testwork and using a lab scale plant provided recoveries which were comparable with recoveries of gold from material processed at nearby operations where 100 Tonnes was processed at the Waihi plant in 2014 with ore feed from stockpiles in excess of 1.5 oz/tonne and which provided recovery rates of 95%. The metallurgical route for the high grade Talisman ore has already been tested utilising the existing toll treatment facilities. The significant gold recovery results recently attained using an alternative metallurgical route via gravity and flotation on the ore samples have key benefits both with the potential for a reduction in material leaving site and the potential for at/near vein processing of bullion for sale.

Dubbo 96%-106um Product - MD3 Conc: 1, Pan conc: 1



Pilot Plant Design

Results from the testwork set out above have assisted in modifications and design of a pilot plant layout which is expected to be that set out in the process flow diagram alongside. It is expected that the plant will be modular and scalable allowing components to be added as production volumes increase.



Talisman Mine Tenure

The Talisman Mine is held under a mining permit, MMP51326, which was granted in 2009 for a period of 25 years, NZPAM have confirmed we are compliant with the conditions of that permit and a change of conditions is currently being finalised. The operation is an existing mine on conservation land and the Company holds all the necessary permits and consents to execute the work programme.

Low sovereign risk is one of the factors that makes New Zealand an attractive destination for both foreign and domestic investors. It is considered unlikely that the New Zealand government would take any drastic steps to upset the status quo, particularly for those operators holding existing mineral permits.

Rahu Project (wholly owned subsidiary 100% Rahu Resources Pty Ltd)

NTL has a long association with the Rahu project, and completing during its tenure, comprehensive exploration and evaluation work that identified what the Company has interpreted as a 1.5 km plus long northern extension to the mineralisation hosting the gold deposits at Talisman.

During the time of its involvement with the project the Newcrest team carried out a significant programme of work on the permit, this included:

- Extensive field investigations.
- Spectral analysis of drill core to identify hydrothermal clay alteration patterns that indicate proximity to gold mineralisation.
- Relogged drill core and reinterpreted the rock type, structure and geochemistry;
- Updated the geological model and determined drill targets.

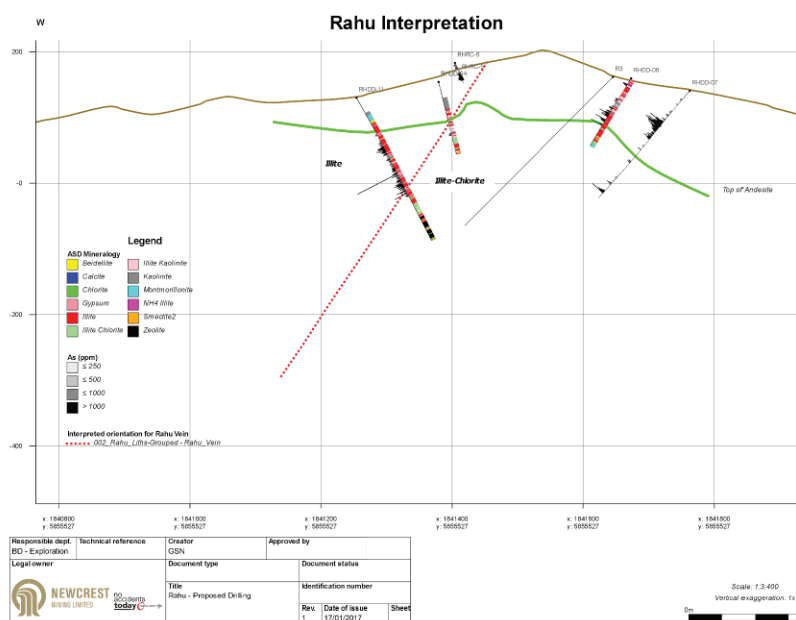
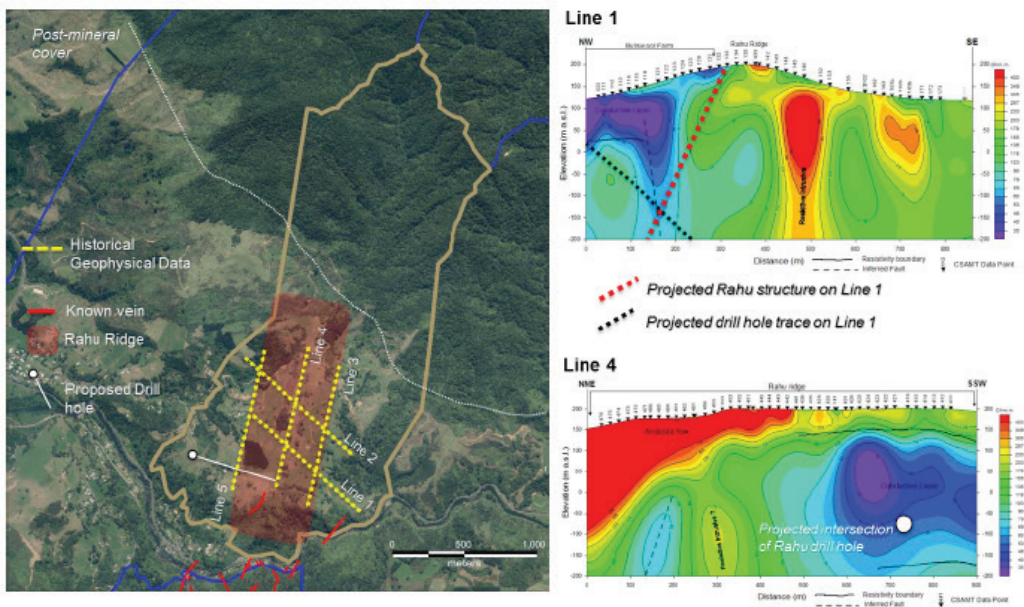


Figure 5 - The figure above shows the projected mineralised structure (red dashed line) to be targeted with the planned first deep drill hole.

All data gathered during the period was transferred to NTL who have continued with further analysis since the acquisition of Newcrest NZ Pty Ltd and which on 31st May NZPAM granted the change of beneficial ownership.

The figure below shows the results of a CSAMT geophysical survey that shows the top of the host andesite host rock is nearest surface at the southern end of prospect.



Based on the Newcrest’s and NTL’s interpretive work, the area selected for the first drill hole has distinctive clay hydrothermal alteration patterns plus the mineral adularia, indicative of proximity to gold mineralisation in Waihi Gold District epithermal vein systems.

NTL has previously delineated a small resource at Rahu, however the main target for a high-grade extension of Talisman is believed to lie at depth.

Newcrest were supportive of NTL’s belief that geological evidence points towards to the area being the upper extent of what could be a significant epithermal gold deposit.

Following the delays created by processing times taken, which resulted in the change of ownership of the permit only recently being confirmed by NZPAM, NTL is now in the process of finalising applications for resource consents for water take and discharge and is applying resources to validate the deep drilling target and plan for drilling once the administrative work required is complete.

Tenement Holdings

Project	Permit Number	Ownership
Talisman	MMP 51326	100% New Talisman Gold Mines Ltd
Rahu	MEP 60144	100% Rahu Resources Pty Ltd a 100% owned subsidiary of NTL

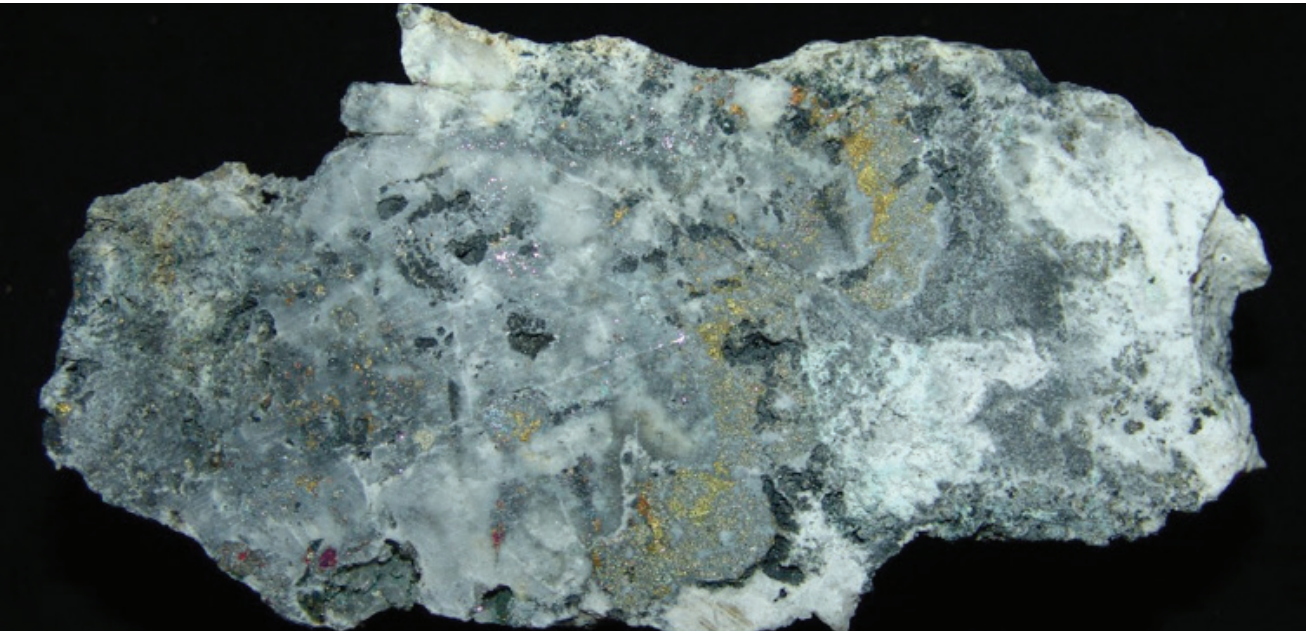


Photo of high grade ore from 13 Level of Maria Vein. Bonanza Section.
Grade 701.05 g/t Gold and 3,426.6 g/t Silver

About New Talisman Gold Mines Ltd

New Talisman Gold is a dual listed (NZSX & ASX: NTL) with over 2250 shareholders who are mainly from Australia and New Zealand and has been listed since 1986. It is a leading New Zealand minerals development and exploration company with a mining permit encompassing the Talisman mine, one of New Zealand's historically most productive and highest grade gold mines. The company has commenced prospecting and upgrading activities at the mine, and advance the exploration project and increase its considerable global exploration target into JORC 2012 resources.

Its gold properties near Paeroa in the Hauraki District of New Zealand are a granted mining permit, a JORC compliant mineral of 469,800 ounces AuEq at an average above 15 g/t AuEq and a JORC compliant reserve statement. The company owns 100% of exploration permit Rahu, which lies along strike from the Talisman mine of which 80% was recently acquired from Newcrest Mining. The company will shortly commence exploration activities at Rahu.

Cautionary Statement for Public Release

Certain information contained in this public release may be deemed "forward-looking" within the meaning of applicable securities laws. Forward-looking statements and information relate to future performance and reflect the Company's expectations regarding execution of business strategy, business prospects and opportunities of New Talisman Gold Mines and its related subsidiaries. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those expressed in the forward-looking statements and information. They include, among others, the accuracy of mineral reserve and resource estimates and related assumptions and inherent operating risks. There are no assurances the Company can fulfil forward-looking statements and information. Such forward-looking statements and information are only predictions based on current information available to management as of the date that such predictions are made; actual events or results may differ materially because of risks facing the Company, some of which are beyond the Company's control. Although the Company believes that any forward-looking statements and information contained in this press release is based on reasonable assumptions, readers cannot be assured that actual outcomes or results will be consistent with such statements. Accordingly, readers should not place undue reliance on forward-looking statements and information. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements and information, whether because of new information, events or otherwise, except as required by applicable securities laws. The information contained in this release is not investment or financial product advice.

Competent Person Statements

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 and Mr Wayne Chowles. Mr Stevens is a consulting geologist and director of New Talisman Gold Mines Ltd, 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".

Mr Chowles is a Mining Engineer and member of the AusIMM. Mr Chowles is a full-time employee of New Talisman Gold Mines Limited, 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".

Both Mr Chowles and Mr Stevens consent to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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.





From L-R: Murray Stevens, Tony Haworth, Charbel Nader, Matt Hill

BOARD OF DIRECTORS

Mr Charbel Nader B.com, M App Fin, CA, CTA

Chairman and Non-executive Director

Mr Nader is an investment banker with extensive experience in corporate finance and strategic advisory and board roles, including experience in mergers and acquisitions project finance. Charbel has worked across a range of industries and has expertise in the finance of capital intensive projects with volatile returns. Charbel was formerly deputy chairman of Aspermont Ltd publisher of the Mining Journal and organiser of the Mines and Money events in Hong Kong, London and Melbourne.

Mr Nader was, head of Pitt Capital Partners Melbourne office (a subsidiary of Washington H Soul Pattinson), and founding Chairman of successful media start up and oversaw its sale to Fairfax Ltd for in excess of \$100m. He is Non-Executive Director of Madman Entertainment, distributor of the highly successful New Zealand film The Hunt for the Wilderpeople. He has been a director of gold mining companies with assets in Hungary. Mr Nader is a non executive Director of United Networks Ltd, Chairman Growth Factor Ltd. He has a Bachelor of Commerce and Masters of Applied Finance from the University of Melbourne, is Chartered Accountant and is fellow of the Tax Institute of Australia.

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 (now UBS); Eventures (a joint venture between NewsCorp and Softbank); Pitt Capital and Souls Private Equity Limited. Matthew specialises in resources and company listings on the ASX and NZX.

Matthew has been responsible for leading the company from exploration 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 a non-executive director of Broken Hill Prospecting Limited ASX:BPL which holds interests the Thackaringa cobalt project near Broken Hill in NSW Australia and a portfolio heavy mineral sands tenements in the Murray Basin. Mr Hill is also an Independent Director of Cobalt Blue Holdings Limited ASX:COB which holds a joint venture with BPL over the Thackaringa Cobalt Project. Matthew is also alternate director for Geoffrey Hill on Pacific American Coal ASX:PAK.

Mr Hill 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 to the New Talisman Board as Alternate Director for Geoffrey Hill on 1 December 1999, and has served as a full Director for nearly 12 years since his appointment on 10 October 2006 and Appointed as CEO/Managing Director on 3 September 2012.

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

Non-executive Director

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 recognizing 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.

Mr Tony Haworth, M.Sc (Tech), M.Sc (Fin), M.AusIMM, MAICD

Independent Director

Mr Haworth has over 20 years' experience spanning a variety of geological, corporate, finance and governance roles across the minerals industry and as a corporate adviser and investment banker.

Mr Haworth began his career as an Exploration Geologist with Heritage Gold (now NTL) and has worked in New Zealand and offshore for a range of private and public listed companies. His other previous roles include General Manager of Mawarid Mining (formerly National Mining Company) in Oman and Director of Liberty Gold Corporation in London. He is currently a Director at New Zealand corporate advisory firm Campbell MacPherson Ltd where he specialises in mergers and acquisitions, corporate valuation and financial analysis.

Mr Haworth holds a Masters in Finance from London Business School and a Masters in Earth Science from the University of Waikato. He is a corporate Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Company Directors.

AUDITOR'S REPORT

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350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047



20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

INDEPENDENT AUDITOR'S REPORT

To the Members of New Talisman Gold Mines Limited

Report on the Financial Statements.

Opinion

We have audited the financial report of New Talisman Gold Mines Limited ("the company") and its subsidiaries (together "the group"), which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the group, and the notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report present fairly, in all material respects, the financial position of the group as at 31 March 2018 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the company's shareholders, as a body. 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 law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Other than our capacity as auditor, we have no other relationship with, or interest in New Talisman Gold Mines Limited and its subsidiaries.

Phone 02 8839 3000
Fax 02 8839 3055



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial report section of the audit report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter

How our audit addressed the key audit matter

Impairment of mining tenements

Refer to note 9 (Assets under Construction)

At 31 March 2018, the Group has capitalised mining tenement costs of NZ\$7.84m. IAS 136, 'Impairment of Assets' requires that the recoverable amount of an asset, or cash generating unit to which it belongs, be determined whenever an indicator of impairment exists.

The Group's assessment of the recoverable amount of its producing and non producing Ore Reserves was a key audit matter because the carrying value of the assets are material to the financial statements and management's assessment of recoverable amounts incorporated significant internal and external judgments and assumptions including commodity prices, available reserves, residual values and discount rates.

Our procedures included, amongst others:

- Assessing whether the external expert that had been engaged by management to provide independent valuations was appropriately experienced and qualified;
- We evaluated management's key assumptions and estimates used to determine the recoverable amount of its assets, including those related to forecast commodity prices and revenue costs, discounted rates and estimated residual values;
- We checked the mathematical accuracy of the cash flow models, testing inputs, from valuation reports produced, as well as external inputs, including spot and forecast process for gold at the reporting date;
- We assessed the accuracy of management's forecasting by assessing the reliability of historical forecasts and reviewing whether current market conditions would impact those forecasts; and
- Assessing whether appropriate disclosure regarding significant areas of uncertainty has been made in the financial report.
- Technical Valuation Report dated 8 June 2018 prepared by GEOS Mining.

Information Other than the Financial Statements and Auditor's Report

The directors of the company are responsible for the Annual Report, which includes information other than the financial statements and auditor's report which is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the Annual Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with the governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Directors' Responsibilities for the Financial Report

The directors are responsible, on behalf of the entity, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, 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.

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

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North Parramatta NSW 1750

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at External Reporting Board's website: https://www.xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page1.aspx. This description forms part of our auditor's report.

Report on the Other Legal and Regulatory Requirements

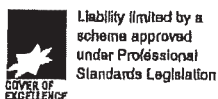
The engagement partner on the audit resulting in this independent auditor's report is Scott Bennison.

Scott Bennison
A Partner of KS Black & Co
Chartered Accountants



Dated: 29/6/18
Sydney

Phone 02 8839 3000
Fax 02 8839 3055



NEW TALISMAN GOLD MINES LIMITED

Statement of Comprehensive Income For year ended 31 March 2018

		Group		Parent	
	Note	2018	2017	2018	2017
	10	NZ\$	Restated * NZ\$	NZ\$	NZ\$
Continuing Operations					
Other Operating income	2	128,597	71,544	128,597	71,544
Operating and administrative expenses	3, 4	(1,130,754)	(762,959)	(1,130,754)	(762,916)
Exploration costs written off	10	-	(9,950)	-	(9,950)
Gain/(loss) from operations		(1,002,157)	(701,365)	(1,002,157)	(701,322)
Net profit/(loss) for the year		(1,002,157)	(701,365)	(1,002,157)	(701,322)
Other Comprehensive Income / (Loss)	10	8,137	2,733,263	8,137	-
Total comprehensive income/(loss)		(994,020)	2,031,898	(994,020)	(701,322)
Net profit/(loss) attributable to equity holders of the parent		(994,020)	2,031,898	(994,020)	(701,322)
Comprehensive profit/(loss) attributable to equity holders of the parent		(994,020)	2,031,898	(994,020)	(701,322)
Earnings per share					
Basic earnings/(loss) per share					
From continuing operations	10	(0.05) cent	.12 cent	(0.05) cent	(0.04) cent
Diluted earnings/(loss) per share					
From continuing operations	10	(0.05) cent	.11 cent	(0.05) cent	(0.04) 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 2018

		Group 2018				Group 2017			
	Note	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)		-	-	(1,002,157)	(1,002,157)	-	-	(701,365)	(701,365)
Other comprehensive income/(loss)	10	-	-	8,137	8,137	-	-	2,733,263	2,733,263
Proceeds from share capital issued		1,925,910	-	-	1,925,910	6,373,013	-	-	6,373,013
Transfer to accumulated income	7	(2,500,000)	(335,341)	2,835,341	-	-	-	-	-
Prior Period Adjustment	22	-	-	-	-	-	-	4,660	4,660
Equity at beginning of year		35,164,939	335,341	(19,202,364)	16,297,916	28,791,926	335,341	(21,238,922)	7,888,345
Equity at end of year	7	34,590,849	-	(17,361,043)	17,229,806	35,164,939	335,341	(19,202,364)	16,297,916
		Parent 2018				Parent 2017			
	Note	Share Capital NZ\$	Capital Reserves NZ\$	Retained Earnings NZ\$	Total Equity NZ\$	Share Capital NZ\$	Capital Reserves NZ\$	Retained Earnings NZ\$	Total Equity NZ\$
Total comprehensive income/(loss)		-	-	(994,020)	(994,020)	-	-	(701,322)	(701,322)
Proceeds from share capital issued		1,925,910	-	-	1,925,910	6,373,013	-	-	6,373,013
Transfer to accumulated income	7	(2,500,000)	(297,641)	2,802,301	4,660	-	-	4,660	4,660
Equity at beginning of year		35,164,939	297,641	(21,899,230)	13,563,350	28,791,926	297,641	(21,197,908)	7,891,659
Equity at end of year	7	34,590,849	-	(20,090,949)	14,499,900	35,164,939	297,641	(21,894,570)	13,568,010

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Statement of Financial Position

As at 31 March 2018

	Note	Group 2018 NZ\$	2017 Restated * NZ\$	Parent 2018 NZ\$	2017 Restated * NZ\$
Equity					
Attributable to parent company shareholders	7	17,229,806	16,297,916	14,499,900	13,568,010
		17,229,806	16,297,916	14,499,900	13,568,010
Term liabilities					
Rehabilitation Reserve	9	17,795	-	17,795	-
Total term liabilities		17,795	-	17,795	-
Current liabilities					
Payables	8	213,584	103,866	213,584	103,866
Employee benefits	20	21,330	30,147	21,330	30,147
Total current liabilities		234,914	134,013	234,914	134,013
Total liabilities		252,709	134,013	252,709	134,013
Total equity and liabilities		17,482,515	16,431,929	14,752,609	13,702,023
Current assets					
Cash		4,828,750	5,754,398	4,828,750	5,754,398
Receivables and prepayments	21	116,922	58,450	129,550	63,078
Total current assets		4,945,672	5,812,848	4,958,300	5,817,476
Non-current assets					
Property, plant & equipment	9	89,677	12,761	89,677	12,761
Assets under construction	9	9,638,268	7,843,882	9,638,268	7,843,882
Intangible exploration assets	10	2,752,900	2,744,900	10,575	10,575
Investments	11	55,998	17,538	55,788	17,328
Total non-current assets		12,536,843	10,619,081	9,794,308	7,884,546
Total assets		17,482,515	16,431,929	14,752,609	13,702,022

For and on behalf of the Board:



C Nader (Chairman)

29 June 2018



M G Hill

29 June 2018

The accompanying notes form part of these financial statements .

NEW TALISMAN GOLD MINES LIMITED

Statement of Cash Flows For year ended 31 March 2018

		Group		Parent	
	Note	2018 NZ\$	2017 NZ\$	2018 NZ\$	2017 NZ\$
Cash flows from operating activities					
<i>Cash was provided from:</i>					
Interest received		128,597	16,231	128,597	16,231
		128,597	16,231	128,597	16,231
<i>Cash was disbursed to:</i>					
Payments to suppliers		(1,061,043)	(819,292)	(1,061,043)	(819,292)
Rent		(24,248)	(19,714)	(24,248)	(19,714)
		(1,085,291)	(839,006)	(1,085,291)	(839,006)
Net cash outflows from operating activities	15	(956,694)	(822,775)	(956,694)	(822,775)
Cash flows from investing activities					
Proceeds from sale of shares		-	293,684	-	293,684
		-	293,684	-	293,684
<i>Cash was applied to:</i>					
Prospecting and mine development expenditure		(1,784,590)	(567,381)	(1,776,590)	(567,381)
Purchase of property, plant and equipment		(100,000)	(11,915)	(100,000)	(11,915)
Intercompany loans		-	(43)	(8,000)	(43)
		(1,884,590)	(579,339)	(1,884,590)	(579,339)
Net cash outflows from investing activities		(1,884,590)	(285,655)	(1,884,590)	(285,655)
Cash flows from financing activities					
<i>Cash was provided from:</i>					
Issue of shares		1,925,910	6,373,013	1,925,910	6,373,013
Other		-	49,973	-	49,973
		1,925,910	6,422,986	1,925,910	6,422,986
Net cash inflows from financing activities		1,925,910	6,422,986	1,925,910	6,422,986
Net increase /(decrease) in cash held		(915,374)	5,314,557	(915,374)	5,314,557
Effect of changes in exchange rates		(10,274)	(16,340)	(10,274)	(16,340)
Cash at beginning of year		5,754,398	456,181	5,754,398	456,181
Cash at end of year		4,828,750	5,754,398	4,828,750	5,754,398
CASH COMPRISES:					
Cash		1,723,750	5,649,398	1,723,750	5,649,398
Short term deposits		3,105,000	105,000	3,105,000	105,000
		4,828,750	5,754,398	4,828,750	5,754,398

All cash balances are available without restriction except for NZ\$3,000,000 held in a term deposit and NZ\$105,000 on deposit which is security for guarantees issued by the bank. The bank holds a \$75,000 bond on behalf of 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.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

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 22 June 2018.

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.

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. Provisions for closure and rehabilitation are initially recognised when an environmental disturbance first occurs. The estimate for the rehabilitation provision is reviewed by management at each reporting date and an assessment is made on whether the estimate continues to reflect the company's present legal and constructive obligations.

(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	30-50%
Field equipment	Straight line	10-30%
Fixtures and fittings	Straight line	9-10%
Motor Vehicles	Straight line	30%

(e) Impairment of assets

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

If the carrying value of intangible capitalised exploration expenditure exceeds the value determined by an independent valuation, the asset is written down and the write-down recognised as an expense. A reversal of an impairment loss for an asset is recognised immediately in profit or loss.

(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

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

- Information about the segment would be useful to users of the financial statements.

(g) Income tax

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

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

(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 recognised in the Statement of Comprehensive Income.

(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. 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

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

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 16 Leases (effective for accounting periods beginning on or after 1 January 2019)

2. OPERATING INCOME

	Group Mar 2018 NZ\$	Group Mar 2017 NZ\$	Parent Mar 2018 NZ\$	Parent Mar 2017 NZ\$
Interest	128,597	16,288	128,597	16,288
Reimbursement of Expenditure	-	49,973	-	49,973
Sundry income	-	5,283	-	5,283
Total operating income	128,597	71,544	128,597	71,544

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

3. OPERATING AND ADMINISTRATION EXPENSES BY NATURE

	Group Mar 2018 NZ\$	Group Mar 2017 NZ\$	Parent Mar 2018 NZ\$	Parent Mar 2017 NZ\$
Auditor's fees – auditing financial statements	33,846	35,030	33,846	35,030
Consultancy Fees	14,665	-	14,665	-
Depreciation	23,084	2,549	23,084	2,549
Director fees	170,000	143,460	170,000	143,460
Foreign exchange loss/(gain)	10,274	17,946	10,274	17,946
Kiwisaver	4,927	5,950	4,927	5,950
Legal fees	89,563	61,579	89,563	61,579
Capital Loss on sale of shares	-	284,361	-	284,361
Rental and lease costs	24,248	19,454	24,248	19,454
Share revaluation loss/(gain)	(38,461)	(385,693)	(38,461)	(385,693)
Other	798,608	578,323	798,608	578,280
Total administration expenses	1,130,754	762,959	1,130,754	762,916

4. DIRECTOR AND EMPLOYEE REMUNERATION

Director remuneration

	2018 NZ\$	2017 NZ\$
MG Hill (Executive Director)*	360,000	356,000
C Nader	50,000	30,342
JM McKee	40,000	55,201
IJ Pringle (ceased 9 May 2016)	-	2,143
A V Haworth	40,000	24,239
M R Stevens	40,000	31,534

*Of which \$46,800 (2017: \$188,520) is expensed as consultancy fees and the remainder is capitalised in the Statement of Financial Position as Talisman development expenditure. The development expenditure amount is based on time spent on directly attributable mine development activities.

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 \$240,000 and \$250,000. The remuneration included Kiwisaver contributions of \$4,927.

Employee share option plan	2018 Number	2017 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	5,750,000
Unlisted options converted to fully paid shares during the period	Nil	Nil
Options cancelled during the period	1,500,000	Nil
Unlisted options on issue at end of the period	4,250,000	5,750,000

5. TAXATION

	Group 2018 NZ\$	Group 2017 NZ\$	Parent 2018 NZ\$	Parent 2017 NZ\$
Operating loss before taxation	(1,002,157)	(701,365)	(1,002,157)	(701,322)
Prima facie income tax at 28%	(280,604)	(196,382)	(280,604)	(196,370)
Add/(subtract) the taxation effect of permanent differences:				
Capital Loss on Disposal of Investments	-	79,621	-	79,621
IRD Penalties	28	-	28	-
Non-Deductable Legal Fees Adjustment	3,273	-	3,273	-
Non- Deductable Entertainment Adjustment	134	-	134	-
Tax losses not recognised	(277,168)	(116,761)	(277,168)	(116,749)
Temporary differences not recognised	-	(639)	-	(639)
Income tax expense/(benefit) not recognise d	(277,168)	(117,400)	(277,168)	(117,388)

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\$10,358,693 (2017: NZ\$10,350,693) and
- (b) non-mining taxation losses of NZ\$21,184,582 (2017: NZ\$20,194,693).

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

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:

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

At balance date the company's imputation credit account balance was \$789 (2017: Nil).

6. SEGMENT INFORMATION

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

7. EQUITY & RESERVES

Equity	Group 2018 NZ\$	Group 2017 NZ\$	Parent 2018 NZ\$	Parent 2017 NZ\$
Share capital	34,590,849	35,164,939	34,590,849	35,164,939
Capital reserve	-	123,750	-	123,750
Share premium reserve	-	70,235	-	70,235
Asset revaluation reserve	-	100,900	-	100,900
Share revaluation reserve	-	40,456	-	2,756
Accumulated deficit	(17,361,043)	(21,940,287)	(20,090,949)	(21,899,230)
Total parent shareholder equity	17,229,806	13,559,993	14,499,900	13,563,349

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 2018 NZ\$	Group 2017 NZ\$	Parent 2018 NZ\$	Parent 2017 NZ\$
Balance at beginning of year	(19,202,364)	(21,238,922)	(21,899,230)	(21,197,908)
Net loss attributable to shareholders	(1,002,157)	(701,365)	(1,002,157)	(701,322)
Other Comprehensive Income	8,137	-	8,137	-
Taxation Adjustment	-	4,660	-	4,660
Reversal of Rahu expenditure write off	-	2,733,263	-	-
Transfer of Reserves	2,835,341	-	2,797,641	-
Balance at end of year	(17,361,043)	(19,202,364)	(20,090,949)	(21,894,570)

Share capital	Group and Parent			
Ordinary shares	2018 Number	2017 Number	2018 NZ\$	2017 NZ\$
Balance beginning of year	2,076,995,855	817,722,586	35,164,939	28,791,926
Shares Issued	87,507,448	1,259,273,269	1,925,910	6,373,013
Transfer from Reserves	-	-	(2,500,000)	-
Balance at end of year	2,164,503,303	2,076,995,855	34,590,849	35,164,939

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.

Share based payments

There were no share-based payment arrangements that existed during the period under review. (2017: Nil)

Transfer of Reserves

During the period under review all Asset Revaluation, Share Premium and Capital reserves were transferred to Accumulated Income.

Listed options	Group and Parent	
	2018 Number	2017 Number
Balance at beginning of year	119,851,516	119,851,516
Expired Options	(119,851,516)	-
Issued Options	17,036,384	-
Balance at end of year	17,036,384	119,851,516

Listed options can be exercised on or before 30 September 2022. Conversion price is A\$0.055. When exercised, one option will convert to one fully paid ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

Unlisted Options

	Group and Parent	
	2018 Number	2017 Number
Options issued to employees:		
Opening Balance of options on issue	1,250,000	1,250,000
Unlisted options issued (expiry 11/11/2018)	-	-
Unlisted options issued (expiry 13/2/2019)	-	-
Unlisted options cancelled during period	-	-
Unlisted options converted to fully paid share at A 1.1 cent each	-	-
Total unlisted options on issue to employees	1,250,000	1,250,000
Options issued to directors:		
Unlisted options issued during the period	Nil	Nil
Total unlisted options on issue to directors 13/11/2018	3,000,000	4,500,000
Total unlisted options on issue at end of year	4,250,000	5,750,000
Total listed and unlisted options on issue at end of year	21,286,384	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 Nil).

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\$522,287 (2017: NZ\$356,000). At balance date, creditors included NZ\$92,394 payable to directors and other related companies (2017: NZ\$34,894). There were no related party debtors at balance date (2017: NZ\$Nil) and no related party debts were written off during the year.

9. PROPERTY, PLANT & EQUIPMENT

	Group and Parent				
	Fixtures & fittings NZ\$	Office equipment NZ\$	Field equipment NZ\$	Motor Vehicles NZ\$	Total NZ\$
Year ended 31 March 2017					
Carrying amount 1 April 2016	641	265	1,719	-	2,625
Additions	-	2,617	10,068	-	12,685
Depreciation	(126)	(728)	(1,696)	-	(2,550)
Carrying amount	515	2,154	10,091	-	12,760
31 March 2017					
Cost	1,260	6,864	15,859	18,000	41,983
Depreciation	(745)	(4,710)	(5,768)	(18,000)	(29,223)
Carrying amount	515	2,154	10,091	-	12,760
Year ended 31 March 2018					
Carrying amount 1 April 2017	515	2,154	10,091	-	12,760
Additions	-	39,814	30,531	29,655	100,000
Depreciation	(125)	(12,771)	(2,824)	(7,364)	(23,084)
Carrying amount	390	29,198	37,798	22,291	89,679
31 March 2018					
Cost	1,260	46,677	46,390	29,655	123,982
Depreciation	(870)	(17,479)	(8,592)	(7,364)	(34,305)
Carrying amount	390	29,198	37,798	22,291	89,677

ASSETS UNDER CONSTRUCTION

	Group and Parent	
	2018 NZ\$	2017 NZ\$
Talisman mine development		
Balance at beginning of year	7,843,882	7,290,672
Development expenditure	1,794,385	553,210
Balance at end of year	9,638,267	7,843,882

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

Development expenditure consists of mining development costs, professional salaries, data acquisitions and all overhead expenses relating to the operation of the mine. Management assesses the allocation of directly attributable overheads at the end of each reporting date.

The directors have provided for rehabilitation costs of the Talisman mine site on its closure. The estimated cost is \$17,795. The same value has been included in the development expenditure.

In June 2018, an independent valuation report that complies with the 2015 Valmin Code was obtained from Geos Mining Mineral

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

Consultants for the Talisman Permit inclusive of Talisman and Talisman Deeps. The independent valuation indicated a value of the Talisman project MP51326 in the range of \$11.7m to \$26.4m with a preferred value of \$18.8m.

The Geos report confirmed that the Company's technical statement on the Talisman mine and Technical reports, including the 2018 Prefeasibility and Scoping studies are reported in compliance with the reporting requirements of the 2012 JORC Code. The Geos report confirmed that the resource classifications of the 2017 Mineral resource estimate are consistent with the principles of the JORC Code 2012.

Directors will review valuation policy with respect to the development asset in the coming year.

10. INTANGIBLE EXPLORATION ASSETS

	Group		Parent	
	2018 NZ\$	2017 NZ\$	2018 NZ\$	2017 NZ\$
Prospecting costs		Restated *		
Balance at beginning of year	2,744,900	1,162	10,575	100
Development expenditure	8,000	20,425	-	20,425
Transfer to Talisman assets under construction	-	-	-	-
Reversal of Rahu expenditure write off	-	2,733,263	-	-
Less prospecting expenditure written off	-	(9,950)	-	(9,950)
Balance at end of year	2,752,900	2,744,900	10,575	10,575

	Group		Parent	
	2018 NZ\$	2017 NZ\$	2018 NZ\$	2017 NZ\$
Gross prospecting costs				
Gross cost of current permit	2,752,900	21,587	10,575	20,525
Reversal of Rahu expenditure write off	-	2,733,263	-	-
Less prospecting expenditure written off	-	(9,950)	-	(9,950)
Balance at end of year	2,752,900	2,744,900	10,575	10,575

During the previous financial year, Newcrest NZ Exploration Pty Ltd was granted the Rahu permit based on its application on behalf of Newcrest Mining Limited and New Talisman Gold Mines Limited under the terms of a binding executed heads of agreement between both parties which required Newcrest NZ Exploration Pty Ltd to hold 20% of the permit in trust for the Company. During the 2018 Financial Year, New Talisman Gold Mines Limited acquired 100% of the shares in Newcrest New Zealand Exploration Pty Ltd.

Exploration and evaluation expenditure is recorded at cost. The carrying value of the intangible asset has been written back to its cost of \$2,733,363. The carrying value of the Rahu exploration asset has been written back in the 2017 statement of financial position to reflect the application of a consistent group accounting policy. In June 2018, an independent valuation report compliant with the 2015 Valmin Code was obtained from Geos Mining Mineral Consultants which included the Rahu permit. The independent valuation indicated a value for the Rahu project EP60144 in the range of \$1.0m to \$4.6m with a preferred value of \$2.2m.

TENEMENT SCHEDULE:

Permits held by New Talisman Gold Mines Limited Group:

Granted mining permit, Coromandel, New Zealand

51 326 Talisman (Mining)

60 144 Rahu (Exploration)

11. SHARE INVESTMENTS

	Group 2018 NZ\$	Group 2017 NZ\$	Parent 2018 NZ\$	Parent 2017 NZ\$
Investment in listed companies – at fair value	52,698	14,238	52,488	14,028
Investment in unlisted companies – at cost	3,300	3,300	3,300	3,300
Total share investments	55,998	17,538	55,788	17,328

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.

12. SUBSIDIARY COMPANIES

	Percent held 2018	Percent held 2017	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
Rahu Resources Pty Limited	100%	0%	NZ	31 March	Minerals exploration
(Formerly Newcrest New Zealand Exploration Pty Limited)					

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. Coromandel Gold and Northland Minerals did not trade during the year.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

13. 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 97% 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 through cashflow forecasting, budgeting and by carefully controlling cash outflows from existing cash resources. The group relies on new equity to fund exploration and mine development expenditure.

Interest Rate Risk

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

Re-pricing Analysis	Effective Interest Rate	Total NZ\$	6 months or less NZ\$
Short term bank deposits	2.75-3.00%	3,105,000	3,105,000

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 must 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.

14. COMMITMENTS

Operating lease commitments

Lease commitments under non-cancellable operating leases:

Not later than one year

Later than one year but not later than five years

Group & Parent	
2018 NZ\$	2017 NZ\$
18,204	17,030
-	-
18,204	17,030

The company currently leases offices on an annual basis.

The group has capital commitments of NZ\$Nil (2017:Nil).

15. RECONCILIATION OF OPERATING CASHFLOW AND REPORTED DEFICIT

	Group		Parent	
	2018 NZ\$	2017 NZ\$	2018 NZ\$	2017 NZ\$
Net profit/(deficit) after taxation	(1,002,157)	(701,365)	(1,002,157)	(701,365)
Add non-cash items:				
Depreciation	23,084	2,549	23,084	2,549
Field expenditure write off	-	-	-	-
Share revaluation (gain)/loss	(38,461)	(385,693)	(38,461)	(385,693)
Provision For Doubtful Debts	-	-	-	-
Share based payments	-	-	-	-
Capital loss on sale of shares	-	284,361	-	284,361
In Specie Share Distributions	-	(5,283)	-	(5,283)
Revaluation of Investments	-	(2,073)	-	(2,073)
Exchange (gain)/loss	10,274	17,946	10,274	17,946
	(5,103)	(88,193)	(5,103)	(88,193)
Add (less) movement in working capital:				
Decrease (increase) in debtors	(3,968)	480	(3,968)	480
Increase (decrease) in creditors	109,038	(20,369)	109,038	(20,369)
Decrease (increase) in accrued income	(14,918)	23	(14,918)	23
Decrease (increase) in prepayments	(25,572)	5,828	(25,572)	5,828
Decrease (increase) in intercompany loans	-	(43)	-	(43)
Decrease (increase) in GST	(14,014)	(19,196)	(14,014)	(19,136)
	50,566	(33,217)	50,566	(33,217)
Net cash outflows from operating activities	(956,694)	(822,775)	(956,694)	(822,775)

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

16. CONTINGENT LIABILITIES

	Group and Parent	
	Mar 2018 NZ\$	Mar 2017 NZ\$
Contingent liabilities	-	-

17. NET TANGIBLE ASSETS PER SECURITY

	Group and Parent	
	Mar 2018 NZ\$	Mar 2017 NZ\$
Net tangible assets	14,476,906	13,498,383
Net tangible assets per security	0.68 cent	0.80 cent

18. GOING CONCERN

The financial report has been prepared on a going concern basis. The directors have raised sufficient funds to commence bulk sampling. The directors expect to ensure that financial obligations can continue to be met for longer than 12 months.

19. EARNINGS PER SHARE

	Group Mar 2018	Group Restated * Mar 2017	Parent Mar 2018	Parent Mar 2017
Profit/(loss) from continuing operations	(994,020)	2,031,898	(994,020)	(701,322)
Weighted average number shares	2,120,438,248	1,707,566,584	2,120,438,248	1,707,566,584
Basic earnings per share	(0.05) cent	0.12 cent	(0.05) cent	(0.04) cent
Diluted average shares on issue	2,187,705,676	1,833,168,100	2,187,705,676	1,833,168,100
Diluted earnings per share	(0.05) cent	0.11 cent	(0.05) cent	(0.04) cent
Weighted average number shares	2,120,438,248	1,707,566,584	2,120,438,248	1,707,566,584
Weighted average number options	67,267,428	125,601,516	67,267,428	125,601,516
Diluted average share on issue	2,187,705,676	1,833,168,100	2,187,705,676	1,833,168,100

20. EMPLOYEE BENEFITS

	Group Mar 2018 NZ\$	Group Mar 2017 NZ\$	Parent Mar 2018 NZ\$	Parent Mar 2017 NZ\$
Balance at beginning of year	30,147	22,506	30,147	22,506
Additional provision	-	7,641	-	7,641
Amount utilised	(8,817)	-	(8,817)	-
Balance at end of year	21,330	30,147	21,330	30,147

Employee benefits accrued comprise holiday pay.

21. RECEIVABLES AND PREPAYMENTS

	Group Mar 2018 NZ\$	Group Mar 2017 Restated * NZ\$	Parent Mar 2018 NZ\$	Parent Mar 2017 Restated * NZ\$
Sundry receivables	67,833	49,819	67,833	49,819
Accrued income	15,194	276	15,194	276
Prepayments	33,895	8,355	33,895	8,355
Intercompany advances	-	-	12,628	4,628
	116,922	58,450	129,550	63,078

Trade Receivables

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

22. PRIOR PERIOD ADJUSTMENT

During the period under review management identified prior period tax credits of \$4,660 unaccounted for in the carrying value of the receivable asset. The 2017 comparative year has been restated in both the Statement of Financial Position and the Statement of Changes in Equity to reflect this adjustment.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2018

23. SIGNIFICANT EVENTS SINCE BALANCE DATE

Completion of an updated PFS relating to Talisman

Following the period under review the company completed an updated Prefeasibility study on the Talisman Mine released to the stock exchange on 26th June. The comprehensive study which incorporated the revised inputs of the JORC 2012 compliant Mineral Resource estimate released during the period showed particularly robust economics with an NPV9% of \$35.9M generated through production of 51,000 Gold Equivalent Ounces from 64,000 tonnes of ore milled.

Completion of a scoping study on Talisman Deeps

A JORC 2012 compliant scoping study on Talisman Deeps was completed following the period under review of the Talisman Deeps project. This Study is being independently reviewed separate to the valuation report carried out.

Completion of an independent valuation of Talisman, Talisman Deeps and Rahu

As noted earlier in this report in June 2018 an independent valuation report that complies with the 2015 Valmin Code was completed by Geos Mining on the Talisman mine including Talisman Deeps, and the Rahu project. The valuation reviewed all of the inputs of the Scoping Study, 2017 Mineral Resource estimate and 2018 Jorc 2012 compliant Prefeasibility study and demonstrated the significant values of the projects of the company. The carrying ranges for MP51326 and MEP60144 were between \$12.7m and \$31m with a preferred value of \$21m

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 2018:

Director	Relevant interest in Ordinary Shares	Relevant Interest in Unlisted Options
M G Hill	42,159,085	1,500,000
M Stevens	60,000	0
C Nader	0	0
A V Haworth	4,500	0

TOP 20 OPTION HOLDERS as of 17 May 2018			
Rank	Name	Units	% of Units
1.	COSMO BRYAN BOREHAM	1,000,000	5.87
2.	KA FU TSE	537,064	3.15
3.	WARWICK JOHN LANGE	304,272	1.79
4.	MURRAY LAWRENCE CAMERON	286,364	1.68
5.	ROGER JENNINGS + BERYL ROSALIE JENNINGS	181,818	1.07
6.	MADAPATHA MUDIYANSELAGE AMBANPOLA	136,364	0.80
7.	UDARA AMBANPOLA	136,364	0.80
8.	REGINALD GEORGE ANDERSON	136,364	0.80
9.	MICHAEL JOHN BOUWMEESTER	136,364	0.80
10.	JAMES DANIEL BRISBANE	136,364	0.80
11.	HAMISH EDWARD ELLIOT BROWN	136,364	0.80
12.	MATTHEW BURFORD	136,364	0.80
13.	PHILIP ANTHONY CALDWELL + CHERIE KIM CALDWELL	136,364	0.80
14.	JANICE AMANDA CALLEN	136,364	0.80
15.	CRAIG WILLIAM CARTER	136,364	0.80
16.	CHI HUA CHEN	136,364	0.80
17.	JIANBIN CHEN	136,364	0.80
18.	CHUNG KAN CHOW	136,364	0.80
19.	DAVID CLAUDE COCKBURN	136,364	0.80
20.	GRAHAM LEWIS COKER	136,364	0.80
Total top 20 holders of 30/09/2022 Aud \$0.05 Options		4,354,978	25.56
Total listed options		17,036,384	

HOLDING RANGE		Ordinary Shares as of 30 Apr 2018	
Range	Total holders	Shares Held	% of Issued Capital
1 - 1,000	112	27,366	0.00
1,001 - 5,000	239	826,015	0.04
5,001 - 10,000	192	1,640,102	0.08
10,001 - 100,000	1,013	49,710,735	2.30
100,001 - 9,999,999,999,999	1,217	2,112,299,085	97.59
Total	2,773	2,164,503,303	100.00

TOP 20 ORDINARY SHAREHOLDERS as of 17 May 2018

Rank	Name	Units	% of Units
1.	HAMISH EDWARD ELLIOT BROWN	270,681,818	12.51
2.	RIUO HAURAKI LIMITED	100,937,638	4.66
3.	BEVERLEY IDA EVANS	64,000,000	2.96
4.	INTERNATIONAL PACIFIC SECURITIES LIMITED	56,510,117	2.61
5.	MATTHEW GEOFFREY HILL	42,940,903	1.98
6.	FEOH PTY LTD <KARLSON INVESTMENT A/C>	40,681,818	1.88
7.	TONY CALDER BUTTERICK	39,764,000	1.84
8.	CHRISTOPHER DAVID ENGLISH + JACQUELINE ENGLISH <KRINGLES SUPER FUND A/C>	35,758,910	1.65
9.	HILL FAMILY GROUP PTY LIMITED	28,096,507	1.30
10.	THOMAS HERBERT TEBBS GOTHORP	24,427,464	1.13
11.	HOI YEE JULIE TSE	24,386,285	1.13
12.	CHI HUA CHEN	19,365,819	0.89
13.	ROBERT MARSHALL WALSHAM + RACHEL SANDRA WALSHAM <R & R WALSHAM FAMILY A/C>	19,215,978	0.89
14.	WHITEFIELD DAIRIES LIMITED	18,000,000	0.83
15.	CHUNG KAN CHOW	15,469,550	0.71
16.	ANDREW WILLIAM LIDDELL	14,400,000	0.67
17.	BERNARD CHEUK MUN FONG & KWOK CHUEN FONG	13,850,000	0.64
18.	JOHN KILDARE UPPERTON	13,708,148	0.63
19.	WIEBKE GAILER	13,000,000	0.60
20.	AUSTRALASIAN AIRLINES LIMITED	12,900,000	0.60
Total Top 20 holders of Ordinary Shares		868,094,955	40.11
Total issued Capital		2,164,503,303	

CORPORATE GOVERNANCE

In accordance with the NZX Corporate Governance Code 2017 ("NZX Code"), and the ASX Corporate Governance Council's Principles and Recommendations (3rd 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 2017/2018 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 2018.

EXPLANATIONS FOR DEPARTURES FROM NZX CORPORATE GOVERNANCE CODE 2017

Recommendation	Notification of Departure	Explanation for Departure
2.5: An issuer should have a written diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving diversity (which, at a minimum, should address gender diversity) and to assess annually both the objectives and the entity's progress in achieving them. The issuer should disclose the policy or a summary of it.	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 objectives for achieving gender diversity.
3.6: The board should establish appropriate protocols that set out the procedure to be followed if there is a takeover offer for the issuer including any communication between insiders and the bidder. It should disclose the scope of independent advisory reports to shareholders. These protocols should include the option of establishing an independent takeover committee, and the likely composition and implementation of an independent takeover committee.	The Company has not yet adopted a takeover protocol.	The Company intends to establish procedures which comply with this recommendation within the coming financial year.

EXPLANATIONS FOR DEPARTURES FROM ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS (3rd 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 objectives 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.

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, Charbel Nader, J (Murray) McKee, and Anthony Haworth. Murray Stevens is not an independent director as he provides consultancy services to the company from time to time, and Matthew Hill is not an independent director as he is the Chief Executive Officer.

STATEMENT CONCERNING AVAILABILITY OF INDEPENDENT PROFESSIONAL ADVICE

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

DIRECTOR REMUNERATION

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

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

There is currently no direct link between remuneration paid to any of the non-executive 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	5	0	0%
Senior Executives	1	0	0%
Consultants	2	1	50%
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: Anthony Haworth (Chair), Charbel Nader and Murray Stevens. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the director with conflicting interests is not party to the relevant discussions.

CORPORATE GOVERNANCE

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. All members of the sub committee considered themselves to be financially literate and have financial experience and industry knowledge. Mr Haworth and Mr Stevens have significant experience in mineral exploration, development and valuation at senior advisory level, Mr Nader has gained significant financial experience from his background in investment banking and corporate finance.

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: Charbel Nader, Anthony Howarth and Matthew Hill. 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.

HEALTH SAFETY SECURITY AND ENVIRONMENT COMMITTEE

The Health Safety Security and Environment Committee (HSSE) as at the end of the reporting period consists of the following directors: Murray Stevens, Anthony Haworth, and Matthew Hill, Chief Operations officer Wayne Chowles is also a member of the committee. Some responsibilities of the HSSE Committee were also addressed by the full Board at Board and Strategy meetings during the reporting period. The Board has adopted, and the HSSE Committee applies a HSSE 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	HSSE
M McKee*	8/11	n/a	n/a	1/2
M Hill	11/11	2/2	1/1	1/2
M Stevens	9/11	2/2	1/1	2/2
C Nader	11/11	2/2	1/1	1/2
A Haworth	11/11	2/2	1/1	2/2

* M McKee retired from the board and all subcommittees effective 31 March 2018.

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 2017/2018 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 addresses areas of risk and evaluates the effectiveness of controls.

CORPORATE GOVERNANCE

ASSURANCES TO THE BOARD

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

CONTINUOUS DISCLOSURE

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

SHAREHOLDER COMMUNICATION

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

DIRECTOR AND OFFICER LIABILITY INSURANCE

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

MATERIALITY

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

Charbel Nader (Chairman, Independent)
Tony Haworth (Independent Director)
Murray R Stevens (Director)
Matthew G Hill (Chief Executive Officer)

COMPANY SECRETARY

S Jane Bell

REGISTERED (HEAD) OFFICE

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BANKERS

Westpac Bank, Auckland
National Australia Bank, West Perth

AUDITORS

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Level 5
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Sydney, 2000

SOLICITORS

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

SECURITIES LISTED

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

SHARE REGISTRARS

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Private Bag 92119
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159 Hurstmere Road
Takapuna, Auckland 0622.
New Zealand
Telephone (+64 9) 488 8777
Facsimile (+64 9) 488 8787

Australia:

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Managing your shareholding online:

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

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Please assist our registrar by quoting your CSN or shareholder number