



DIRECTORS' REPORT

The directors are pleased to present to shareholders the half yearly report for the six months ended 30 September 2012.

Highlights

- **Engagement of Canaccord Genuity (Australia) Pty Ltd for completion of a A\$1.2M (NZ\$1.5M) fully underwritten rights issue was initiated**
- **Application granted for exploration permit over a copper prospect near Whangarei, NZ**
- **A highly experienced and suitably qualified principal mining engineer has been identified to manage and develop the Talisman Project**
- **Broken Hill Prospecting completed a scoping study on its cobalt resource showing the significant potential of the project options**

Exploration and Development Activity

During the six months ending 30 September 2012 the company was focussed on the preliminary research for the prefeasibility study, which commenced after the period.

Gold Projects

(Waihi, New Zealand)

Talisman Gold Project (100%)

Talisman Mine

An independent scoping study by Mining One was subjected to a further detailed internal review. The study demonstrated the economic potential for the project.

Based on these results the board resolved to progress the project to prefeasibility. New Talisman is now focussed on developing the Talisman project itself through feasibility stages and into production.

The company initiated preliminary research as a precursor to the prefeasibility study which will be advanced by the company's soon to be appointed Principal Mining Engineer.

The company has been reviewing various options at the mine, which may allow for lower project costs. At this stage, until completion of the prefeasibility, it is too early to accurately estimate the cost benefit of utilising the various options. Following the appointment of the Principal Mining Engineer the company will develop a more detailed analysis of options in the prefeasibility study.

Discussions have advanced with potential investor groups. Site visits and access to further digital data for review were provided.

Rahu

The company's exploration permit covering 405 ha was granted an extension to August 2014. Diamond drilling of deeper gold targets is planned for 2013.

Copper Project (Northland, New Zealand)

Northland Project 100%

Northland Minerals Ltd, a wholly owned subsidiary of New Talisman Gold Mines Limited, applied for and was granted an exploration permit for 1188 hectares over a copper prospect about 30 kilometres west of Whangarei, New Zealand.

The prospect was historically mined on a small scale and has had little recent exploration. It is prospective for base metals and gold.

Gold and Base metals (Broken Hill, NSW, Australia) Thackaringa Broken Hill Prospecting Limited (ASX:BPL)

New Talisman holds a strategic 21.7% interest in Broken Hill prospecting Limited which is listed on the Australian Securities Exchange.

- Combined Inferred Resources of cobalt at Pyrite Hill, Big Hill and Railway Cobalt deposits are 37.5Mt of 1.85lb/t Co (66 million pounds of contained cobalt)*
- 2012 drilling found considerable tonnages of new mineralisation at Railway, Offset and North Big Hill
- Scoping studies have identified robust economics for production of pyrite concentrate to produce a sulphuric acid by-product

- New legislation now allows uranium exploration in NSW. Broken Hill Uranium Pty Ltd (100% owned subsidiary of BPL) has lodged Expressions of Interest for uranium Exploration Licenses in five areas in the Broken Hill region.

Financial results

Tenement expenditure was \$297,774 compared to \$193,027 in the previous period and reflected the increase in activity.

Looking ahead

Following the reporting period:-

- A rights issue, fully underwritten by Canaccord Genuity (Australia) Pty Ltd on a 1 for 3 basis with an attaching 5 year 2 cent option to raise A\$1.2M (NZ\$ 1.5M), was successfully completed with a significant uptake by shareholders.
- New Talisman is preparing to appoint a highly qualified professional to the position of principal mining engineer to complete the Talisman project prefeasibility study in early 2013.



* Competent Person Statement

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

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Financial Position

As at 30 September 2012

	Note	30-Sep-12 \$	31-Mar-12 \$	30-Sep-11 \$
Equity				
Attributable to parent company shareholders	5	9,043,221	9,321,354	9,756,468
Current liabilities				
Payables		268,699	108,021	86,922
Short term loan		125,581	-	-
Employee entitlements		33,817	6,559	2,578
Total current liabilities		428,097	114,580	89,500
Total equity and liabilities		9,471,318	9,435,934	9,845,968
Current assets				
Cash		206,407	346,921	778,446
Receivables and prepayments		78,242	36,515	66,932
Advances to related parties		325	-	-
Total current assets		284,974	383,436	845,378
Non-current assets				
Property, plant & equipment		5,481	7,284	9,882
Intangible assets	6	8,369,789	8,072,015	7,894,126
Investments		27,942	36,545	33,905
Investment in associate	4	783,132	936,654	1,062,677
Total non-current assets		9,186,344	9,052,498	9,000,590
Total assets		9,471,318	9,435,934	9,845,968
Net Tangible Assets per Security		0.3 cent	0.4 cent	0.6 cent

For and on behalf of the Board:



J M McKee
Dated: 12 December 2012



M G Hill
Dated: 12 December 2012

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Comprehensive Income

For six months ended 30 September 2012

	Note	6 Months 30-Sep-12 \$	6 Months 30-Sep-11 \$
Continuing Operations			
Interest received		4,891	19,281
Other operating income		1,173	-
Administrative expenses		(322,407)	(247,992)
Loss from operations		(316,343)	(228,711)
Share of results of associates		(153,523)	(102,434)
Loss before tax		(469,866)	(331,145)
Income tax expense		-	-
Comprehensive Income/(Loss) for the period		(469,866)	(331,145)
Attributable to:			
Owners of the parent		(469,866)	(331,145)
Earnings per share			
Basis earnings/(loss) per share		(0.13) cents	(0.10) cents
Diluted earnings/(loss) per share		(0.13) cents	(0.10) cents

NEW TALISMAN GOLD MINES LIMITED

Consolidated Statement of Changes in Equity

For six months ended 30 September 2012

	Note	6 months 30-Sep-12 \$	6 months 30-Sep-11 \$
Net loss		(469,866)	(331,145)
Total Comprehensive Income		(469,866)	(331,145)
Transactions with owners:			
Shares Issued		191,733	-
Equity at beginning of period		9,321,354	10,087,613
Equity at end of period		9,043,221	9,756,468

The accompanying notes form part of these financial statements

NEW TALISMAN GOLD MINES LIMITED

Consolidated Cash Flow Statement

For six months ended 30 September 2012

	Note	6 months 30-Sep-12 \$	6 months 30-Sep-11 \$
Cash flows from operating activities			
Cash inflows		6,542	19,146
Cash outflows		(250,256)	(291,998)
Net cash outflows from operating activities	7	(243,714)	(272,852)
Cash flows from investing activities			
Cash inflows		706	6,390
Cash outflows		(265,972)	(197,998)
Net cash outflows from investing activities		(265,266)	(191,608)
Cash flows from financing activities			
Cash inflows		432,133	-
Cash outflows		(62,245)	-
Net cash inflows from financing activities		369,888	-
Net increase / (decrease) in cash held		(139,092)	(464,460)
Exchange gain/(loss)		(1,422)	(1,222)
Cash at start of period		346,921	1,244,128
Cash at end of period		206,407	778,446
CASH COMPRISES:			
Cash		109,571	13,271
Short term deposits		96,836	765,175
		206,407	778,446

The accompanying notes form part of these financial statements

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Statement of compliance

These interim consolidated financial statements presented are for New Talisman Gold Mines Limited and its subsidiaries, Coromandel Gold Limited and Northland Minerals Limited. The principal activity of the Company is gold exploration. The Company is a profit oriented entity, registered under the Companies Act 1993 and is an issuer for the purposes of the Financial Reporting Act 1993. These interim financial statements are presented in New Zealand currency, have been prepared in accordance with IAS-34, Interim Financial Reporting, and should be

read in conjunction with the accounting policies set out in the annual financial statements for the year ended 31 March 2012. These consolidated financial statements have been audited and the audit report is unqualified. A copy of the audit report can be obtained from the registered office of the Company.

2. Changes in accounting policies

There have been no changes in accounting policies during the period. The accounting policies and method of computation applied during the previous year were applied on a consistent basis during the current period.

3. Seasonality of operations

The results are unaffected to any significant extent by seasonality factors.

4. Associate company

The Company holds 17,929,000 shares (21.7%) in Broken Hill Prospecting Limited, an associate. In accordance with NZ IAS 28, the Company has recorded the carrying value of the investments at original cost in the parent company (\$1.503M) and on an equity accounting basis in the group (\$715,396). Market value of the shares at balance date is \$2.51M. 17,429,000 shares are restricted until 17 February 2013. The Company also holds 8,464,500 options

in Broken Hill Prospecting Limited. These are exercisable at A\$0.20 any time up to 17 February 2016 and restricted for 24 months until 17 February 2013.

5. Debt and equity securities

16,001,360 shares were issued under the Share Purchase Plan in May 2012, increasing the number of fully paid shares on issue at 30 September 2012 to 359,554,548. A short term loan of A\$100,000 was arranged in August 2012. The loan was interest free, secured, and was repaid from the proceeds of the Rights Issue in November 2012.

6. Prospecting Costs and Mining Tenements

	6 months 30-Sep-12 \$	Year ended 31 Mar 12 \$	6 months 30-Sep-11 \$
Opening balance	8,072,015	7,701,089	7,701,089
Development expenditure	297,774	411,619	193,037
Less prospects written off during the period	-	(40,693)	-
Carrying amount	8,369,789	8,072,015	7,894,126

7. Reconciliation of net deficit and operating cash flow

	6 months Sep 2012 \$	6 months Sep 2011 \$
Net deficit after taxation	(316,343)	(228,711)
Add non-cash items:		
Depreciation	453	450
Unrealised revaluation (gain)/loss	2,278	11,300
Exchange (gain)/loss	1,453	974
	4,184	12,724
Add (less) movement in working capital:		
Decrease (increase) in debtors	(33,534)	(41,989)
Increase (decrease) in creditors	115,022	(14,442)
Decrease (increase) in accrued income	782	(134)
Decrease (increase) in GST	(13,825)	(300)
	68,445	(56,865)
Net cashflows from operating activities	(243,714)	(272,852)

8. Commitments

Capital commitments at the end of the period were \$nil.

9. Contingent liabilities

Contingent liabilities at the end of the period were \$nil.

10. Going concern

The financial report has been prepared on a going concern basis. Development of the Talisman mine project will require further funding, some of which was raised from the recent rights issue. The validity of the going concern basis is dependent on the success of these initiatives.

11. Event subsequent to balance date

In November 2012, the company successfully completed a rights issue to fund the next phase of development. The issue was fully underwritten by Canaccord Genuity (Australia) Pty Ltd and raised A\$1.2m (NZ\$1.5m) before expenses.

12. Related party transactions

During the period the Company paid directors fees of \$171,333. Unpaid directors fees at 30 September 2012 were \$29,500.



COMPANY DIRECTORY

DIRECTORS

J Murray McKee (Acting Chair)
Matthew G Hill (Executive Director)
Dr Ian J Pringle

COMPANY SECRETARY

Mrs Sue Sangster

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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

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Please assist our registrar by quoting your CSN or shareholder number

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NEW TALISMAN GOLD MINES LIMITED

Report on the consolidated interim financial report

We have audited the consolidated interim financial report of New Talisman Gold Mines Limited and its subsidiaries, on pages 4 to 7, which comprise the condensed consolidated statement of financial position as at 30 September 2012, the condensed consolidated income statement, condensed statement of changes in equity and condensed cash flow statement for the period then ended, and selected explanatory information.

Directors' responsibilities for the consolidated interim financial statements

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

Auditor's responsibilities

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HERITAGE GOLD NZ LIMITED (continued)

Opinion

In our opinion, the consolidated interim financial report on pages 4 to 7:

- complies with generally accepted accounting practice in New Zealand;
- complies with International Financial Reporting Standards; and
- gives a true and fair view of the financial position of New Talisman Gold Mines Limited group as at 30 September 2012 and the financial performance and cash flows of the group for the period ended on that date.

Emphasis of matter

Going concern

We draw attention to note 10 in the interim consolidated financial statements which states:

“Development of the Talisman mine project will require further funding, some of which was raised from the recent rights issue.”

The financial report has been prepared on a going concern basis. The interim financial statements do not include any adjustments that may be necessary if fundraising is not successful.

Report on Other Legal and Regulatory Requirements

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

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



DFK CARLTON

Chartered Accountants

AUCKLAND

12 December 2012

NEW TALISMAN GOLD

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Director's Statement

The directors of the company declare that:

1. The financial statements and notes, as set out in the Half Yearly Report to 30 September 2012:
 - (a) Comply with New Zealand International Financial Reporting Standards (IFRS), and
 - (b) give a true and fair view of the economic entity's financial position as at 30 September 2012 and of its performance for the year ended on that date.
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Matthew Hill
Executive Director

12 December 2012