



**NEW Talisman**  
GOLD MINES LIMITED  
**ANNUAL REPORT 2013**



**Going for Gold**

[www.newtalisman.co.nz](http://www.newtalisman.co.nz)

# MINE TIMELINE

## HISTORICAL TIMELINE

1852 – Gold discovered on the Coromandel  
1875 – Ohinemuri goldfield opened for prospecting  
1882 – Maria Vein discovered at Mt Karangahake  
1883 – Crown Mine established  
1887 – Woodstock Mine established  
1894 – Historical Talisman Mine established  
1904 – Woodstock Mine incorporated into Talisman  
1919 – Talisman Closure  
1928 – Crown Mine closure  
1971 – Southern Cross Minerals begin exploration  
1980 – NZ Goldfields registered  
1985 – NZ Goldfield/Freeport JV  
1987 – NZ Goldfields/Cyprus Minerals JV  
1989 – Discovery of Dubbo Zone  
1993 – Southern Mining license lapses  
1995 – Exploration Permit granted to Heritage Gold  
2003 – 1st Phase exploration – 109 600 Oz  
2006 – 2nd Phase exploration – 205 000 Oz  
2012 – Renamed New Talisman Gold Mines Limited  
2012 – Scoping Study completed  
2013 – Pre-Feasibility Study completed  
2013 – Advanced stage access negotiations  
2013 – Detailed planning in process for Bulk Sampling  
2013 – Feasibility Study commissioned

## MINE ESTABLISHMENT PLAN

2013 – Complete Part A Access Negotiations  
2013 – Site Establishment  
2013 – Initial Mine refurbishment  
2013 – Feasibility Study complete  
2013 – Rehabilitation to Woodstock Zone  
2014 – Pre-Development of Woodstock Block  
2014 – Rehabilitation to Mystery Vein  
2014 – Pre-Development of Mystery Block  
2014 – Rehabilitation to Dubbo  
2014 – Pre-Development of Dubbo Block

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# DIRECTORS' REPORT

For the year ended 31 March 2013

## HIGHLIGHTS

During the year under review the Company:

- Restructured to focus on the Talisman mine development project
- Completed the Talisman mine scoping and pre-feasibility studies on time and under budget
- Entered into an option to earn an interest in the Mpokoto gold project in DRC
- Raised NZ\$1.8M through a share purchase plan (SPP) and fully underwritten rights issue to fund the Talisman mine scoping and pre-feasibility studies
- Raised A\$0.54M for the Mpokoto project and NTL working capital

## CORPORATE

New Talisman Gold Mines Limited (NTL) implemented all the changes necessary to focus its resources and efforts on the development of the Talisman gold project in the Hauraki goldfield, New Zealand. These involved substantial changes to both the board and the management team. Following the restructure, the company accelerated the Talisman mine development programme and completed a number of key milestones on the road to gold production. The Board is confident the work completed during the year under review added significant value to the company's asset base. With the additional staff and expertise NTL is well equipped to progress the development of Talisman mine in the year ahead.

Coromandel Gold Limited (CGL), a 100% subsidiary of NTL, manages and develops NTL's exploration and non-core assets under a separate board and management structure. CGL adds value to the company's minerals portfolio by identifying highly prospective areas in New Zealand and abroad and exploring them to the point where they can be assigned to the parent company for development or sold on to others who place a higher value on them.

### Board and Staff Appointments

As part of the restructure of the company a number of appointments were made during the year. This step gave NTL the required capacity and expertise to accelerate implementation of the Talisman project plan.

- Mr Matthew Hill was appointed to the position of Executive Director of the company.
- Mr Wayne Chowles was appointed to the position of Principal Mining Engineer responsible for developing the Talisman mine.
- Mr J (Murray) McKee was appointed to the position of Chairman during the period.
- Mr Geoffrey Hill was appointed to the board of Coromandel Gold Limited

### Capital Raising

#### • Share Purchase Plan (SPP)

An SPP was initiated in April 2012 and raised NZ\$306,000 (before expenses). Funds were applied to the Scoping Study as a precursor to the Pre-Feasibility Study at Talisman. The Scoping Study provided for a phased approach to the Talisman mine. Phase one of the mine was further described and commercially modeled in the company's Pre-Feasibility Study completed in March 2013.

#### • Rights Issue

NTL raised A\$1.5M (before expenses) through a rights issue fully underwritten by Cannacord Genuity Pty Ltd. The funds allowed for the completion of the Pre-Feasibility Study which was completed on time and under budget.

#### • Share Placement

On 2 May 2013 NTL successfully placed 49,410,000 shares at A\$1.1 cents raising A\$543,510 through Cannacord Genuity Pty Ltd. The funds raised will be applied to the Mpokoto project and NTL working capital requirements.

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

### Pre-Feasibility Study

The Pre-Feasibility Study was completed in March 2013. It analysed a range of options centred on the concept of a small scale operation with low capital requirements that would generate, over time, the funds required to explore and open up future mining areas. The operation would focus on the high confidence resources, immediately adjacent to the accessible 8 level drive, delineated during the 2005 exploration program and create the infrastructure necessary to support further exploration activity.

### Key Findings

The study recommended that a sub-level stoping mining method would be suitable for exploiting the steeply dipping, narrow vein deposits and would provide the flexibility to switch between hand-held and long-hole drilling techniques where applicable.

Option analysis carried out on materials handling clearly demonstrated that the flexibility of a trackless fleet, which would enable extraction of the resources below 8 Level through a series of small ramp systems, held significant advantage to the project.

The production plan developed as an output from the study indicated that an initial five-year operation, with peak production of 35,000 tonnes of ore per annum and 12,000 ounces of gold per annum, was feasible. The majority of the ore mined would be derived from the better understood Woodstock and Dubbo sections while production planned from the Mystery and Welcome/Crown blocks would primarily comprise on-reef development required to improve and extend the confidence of resource estimates within these areas.

Systems required to support mining operations, such as power, water and compressed air reticulation, have been designed to support future expansion of the mine into newly proven areas while considerable care has been exercised to restrict the mine's footprint to the existing surface areas and to minimise environmental impacts. The company is in advanced discussions with regulatory bodies regarding the consents required to begin low impact bulk sampling.

Total capital expenditure over the five year life of the project was estimated at US\$ 8.72 million with an all-in unit cost, including capital expenditure, of US\$933 per oz. These metrics indicate a robust project, which is both shielded from the current gold price volatility and well positioned to take advantage of any future upturn.

### Mine Access Upgrade

In preparation for the start-up of operations the company undertook a work program to rehabilitate and upgrade the mine access road and hardstand area. Several culverts for water diversion were repaired, vegetation was cut back and a new topping laid on the road. All encroaching vegetation was removed from the hard stand area and ore handling facility and repairs carried out on the drainage system.

### Feasibility Study

The company has formally initiated the Talisman Feasibility Study which will finalise the designs initiated as output from the Pre-Feasibility Study. A project team of experienced local professionals has been appointed and completion of the study is expected by December 2013. A significant portion of this study revolves around the design of an appropriate processing facility. Mineralogical analysis of the Talisman ore has been undertaken by Auckland University and interpretation of the results indicates that gravity concentration and flotation methods may be suitable for processing the Talisman ore which would negate the requirement for conventional hydro-metallurgical treatment. These results and further test work will inform the plant design process. Additionally the company is holding discussions with a number of local gold producers to investigate the potential for a toll treating agreement.

## Key milestones at Talisman as the company drives toward production



## Coromandel Gold Limited (100% New Talisman Gold)

### Golden Valley Gold Project, NEW ZEALAND

The Golden Valley Exploration Permit adjoins Newmont Waihi's mining licence and is prospective for further discoveries of gold deposits similar to the nearby Martha, Favona and Correnso ore bodies. Exploration at Golden Valley has previously been hampered by barren post-mineral cover obscuring the rocks that host the epithermal gold deposits in the Waihi Gold District.

The company has carried out geochemical sampling programmes designed to detect anomalous geochemical signatures in soils that lie above buried mineralisation. The results of these programmes have been used to target areas for seismic surveys to detect buried but near surface structures favourable for gold mineralisation.

The seismic surveys have detected features interpreted as potentially mineralised structures associated with topographic highs in the andesite rocks that host gold deposits elsewhere at Waihi. These observations have been integrated with the company's geochemical and aeromagnetic data and a phased drill programme is planned to test the surface soil geochemical anomalies and structures from seismic surveys. The drilling results will provide essential information on the geochemistry and stratigraphy of the rocks encountered and allow more precise modelling of potentially mineralised structures for further exploration.

### Northland Gold and Base Metal Project, NEW ZEALAND

Wholly owned subsidiary Northland Minerals Ltd has reviewed historic exploration data for its 1188 hectare Exploration Permit in Northland, New Zealand. The permit covers an area of seafloor basalt, intrusive dolerite and associated seafloor sediments, (Tangihua Volcanics) that have potential for the discovery of gold-rich base metal massive sulphide deposits. This deposit style is considered analogous to the "black smoker" base metal and gold-rich deposits currently being researched off the north east coast of New Zealand, often referred to as volcanogenic massive sulphide (VMS) deposits. Overseas examples of this style of mineralisation include Rio Tinto in Spain, Cyprus-style on Cyprus Island, and Mt Lyell in Tasmania.

Several copper occurrences have been mined in the past but no modern exploration has been undertaken in the area since the 1970's. Previous reconnaissance sampling by Northland Minerals showed that this deposit style can host high grade mineralisation. Two grab samples of mullock from the Copper Queen Mine near Parakao demonstrate this potential. The first sample comprised massive sulphide that contained 17.2g/t Au, 11.41% Cu, 28.2g/t Ag and 0.42% Zn. The second sample of highly oxidized massive sulphide returned grades of 21.68g/t Au, 47.41% Cu, 48.6g/t Ag and 0.08% Zn.

The Company considers there is good potential to discover economic VMS deposits in the permit using modern exploration techniques in this underexplored region of New Zealand.

## Broken Hill Prospecting Limited (21.7% New Talisman Gold)

### Thackaringa Cobalt Project, New South Wales AUSTRALIA

The company holds a 21.7% interest in Broken Hill Prospecting Limited (BHPL) which owns the project.

The most recent JORC (2004) resource evaluation (27 July, 2012) estimated the combined Inferred Mineral Resources of the Thackaringa cobalt-pyrite deposits (Pyrite Hill, Big Hill and Railway) as 35.7 million tonnes of pyrite mineralisation with an average grade of 1.85 pound per tonne of cobalt (66 million pounds of contained cobalt). In addition, 'Potential' for between 37-59Mt of pyrite mineralisation of similar cobalt grade was estimated (additional 63-101 million pounds of contained cobalt). This Potential is conceptual in nature and more drilling is required to further define it and there is no certainty that more drilling will result in up-grade to Resource.

In November 2012, BHPL completed a detailed scoping study for the production of sulphuric acid bi-product from the deposits and this has highlighted significant merit for a long-term operation with a low capital start-up and staged development.

The main aspects of the study included:

- Robust economics for production of sulphuric acid bi-product
- Five fast-track, low cost development options identified at nominal processing rates of 1.5 – 7.5 million tonnes per annum
- Strong Australian sulphuric acid demand from fertiliser and mineral processing industries
- Enhancement of project flexibility for development of world-class cobalt mine
- First step in ongoing cobalt development, infrastructure and marketing evaluation

The study, undertaken by international engineering consultant GHD, confirmed that pyrite from BHPL's Railway, Pyrite Hill and Big Hill cobalt deposits could yield valuable sulphuric acid. Currently, sulphuric acid is in strong demand in fertiliser production, mineral processing and other industries. The processing of the pyrite for sulphuric acid production would also provide significant cobalt and iron recovery.

In February a deep diamond drill hole (BED001) was targeted to intersect the depth extension of the central part of the Railway Cobalt Deposit. The hole was angled to intersect high-grade cobaltiferous pyrite mineralisation at a vertical depth of approximately 270 metres beneath the western edge of a zone which trends for more than 1.5 kilometres and is up to 300 metres wide.

The drill results of BED001 give confidence that the cobalt-pyrite rock extends to considerable depth and as such may form a very much larger deposit than indicated by the shallow drilling of previous work. Assay results from BED001 included:

- 44.5 metres of 1.48lb/t cobalt between 247-291.5 metres, including;
- 19.5 metres of 2.26lb/t cobalt between 272-291.5 metres.
- Narrow intervals of silver, zinc, and lead mineralisation including 0.9m of 62g/t silver, 2.63% zinc and 1.05% lead between 245.2-246.1 metres





BHPL commenced a study on the possible production of zero-carbon 'clean' energy generation from future processing of the pyrite. Considerable exothermic heat can be generated during the process of pyrite roasting to release cobalt and sulphur from pyrite concentrate and during subsequent sulphuric acid production. The study will assist in determining if excess heat generated in future development scenarios can be used to produce steam for electricity generation. Base-load electricity generation could add significant project value.

BHPL is seeking investment to advance feasibility studies and development of the cobalt-pyrite deposits which are potentially world-class size and could provide cobalt and pyrite concentrate feed to an expanding metals market and growing demand for sulphuric acid in fertiliser and mineral processing industries.

## Netcom Global Inc (currently 12.5% New Talisman Gold)

### Mpokoto Gold Project, AFRICA

The Mpokoto project is an advanced development gold project, with a JORC Code (2004) compliant resource, located in the Democratic Republic of Congo (DRC). Details of the project have been announced previously.

During the period NTL entered into a loan and option agreement with Netcom Global Inc (Netcom), the indirect owner of the Mpokoto gold project, which gives New Talisman the right to acquire up to 62.5% of the shares in Netcom for a commitment to spend up to US\$1.75M over the next 18 months. New Talisman currently holds 12.5% of Netcom and is presently completing a more extensive due diligence exercise on the company and the project.

The Mpokoto gold project has the potential to become a high grade agglomerated heap leach operation requiring a low capital investment. With over 7 million tonnes of resources at a grade in excess of 1.6g/tonne and target mineralization in excess of 20 million tonnes the project represents a cheap introduction to near term gold production with the potential to sustain a long term operation if the target mineralization can be brought into the resource category.

The Mpokoto technical team in the DRC is managed by Alain Van Landuyt, a graduate in both Chemical Engineering and Geological engineering from Liege University, Belgium. The project is led by Patrick Harford who has extensive experience in Africa and in the field of heap leaching of gold ores.

The company expects to make application for a mining licence during the second half of 2013, and will conduct further studies on heap leach amenability of deeper sulphide mineralization at the project. An initial mining reserve estimate based on the oxide and transitional zone tonnages is expected in the early Q4 2013.



## BOARD OF DIRECTORS

### LOOKING AHEAD

It is an exciting year ahead for New Talisman with its core project heading toward development and production. A Feasibility study has been initiated on the Talisman Mine, which will provide both financing and treatment options. The Board is enthused by the results of Pre-Feasibility studies, which are currently under independent review by Hatch, a global mining engineering company. With the first ore expected to be mined by Q1 2014 and processing options currently being investigated, the company is on path for maiden gold production in Q3 2014.

NTL's associated company, Broken Hill Prospecting, is similarly moving from strength to strength with advancing its Thackaringa Project and is well positioned to add considerable value to its world-class cobaltiferous pyrite deposits.

The company's most recent investment in the Mpokoto Gold Project provides New Talisman gold with exposure to a well advanced, low cost heap leach project with fast track to production. The project is expected to complete several key milestones during the next year including a Pre-Feasibility study (near completion), mine design and Feasibility study as it progresses toward production.

On the exploration side, Coromandel Gold Limited continues to advance exploration and assess new prospective areas to add to its portfolio.

The Directors are confident that progress in 2014 will add substantial value to the company as it becomes a profitable gold producer.

#### Competent Person Statements

i) Exploration activities and results contained in the Broken Hill Prospecting Ltd section of 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. Dr Pringle 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.

Potential: H&S Ltd quantified a potential target size within the modelled Thackaringa pyrite mineralisation envelope. This Potential lies outside of the Inferred Mineral Resource because of the absence of nearby drilling. By extending the search distance within the 3D mineralisation the model target size is between 37Mt and 59Mt at a grade between 600ppm and 900ppm cobalt. The Potential is conceptual in nature and more drilling is required to further define it. There is no certainty that this will result in a Mineral Resource.

ii) The information in this report that relates to gold and base metal exploration results in New Zealand is based on information compiled by or supervised by Mr Peter Atkinson, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Atkinson is a director of Coromandel Gold Ltd and also a director of Up Minister Ltd a consultancy company and he has sufficient experience that 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 Atkinson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

#### James Murray McKee BA (Hons)

##### Chairman and Non-executive (Independent) Director

Murray McKee practices as a public policy and risk management consultant in Wellington with a strong focus on the emergency services sector. He previously held operations management positions with a US offshore oil and gas exploration company (1975–1987) and senior management positions with Coal Corporation of New Zealand Limited (1987–1995). He was Chairman of the Coal Research Association of New Zealand (1995) and a councillor on the New Zealand Minerals Industry Association (1993–1995). He was a ministerial appointee to the New Zealand Conservation Authority for two terms and served on both the West Coast and Tongariro/Taupo Conservation Boards. Mr McKee has served on the Board for 17 years, being appointed a Director on 16 March 1996, Acting Chairman from August 2012 and Chairman from March 2013.

#### Matthew Geoffrey Hill MBA, MAICD, FINISIA

##### Executive Director

Matthew Hill is an experienced merchant banker having worked previously at Potter Warburg; Eventures (a joint venture between News Corp and Softbank); Pitt Capital and Souls Private Equity Limited. He specialises in resources and company listings. Mr Hill is a Director of International Pacific Capital, and Managing Director of Soco Limited an unlisted public company. He has previously advised a number of multinational companies in Australia, India and China. Mr Hill is an alternate director of Broken Hill Prospecting Limited. Mr Hill was appointed as alternate director for Geoffrey Hill on 1 December 1999, has served for 7 years since his appointment as Director on 10 October 2006 and was appointed Executive Director on 3 September 2012.

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

##### Non-executive (Independent) Director

Dr Ian Pringle has served on the New Talisman Gold Mines board for over 18 months since his appointment on 2 August 2011. Dr Pringle has a BSc (Hons) in geology and a PhD in geology from the University of Otago in New Zealand. An experienced industry consultant, he has a record of successful mineral project generation, exploration management and mine development in Australia, South East Asia and the South West Pacific. Dr Pringle was previously Managing Director of Geopacific Resources NL and Exploration Manager of Silver Standard Australia Ltd and Oxiana Resources NL. He is currently Managing Director of Broken Hill Prospecting Ltd (ASX:BPL), in which New Talisman Gold Mines holds a 21.7% interest.





## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NEW TALISMAN GOLD MINES LIMITED

### Report on the Consolidated Financial Report

We have audited the consolidated financial report of New Talisman Gold Mines Limited and its subsidiaries, on pages 8 to 18, which comprise the statement of financial position of New Talisman Gold Mines Limited and the consolidated statement of financial position as at 31 March 2013, the consolidated income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' responsibilities for the consolidated financial statements

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

### Auditor's responsibilities

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

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

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

Other than in our capacity as auditors we provide taxation advice to New Talisman Gold Mines Limited.

### Opinion

In our opinion, the consolidated financial report on pages 8 to 18:

- complies with generally accepted accounting practice in New Zealand;
- complies with International Financial Reporting Standards; and
- gives a true and fair view of the financial position of New Talisman Gold Mines Limited and the group as at 31 March 2013 and the financial performance and cash flows of the group for the year ended on that date.

### Emphasis of matter

#### Going concern

We draw attention to note 19 to the financial statements which states: "The company raised A\$543,510 less expenses since balance date and is planning further capital raising. The directors expect to hold sufficient funds to ensure that financial obligations can continue to be met for longer than 12 months."

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

### Report on Other Legal and Regulatory Requirements

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

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



**DFK CARLTON**  
Chartered Accountants  
**AUCKLAND**  
13 June 2013

# NEW TALISMAN GOLD MINES LIMITED

## Statement of Comprehensive Income

For year ended 31 March 2013

		Group		Parent	
	Note	2013 NZ\$	2012 NZ\$	2013 NZ\$	2012 NZ\$
<b>Continuing Operations</b>					
Other operating income	2	11,791	35,649	11,791	35,649
Administrative expenses	3, 4	(661,862)	(532,757)	(658,506)	(532,757)
Exploration costs written off	10	-	(40,694)	-	(40,694)
<b>Gain/(loss) from operations</b>		(650,071)	(537,802)	(646,715)	(537,802)
Share of results of associates	13	(264,194)	(228,457)	-	-
<b>Net profit/(loss) for the year</b>		(914,265)	(766,259)	(646,715)	(537,802)
<b>Total comprehensive income/(loss)</b>		(914,265)	(766,259)	(646,715)	(537,802)
<b>Net profit/(loss) attributable to equity holders of the parent</b>		(914,265)	(766,259)	(646,715)	(537,802)
<b>Comprehensive profit/(loss) attributable to equity holders of the parent</b>		(914,265)	(766,259)	(646,715)	(537,802)
<b>Earnings per share:</b>					
<b>Basic earnings/(loss) per share</b>					
From continuing operations		(0.22) cent	(0.22) cent	(0.16) cent	(0.16) cent
<b>Diluted earnings/(loss) per share</b>					
From continuing operations		(0.15) cent	(0.22) cent	(0.11) cent	(0.16) cent

# NEW TALISMAN GOLD MINES LIMITED

## Statement of Changes in Equity

For year ended 31 March 2013

	Group 2013				Group 2012			
	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)	-	-	(914,265)	(914,265)	-	-	(766,259)	(766,259)
Proceeds from share capital issued	1,544,780	-	-	1,544,780	-	-	-	-
Equity at beginning of year	24,269,394	335,341	(15,283,381)	9,321,354	24,269,394	335,341	(14,517,122)	10,087,613
<b>Equity at end of year</b>	<b>25,814,174</b>	<b>335,341</b>	<b>(16,197,646)</b>	<b>9,951,869</b>	<b>24,269,394</b>	<b>335,341</b>	<b>(15,283,381)</b>	<b>9,321,354</b>

  

	Parent 2013				Parent 2012			
	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)	-	-	(646,715)	(646,715)	-	-	(537,802)	(537,802)
Proceeds from share capital issued	1,544,780	-	-	1,544,780	-	-	-	-
Equity at beginning of year	24,269,394	297,641	(14,699,569)	9,867,466	24,269,394	297,641	(14,161,767)	10,405,267
<b>Equity at end of year</b>	<b>25,814,174</b>	<b>297,641</b>	<b>(15,346,284)</b>	<b>10,765,531</b>	<b>24,269,394</b>	<b>297,641</b>	<b>(14,699,569)</b>	<b>9,867,465</b>

The accompanying notes form part of these financial statements



# NEW TALISMAN GOLD MINES LIMITED

## Statement of Financial Position

As at 31 March 2013

		Group		Parent	
	Note	2013	2012	2013	2012
		NZ\$	NZ\$	NZ\$	NZ\$
<b>Equity</b>					
Attributable to parent company shareholders	7	9,951,869	9,321,354	10,765,531	9,867,465
		9,951,869	9,321,354	10,765,531	9,867,465
<b>Current liabilities</b>					
Payables	8	136,328	108,021	136,328	108,021
Employee benefits	21	16,063	6,559	16,063	6,559
<b>Total current liabilities</b>		152,391	114,580	152,391	114,580
<b>Total equity and liabilities</b>		10,104,260	9,435,934	10,917,922	9,982,045
<b>Current assets</b>					
Cash		325,880	346,921	325,880	346,921
Receivables and prepayments	22	40,259	36,515	55,032	43,714
<b>Total current assets</b>		366,139	383,436	380,912	390,635
<b>Non-current assets</b>					
Property, plant & equipment	9	5,564	7,284	5,564	7,284
Intangible assets	10	8,720,090	8,072,015	8,707,736	8,063,878
Investments	11	340,007	36,545	321,157	17,695
Investment in subsidiary companies	12	-	-	-	-
Investment in associate company	13	672,460	936,654	1,502,553	1,502,553
<b>Total non-current assets</b>		9,738,121	9,052,498	10,537,010	9,591,410
<b>Total assets</b>		10,104,260	9,435,934	10,917,922	9,982,045

For and on behalf of the Board:



J M McKee (Chairman)  
Dated 13 June 2013



M G Hill  
Dated 13 June 2013

The accompanying notes form part of these financial statements

# NEW TALISMAN GOLD MINES LIMITED

## Statement of Cash Flows

For year ended 31 March 2013

	Note	Group		Parent	
		2013 NZ\$	2012 NZ\$	2013 NZ\$	2012 NZ\$
<b>Cash flows from operating activities</b>					
<i>Cash was provided from:</i>					
Interest received		11,008	34,615	11,008	34,615
Other		1,773	2,809	1,773	2,809
		12,781	37,424	12,781	37,424
<i>Cash was applied to:</i>					
Payments to suppliers		(570,534)	(466,386)	(570,534)	(466,386)
Rent		(14,300)	(13,315)	(14,300)	(13,315)
Payments to and on behalf of employees		(153,132)	(80,589)	(153,132)	(80,589)
		(737,966)	(560,290)	(737,966)	(560,290)
<b>Net cash flows from operating activities</b>	16	(725,185)	(522,866)	(725,185)	(522,866)
<b>Cash flows from investing activities</b>					
<i>Cash was provided from:</i>					
Intercompany loan repayments		61	5,847	61	5,847
		61	5,847	61	5,847
<i>Cash was applied to:</i>					
Prospecting expenditure		(514,173)	(367,832)	(514,173)	(367,832)
Purchase of property, plant and equipment		(2,331)	(1,423)	(2,331)	(1,423)
Investments		(310,473)	(7,128)	(310,473)	(7,128)
Intercompany loans		(7,611)	(2,743)	(7,611)	(2,743)
		(834,588)	(379,126)	(834,588)	(379,126)
<b>Net cash flows from investing activities</b>		(834,527)	(373,279)	(834,527)	(373,279)
<b>Cash flows from financing activities</b>					
<i>Cash was provided from:</i>					
Issue of shares		1,712,645	-	1,712,645	-
Short term loan		125,581	-	125,581	-
		1,838,226	-	1,838,226	-
<i>Cash was applied to:</i>					
Short term loan repayment		(1,861)	-	(1,861)	-
Issue of shares		(291,537)	-	(291,537)	-
		(293,398)	-	(293,398)	-
<b>Net cash flows from financing activities</b>		1,544,828	-	1,544,828	-
<b>Net increase /(decrease) in cash held</b>		(14,884)	(896,145)	(14,884)	(896,145)
Effect of changes in exchange rates		(6,157)	(1,062)	(6,157)	(1,062)
Cash at beginning of year		346,921	1,244,128	346,921	1,244,128
<b>Cash at end of year</b>		325,880	346,921	325,880	346,921
<b>CASH COMPRISES:</b>					
Cash		4,861	6,943	4,861	6,943
Short term deposits		321,019	339,978	321,019	339,978
		325,880	346,921	325,880	346,921

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

The accompanying notes form part of these financial statements



# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## 1. STATEMENT OF ACCOUNTING POLICIES

### Reporting entity

New Talisman Gold Mines Limited is a company incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX). The Company is an issuer for the purposes of the Financial Reporting Act 1993 and the financial statements of the company and group have been prepared in accordance with the Financial Reporting Act 1993. The group consists of New Talisman Gold Mines Limited and its subsidiaries and associate and these financial statements comprise the separate financial statements of the parent company and the consolidated financial statements of the group. The company is engaged in minerals exploration and development. The Directors authorised these financial statements for issue on 13 June 2013.

### Statement of Compliance

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

### Measurement base

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

The information is presented in New Zealand dollars.

### Use of estimates and judgements

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

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

### Specific accounting policies

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

#### (a) Prospecting costs

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

#### (b) Mining tenements

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

#### (c) Property plant and equipment

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

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

#### (d) Depreciation

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

Rates used during the year were:

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

#### (e) Impairment

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

#### (f) Segment Information

Operating segments are reported if:

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

#### (g) Taxation

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

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

#### (h) Share capital

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

#### (i) Cashflows

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

#### (j) Employee entitlements

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

#### (k) Foreign currencies

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

# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## (l) Leases

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

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

## (m) Basis of consolidation

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

## (n) Associate companies

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

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

## (o) Financial instruments

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

### Receivables and payables

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

### Share investments

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

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

## (p) Goods and Services Tax

All amounts are shown exclusive of Goods and Services Tax (GST), except for receivables and payables that are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables balance in the statement of financial position.

## (q) Adoption of New and Revised Standards

### Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Parent and Group have adopted the following new and amended New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations since 1 April 2012.

### Early adoption of Standards, Interpretations and modifications

The Directors elected to adopt early, the following standards:

- NZ IAS 19 Employee Benefits;
- NZ IFRIC 14 Prepayments of a Minimum Funding Requirement.

The adoption of these standards does not have a material effect on these financial statements.

The Directors have not adopted and are yet to assess the impact of the following new and amended standards on the Group's consolidated financial statements which are effective for periods beginning on or after 1 January 2013:

- NZ IFRS 10 Consolidated financial statements; NZ IFRS 11 Joint arrangements; NZ IFRS 12 Disclosure of interests in other entities; NZ IFRS 13 Fair value measurement; and NZ IFRIC 20 Stripping costs in the production phase of a surface mine;
- Amendments to NZ IFRS 7 Financial instruments disclosures, which provide information allowing users to evaluate the effect of netting arrangements on the financial position; and
- The annual improvements to NZ IFRS resulting from the 2009-2011 cycle.

The Directors have not adopted and are yet to assess the impact of the changes resulting from the following new and amended standards on the Group's consolidated financial statements:

- NZ IAS 32 Financial instruments: presentation, which will be effective for accounting periods beginning on or after 1 January 2014;
- NZ IFRS 9 Financial Instruments, which will be effective for accounting periods beginning on or after 1 January 2015.

## 2. OPERATING INCOME

	Group Mar 2013 NZ\$	Group Mar 2012 NZ\$	Parent Mar 2013 NZ\$	Parent Mar 2012 NZ\$
Interest	10,018	30,878	10,018	30,878
Dividend	123	1,309	123	1,309
Equipment hire	1,650	1,500	1,650	1,500
Gain on exchange valuation	-	1,962	-	1,962
Total operating income	11,791	35,649	11,791	35,649



# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## 3. ADMINISTRATION EXPENSES BY NATURE

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	<b>Mar 2013</b>	<b>Mar 2012</b>	<b>Mar 2013</b>	<b>Mar 2012</b>
	<b>NZ\$</b>	<b>NZ\$</b>	<b>NZ\$</b>	<b>NZ\$</b>
Audit fees – financial statements	16,550	17,865	16,550	17,865
Depreciation	1,103	908	1,103	908
Director fees	72,022	81,793	72,022	81,793
Director remuneration	225,753	90,000	225,753	90,000
Employee salaries	100,822	79,487	100,822	79,487
Foreign exchange loss	6,140	812	6,140	812
Rental & lease costs	14,517	13,313	14,517	13,313
Share revaluation loss	7,664	9,339	7,664	9,339
Other	217,291	239,240	213,935	239,240
Total administration expenses	661,862	532,757	658,506	532,757

## 4. DIRECTOR AND EMPLOYEE REMUNERATION

### Director Remuneration

### Parent and Group

	<b>2013</b>	<b>2012</b>
	<b>NZ\$</b>	<b>NZ\$</b>
PR Atkinson (resigned 26 April 2012)	6,411	90,000
PV Griffin (26 April 2012 to 3 September 2012)	128,219	-
MG Hill	152,934	20,000
GG Hill (resigned 26 April 2012)	2,022	28,000
WR Grigor (resigned 26 April 2012)	-	460
JM McKee	40,000	20,000
IJ Pringle	23,333	13,333

Of the director remuneration paid to Mr PR Atkinson \$4,488 was capitalised in 2013 (\$63,000 in 2012). Mr Atkinson subsequently received remuneration of \$83,589 as a management consultant from 27 April 2012, of which \$25,077 was capitalised. Mr Griffin received remuneration as General Manager from 26 April 2012 until 3 September 2012 of \$128,219, all of which was capitalised. MG Hill was appointed executive director on 3 September 2012. The group does not employ other key management personnel.

### Remuneration of Employees

The number of employees, who are not directors, whose remuneration and benefits exceeded \$100,000 during the financial year was one.

## 5. TAXATION

	<b>Group</b>	<b>Group</b>	<b>Parent</b>	<b>Parent</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>NZ\$</b>	<b>NZ\$</b>	<b>NZ\$</b>	<b>NZ\$</b>
Operating loss before taxation	(650,071)	(537,802)	(646,715)	(537,802)
Prima facie income tax at 28%	(182,020)	(150,584)	(181,080)	(150,584)
Add/(subtract) the taxation effect of permanent differences:				
Non-deductible legal fees	8,780	1,223	8,780	1,223
Tax losses not recognised	(173,240)	(149,361)	(172,300)	(149,361)
Temporary differences not recognised	(2,661)	(1,725)	(2,661)	(1,725)
Income tax expense/(benefit) not recognised	(175,901)	(151,086)	(174,961)	(151,086)

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

The parent company has estimated mining taxation losses available to offset against future mining income of \$11,474,273 (2012: \$10,798,597) and non-mining taxation losses of \$13,281,024 (2012: \$12,875,570) to carry forward. Such losses will only be available to be offset if:

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

There have been no movements through the imputation credit account, the balance of which is Nil (2012: Nil).

## 6. SEGMENT INFORMATION

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

# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## 7. EQUITY & RESERVES

Equity	Group 2013 NZ\$	Group 2012 NZ\$	Parent 2013 NZ\$	Parent 2012 NZ\$
Share capital	25,814,174	24,269,394	25,814,174	24,269,394
Capital reserve	123,750	123,750	123,750	123,750
Share premium reserve	70,235	70,235	70,235	70,235
Asset revaluation reserve	100,900	100,900	100,900	100,900
Share revaluation reserve	40,456	40,456	2,756	2,756
Accumulated deficit	(16,197,646)	(15,283,381)	(15,346,284)	(14,699,570)
Total parent shareholder equity	9,951,869	9,321,354	10,765,531	9,867,465

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

Accumulated deficit	Group 2013 NZ\$	Group 2012 NZ\$	Parent 2013 NZ\$	Parent 2012 NZ\$
Balance at beginning of year	(15,283,381)	(14,517,122)	(14,699,569)	(14,161,768)
Net loss attributable to shareholders	(914,265)	(766,259)	(646,715)	(537,802)
Balance at end of year	(16,197,646)	(15,283,381)	(15,346,284)	(14,699,570)

There were no movements in other reserves.

Share capital	Group and Parent			
Ordinary shares	2013 Number	2012 Number	2013 NZ\$	2012 NZ\$
Balance at beginning of year	343,553,188	343,553,188	24,269,394	24,269,394
Shares issued	135,852,876	-	1,544,780	-
Balance at end of year	479,406,064	343,553,188	25,814,174	24,269,394

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

## 8. RELATED PARTY TRANSACTIONS

Payments for consulting services to companies in which directors and major shareholders have a substantial interest amounted to \$308,289 (2012:\$171,333). At balance date, creditors included \$8,625 payable to directors and other related companies (2012:\$29,500) and debtors included \$156 (2012:\$90) receivable from related parties. No related party debts were written off during the period.

## 9. PROPERTY, PLANT & EQUIPMENT

	Group and Parent				
	Fixtures & fittings	Office equipment	Field equipment	Motor vehicle	Total
Year ended 31 March 2012	NZ\$	NZ\$	NZ\$	NZ\$	NZ\$
Carrying amount 1 April 2011	515	1,547	2,809	6,345	11,216
Additions	649	494	124	-	1,267
Depreciation	(117)	(791)	(511)	(3,780)	(5,199)
Carrying amount	1,047	1,250	2,422	2,565	7,284
31 March 2012					
Cost	1,285	3,287	7,668	18,000	30,240
Accumulated depreciation	(238)	(2,037)	(5,246)	(15,435)	(22,956)
Carrying amount	1,047	1,250	2,422	2,565	7,284
Year ended 31 March 2013					
Carrying amount 1 April 2012	1,047	1,250	2,422	2,565	7,284
Additions	-	2,011	621	-	2,632
Depreciation	(128)	(975)	(684)	(2,565)	(4,352)
Carrying amount	919	2,286	2,359	-	5,564
31 March 2013					
Cost	1,285	5,298	8,289	18,000	32,872
Depreciation	(366)	(3,012)	(5,930)	(18,000)	(27,308)
Carrying amount	919	2,286	2,359	-	5,564



# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## 10. INTANGIBLE ASSETS

	Group		Parent	
	2013	2012	2013	2012
	NZ\$	NZ\$	NZ\$	NZ\$
<b>Prospecting costs &amp; mining tenements</b>				
Balance at beginning of year	8,072,015	7,701,089	8,063,878	7,700,152
Development expenditure	648,075	411,620	643,858	404,420
Less prospecting expenditure written off	-	(40,694)	-	(40,694)
Balance at end of year	8,720,090	8,072,015	8,707,736	8,063,878

The carrying amount of prospecting expenditure is stated at cost. Two independent valuations were obtained, one for the Talisman mining tenement from Mr M Stevens and one for the exploration assets from Mr R Barker. The ultimate value of this asset is dependent on further development, successful commercial extraction and realisation of the respective areas. The carrying value of prospecting costs lie within the respective ranges determined by the valuers in their valuations. As there is no active market for these assets, the valuation was determined using other valuation techniques.

## TENEMENT SCHEDULE

### Permits held by New Talisman Gold Mines Limited

Granted Mining Permit, Coromandel, New Zealand  
51 326 Talisman

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

### Permit held by Northland Minerals Limited (100% owned subsidiary)

Granted Exploration Permits, Northland, New Zealand  
53 706 Parakao

## 11. SHARE INVESTMENTS

	Group	Group	Parent	Parent
	2013	2012	2013	2012
	NZ\$	NZ\$	NZ\$	NZ\$
Investment in listed companies	25,589	27,446	6,739	8,596
Investment in unlisted companies	314,418	9,099	314,418	9,099
Total share investments	340,007	36,545	321,157	17,695

Unlisted shares are held for the long term. They are stated at cost because fair value cannot be reliably measured. Investment in unlisted companies includes a loan to Netcom Global Inc which is interest free until 30 April 2013 and gives the Company the right to convert the loan into equity in the Mpokoto Project described in further detail in the Director's Report.

## 12. SUBSIDIARY COMPANIES

Subsidiaries	Percent held		Incorporated in	Balance date	Activity
	2013	2012			
Coromandel Gold Limited	100%	100%	NZ	31 March	Share investment
Northland Minerals Limited	100%	100%	NZ	31 March	Minerals exploration

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

## 13. ASSOCIATE COMPANY

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

In accordance with NZ IAS 28, the company has recorded the carrying value of the investment at original cost in the parent company (\$1.503m) and on an equity accounting basis in the group (\$0.672m). At 31 March 2013, the market value of the investment was \$1.67m. Recognised revenue and expenses for the associate are audited to 31 December 2012 and unaudited for the quarter ended 31 March 2013.

# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

	<b>Group 2013 NZ\$</b>	<b>Group 2012 NZ\$</b>
<b>Results of associate</b>		
Share of associate's surplus/(deficit)	(264,194)	(228,457)
Income tax	-	-
Share of recognised revenue and expenses for the year	(264,194)	(228,457)
<b>Investment in associate</b>		
Shares at cost	1,502,553	1,502,553
Share of surpluses/(deficits)	(565,899)	(337,442)
Balance at beginning of year	936,654	1,165,111
Share of recognised revenue and expenses for the year	(264,194)	(228,457)
Carrying value at end of year	672,460	936,654
<b>Details of associate at 31 March 2013</b>		
Assets	3,585,160	4,689,480
Liabilities	27,627	265,523
Revenue for the 9 month period to 31 March 2013	446,910	34,875
Loss for the 9 month period to 31 March 2013	709,360	737,934
Percentage held	21.7%	21.7%
Carrying amount	672,460	936,654

## 14. FINANCIAL INSTRUMENTS

### Credit Risk

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

### Currency Risk

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

### Liquidity Risk

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

### Interest Rate Risk

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

<b>Re-pricing Analysis</b>	<b>Effective Interest Rate</b>	<b>Total NZ\$</b>	<b>6 months or less NZ\$</b>
2013 short term bank deposits	2.58%	388,000	388,000
2012 short term bank deposits	4.07%	760,000	760,000

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 range from values directly observed in active markets to those that have to be derived without reference to observable data. Investments in listed companies are measured at fair value based on quoted prices in active markets. As stated in Note 11, the fair value of unlisted shares cannot be reliably measured. Except for unlisted shares, there is no material difference between the carrying amounts and estimated fair values of the company's financial assets and liabilities.

## 15. COMMITMENTS

	<b>Group &amp; Parent</b>	
Operating lease commitments	<b>2013</b>	<b>2012</b>
Lease commitments under non-cancellable operating leases:	<b>\$</b>	<b>\$</b>
Not later than one year	7,959	13,644
Later than one year but not later than two years	-	7,959
	7,959	21,603

The group has capital commitments of NZ\$Nil (2012:NZ\$Nil).

# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## 16. RECONCILIATION OF OPERATING CASHFLOW AND REPORTED DEFICIT

	Group		Parent	
	2013 NZ\$	2012 NZ\$	2013 NZ\$	2012 NZ\$
Net profit/(deficit) after taxation and before including share of retained deficit of associates	(650,071)	(537,802)	(646,715)	(537,802)
Add non-cash items:				
Depreciation	1,103	908	1,103	908
Field expenditure write off	-	40,694	-	40,694
Share revaluation (gain)/loss	7,664	9,339	7,664	9,339
Exchange (gain)/loss	6,160	812	6,160	812
	14,927	51,753	14,927	51,753
Add/(less) movement in working capital:				
Decrease/(increase) in debtors	9,546	(1,361)	9,546	(1,361)
Increase/(decrease) in creditors	(80,284)	(25,571)	(83,640)	(25,571)
Decrease/(increase) in accrued income	993	3,737	993	3,737
Decrease/(increase) in prepayments	(9,362)	(14,987)	(9,362)	(14,987)
Decrease/(increase) in intercompany loans	(7,404)	-	(7,404)	-
Decrease/(increase) in GST	(3,530)	1,365	(3,530)	1,365
	(90,041)	(36,817)	(93,397)	(36,817)
Net cash flows from operating activities	(725,185)	(522,866)	(725,185)	(522,866)

## 17. CONTINGENT LIABILITIES

	Group and Parent	
	Mar 2013 NZ\$	Mar 2012 NZ\$
Contingent liabilities	-	-

## 18. NET TANGIBLE ASSETS PER SECURITY

	Group and Parent	
	Mar 2013 NZ\$	Mar 2012 NZ\$
Net tangible assets	1,384,170	1,363,919
Net tangible assets per security	0.3 cents	0.4 cents

## 19. GOING CONCERN

The financial report has been prepared on a going concern basis. The company raised A\$543,510 less expenses since balance date and is planning further capital raising. The directors expect to hold sufficient funds to ensure that financial obligations can continue to be met for longer than 12 months.

## 20. EARNINGS PER SHARE

479,406,064 shares on issue at 31 March 2013.

	Group Mar 2013	Group Mar 2012	Parent Mar 2013	Parent Mar 2012
Profit/(loss) from continuing operations	NZ\$(914,265)	NZ\$(766,259)	NZ\$(646,715)	NZ\$(537,802)
Weighted average number shares	408,159,233	343,553,188	408,159,233	343,553,188
Basic earnings per share	(0.22) cent	(0.22) cent	(0.16) cent	(0.16) cent
Diluted average shares on issue	599,257,580	343,553,188	599,257,580	343,553,188
Diluted earnings per share	(0.15) cent	(0.22) cent	(0.11) cent	(0.16) cent

## 21. EMPLOYEE BENEFITS

	Group Mar 2013 NZ\$	Group Mar 2012 NZ\$	Parent Mar 2013 NZ\$	Parent Mar 2012 NZ\$
Balance at beginning of year	6,559	5,284	6,559	5,284
Additional provision	36,427	10,852	36,427	10,852
Amount utilised	(26,923)	(9,577)	(26,923)	(9,577)
Balance at end of year	16,063	6,559	16,063	6,559



# NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2013

## 22. RECEIVABLES AND PREPAYMENTS

	<b>Group Mar 2013 NZ\$</b>	<b>Group Mar 2012 NZ\$</b>	<b>Parent Mar 2013 NZ\$</b>	<b>Parent Mar 2012 NZ\$</b>
Sundry receivables	14,006	18,787	14,006	18,787
Accrued income	314	1,307	314	1,307
Prepayments	25,783	16,421	25,783	16,421
Intercompany advances	156	-	14,929	7,199
	<b>40,259</b>	<b>36,515</b>	<b>55,032</b>	<b>43,714</b>

### Health of receivables

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

## 23. JUDGEMENT AND ESTIMATION UNCERTAINTY

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

## 24. SIGNIFICANT EVENTS SINCE BALANCE DATE

A private placement completed in May raised A\$543,510 (before expenses). There has been no change to the loan to Netcom Global Inc because an extension to the 30 April date for conversion was granted.

# ADDITIONAL INFORMATION

## DIRECTOR INFORMATION

The following general disclosures of interest were received in relation to the year ended 31 March 2013:

<b>Director</b>	<b>Relevant Interest in Ordinary Shares</b>	<b>Relevant Interest in Options</b>
P R Atkinson*	16,201,950	Nil
A D Buerger*	Nil	Nil
PV Griffin*	Nil	Nil
G G Hill*	Nil	Nil
M G Hill	Nil	Nil
J M McKee	Nil	Nil
R A Pearce*	Nil	Nil
I J Pringle	Nil	Nil

\*Note: PR Atkinson and GG Hill resigned 26 April 2012; RA Pearce and AD Buerger resigned 1 August 2012 and PV Griffin resigned 3 September 2012.

## DIRECTORS DISCLOSURE OF INTERESTS

The following general disclosures of interest were received in relation to the year ended 31 March 2013:

<b>Director</b>	<b>Entity</b>	<b>Status</b>
<b>P R Atkinson</b>	Broken Hill Prospecting Limited Coromandel Gold Limited Prophecy Mining Limited Up Minister Limited	Director Director Director and shareholder Director and shareholder
<b>G G Hill</b>	Asian Property Services Ltd Asian Property Investments Ltd Australasian Investment Holdings Limited Broken Hill Prospecting Limited Hong Kong Administrative Services International Pacific Capital Limited International Pacific Securities Group Metals Finance Limited Mount Gibson Iron Limited So Co Limited Texas & Oklahoma Coal Company	Director Director Chair Director Chair Director Chair Chair Chair Director and shareholder Director
<b>M G Hill</b>	Service Dogs Fiji Limited Broken Hill Prospecting Limited International Pacific Capital Limited So Co Limited	Director Alternate Director Alternate Director Director
<b>J M McKee</b>	Broad Horizons Limited	Director
<b>I J Pringle</b>	Broken Hill Prospecting Limited	Director

## ADDITIONAL INFORMATION

### SHAREHOLDING STATISTICS AT 12 JUNE 2013

Name	Shares	%
Hamish Elliot Brown	35,000,000	6.62%
HFT Nominees Ltd	30,689,001	5.80%
So Co Limited	28,096,507	5.31%
HSBC Custody Nominees (Australia) Limited	15,164,634	2.87%
International Pacific Securities Limited	14,356,000	2.71%
Peter Robert Atkinson	10,901,950	2.06%
Nimpod Pty Limited	9,852,911	1.86%
Bestfield Company	9,700,000	1.84%
International Pacific Capital Limited	9,567,135	1.81%
Gregorach Pty Limited	9,000,000	1.70%
Newtal Investments Pty Limited	9,000,000	1.70%
Peter William Hall	8,000,000	1.51%
Basil Courtney McGirr	6,707,030	1.27%
Ajava Holdings Pty Limited	6,400,000	1.21%
Jetosea Pty Ltd	6,400,000	1.21%
Ianaki Semerdziev	5,428,286	1.03%
Prophecy Mining Limited	5,340,000	1.01%
Dojomac Management Limited	4,789,000	0.91%
Robert Marshall Walsham & Rachel Sandra Walsham	4,707,800	0.89%
James Lee McGirr	4,629,794	0.88%
TOTAL FOR TOP 20	233,730,048	44.20%
TOTAL SHARES	528,816,064	100%

### DISTRIBUTION OF SHAREHOLDINGS AT 12 JUNE 2013

Size of Holding	Holders	Shares	%
1 - 1,000	103	27,624	0.01%
1,001 - 5,000	221	778,674	0.15%
5,001 - 10,000	199	1,690,923	0.32%
10,001 - 100,000	805	35,110,950	6.64%
100,001 and over	503	491,207,893	92.88%
TOTAL	1,831	528,816,064	100.00%

### OPTION HOLDING STATISTICS AT 12 JUNE 2013

Name	Options	%
HFT Nominees Ltd	22,672,250	18.92%
International Pacific Securities Ltd	14,356,000	11.98%
Hamish Elliot Brown	12,718,283	10.61%
Nimpod Pty Limited	9,852,911	8.22%
Matthew Burford	8,000,000	6.67%
So Co Limited	7,024,127	5.86%
Dojomac Management Pty Limited	4,789,000	4.00%
Ka Fu Tse	2,500,000	2.09%
Acemac Pty Limited <Mac Super A/C>	2,394,500	2.00%
Belanna Pty Ltd	2,394,500	2.00%
Ralph Nicholas Stagg	2,393,500	2.00%
International Pacific Capital Limited	2,391,784	2.00%
William Geoffrey Kroon	1,719,852	1.43%
Forsyth Barr Custodians Limited <Forsyth Barr Ltd – Nominee A/C>	1,525,000	1.27%
Ianaki Semerdziev	1,389,286	1.16%
Robert Marshall Walsham & Rachel Sandra Walsham <R&R Walsham Family A/C>	1,176,950	0.98%
ASB Nominees Limited <317485 ML A/C>	1,000,000	0.83%
George Matthew James Atkinson	1,000,000	0.83%
Riuo Hauraki Limited	992,293	0.83%
Christopher Lindsay Bollam	976,191	0.81%
TOTAL FOR TOP 20	101,266,427	84.49%
TOTAL OPTIONS	119,851,516	100%

## ADDITIONAL INFORMATION

Size of Holding	Holders	Options	%
1 - 1,000	6	2,921	0.00%
1,001 - 5,000	24	79,946	0.07%
5,001 - 10,000	28	223,707	0.19%
10,001 - 100,000	127	5,593,889	4.67%
100,001 and over	68	113,951,053	95.07%
TOTAL	253	119,851,516	100.00%

## COMPLIANCE WITH CORPORATE GOVERNANCE BEST PRACTICE

In accordance with the NZX Corporate Governance Best Practice Code Appendix 16 ("**NZX Code**"), and the ASX Corporate Governance Council's Principles and Recommendations ("**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 Conduct and other policies and procedures relating to the Board and its responsibilities are available on the Company's website [www.newtalisman.co.nz](http://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 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 2012/2013 financial year ("**reporting period**") the Company's corporate governance practices departed from the NZX Code or ASX Recommendations only as set out below.

### EXPLANATION FOR DEPARTURES FROM NZX CORPORATE GOVERNANCE BEST PRACTICE CODE APPENDIX 16

Recommendation	Notification of Departure	Explanation for Departure
<b>2.6: Every issuer should have a formal and transparent method to recommend Director Remuneration to shareholders</b>	The Remuneration Committee does not recommend remuneration packages to shareholders.	Under the Charter adopted by the Board the Remuneration Committee meets once a year to review the Company's executive compensation programme. Subject to NZX Listing Rule requirements, the Board presently considers that such matters are more efficiently determined by the Remuneration Committee itself rather than by way of recommendation to shareholders.
<b>2.7: Directors are encouraged to take a portion of their remuneration under a performance based Equity Security compensation plan and or invest a portion of the cash Director Remuneration in purchasing the Issuer's Equity Securities</b>	Directors were not encouraged to take a portion of their remuneration under either a performance based equity plan or to invest a portion of their remuneration in equity securities of the Company.	The Company currently does not have a director/employee share plan. The Company is working on preparing a plan and intends to present it to shareholders at its 2013 Annual Meeting.
<b>2.9: The Board should establish a formal procedure to regularly assess Director and Board performance</b>	The annual review of director and Board performance was carried out during discussions at the Board Strategy meeting.	Although there was not strict compliance with principle 2.9 of the NZX Code, the Board evaluated its performance and the broader performance of the company at the Board Strategy meeting. The Board considers this form of evaluation is more appropriate and effective due to the small size of the Board.
<b>3.1: For the purposes of Listing Rule 3.6.2 membership on the Audit Committee should comprise solely non-executive Directors of the Issuer</b>	Composition of the Audit Committee for part of the reporting period included two independent directors and one executive director who is not considered independent.	Appointment of an Executive Director to the Audit Committee from 2 August 2012 to 31 March 2013 was necessary to ensure compliance with Listing Rule 3.6.2(b) (that the Audit Committee comprise a minimum of three members). At all times, the majority of the Audit Committee members were independent.



# COMPLIANCE WITH CORPORATE GOVERNANCE BEST PRACTICE

## EXPLANATIONS FOR DEPARTURES FROM ASX RECOMMENDATIONS

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
<b>2.1: A majority of the Board should be independent directors</b>	The board did not have a majority of independent directors for part of the reporting period.	During the transition of directors to and from the Board, from 1 to 10 April and 2 August to 3 September, there were two independent directors and two directors who were not independent. This composition is not considered to constitute a majority of independent directors.
<b>2.2: The [Board] chair should be an independent director</b>	The Board Chair was not an independent director from 1 to 26 April 2012.	The Board was chaired by Mr Geoffrey Hill (not independent) from 1 April to 26 April 2012 until the appointment of Mr Robert Pearce (independent), from 26 April 2012 to 1 August 2012. Subsequently, Mr J (Murray) McKee (independent) was appointed Acting Chair from 1 August 2012.
<b>3.3: Disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them</b>	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 measureable objectives for gender diversity. However, the Board recognises the importance of diversity and has therefore adopted a diversity policy.
<b>4.2: Structure the Audit Committee so that it consists of only non-executive directors, a majority of independent directors, an independent chair who is not chair to the Board, and at least 3 members</b>	The Audit Committee comprised two independent directors and one executive (not independent) director for part of the reporting period. The Audit Committee Chair was also the Board Chair for part of the reporting period. There were two members of the committee for 10 days of the reporting period.	Pending the appointment of a new independent director there were only two members of the Audit Committee from 1 to 10 April 2012. The limited size of the Board and compliance with NZX Listing Rule 3.6.2 made it necessary to appoint an Executive Director to the Audit Committee from 2 August 2012 to 31 March 2013.  Pending the appointment of a new Audit Committee Chair, from 2 August 2012 to 31 December 2012 the Acting Board Chair was also the Audit Chair.
<b>8.2: Structure a Remuneration Committee so that it consists of a majority of independent directors, an independent chair who is not chair to the Board, and at least 3 members</b>	The Remuneration Committee Chair was also Board Chair for part of the reporting period.	Due to limited size of the Board, from 2 August 2012 to 31 December 2012 the Remuneration Chair was also the Board Chair.

# THE BOARD

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. The board assesses the mix of skills essential to the board's effective operation to be significant experience and expertise in: geological data, financial records, financial markets, risk management and statutory compliance. The Board annually considers whether it is of a suitable structure to govern the Company's affairs in a manner that is in the best interests of shareholders. The Board has put in place appropriate safeguards, in particular, where the financial affairs of the Company are concerned.

## 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 the independent directors of the Company were J (Murray) McKee, Ian Pringle, Robert Pearce and Douglas Buerger. Geoffrey Hill, Peter Atkinson, Matthew Hill and Paul Griffin were determined not to be independent directors. Independent directors as at balance date were J (Murray) McKee and Ian Pringle.

## 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.

Of the non-executive directors:

- Geoffrey Hill received a fixed fee for his services as a director;
- J (Murray) McKee received a fixed fee for his services as a director;
- Ian Pringle received a fixed fee for his services as a director;
- Robert Pearce received a fixed fee for his services as a director; and
- Douglas Buerger received a fixed fee for his services as a director.

Of the executive directors:

- Peter Atkinson received a fixed fee for his consulting services to the company, and
- Paul Griffin received a fixed fee for his services as Executive Director, and
- Matthew Hill received a fixed fee for his services as Executive Director.

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

## PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND SENIOR EXECUTIVES

During the reporting period, evaluation of the Board was carried out by the Chair. The evaluation process occurred during the Board Strategy meeting on 28 September 2012. Individual evaluation of Senior Management was conducted by the Chair. The evaluation comprised a comparison of performance against the Company's objectives for the reporting period and an assessment of goals for the next reporting period. A review of Committee Charters and performance was carried out by the Board during the reporting period. Reinvigoration of the Board occurred during the reporting period; director training opportunities will be considered during the coming year.

## 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). Gender diversity as at balance date for the reporting period:

Component	Total	Female Component	% Female Component
Board of Directors	3	0	0%
Senior Management*	2	1	50%
Consultants*	3	1	33%
TOTAL**	8	2	25%

\* Senior Management and Consultants comprise the "Officers" of the Company.

\*\* the 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 assists the Board in carrying out its responsibilities under the Companies Act 1993, the Financial Reporting Act 1993, the NZX Listing Rules and the ASX Listing Rules. The Audit Committee had the opportunity to meet separately with the external auditor in respect of the financial reports. The Audit Committee is responsible for reviewing and reporting to the Board on Annual and Interim Financial Statements, related stock exchange announcements and all other financial information published or released to the market; assisting the Board by 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; recommending to the Board 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.

The minimum number of members on the Audit Committee is three, with a majority comprising independent directors. Members during the reporting period:

Ian Pringle (Independent), Chair from 1 January 2013 to 31 March 2013; J (Murray) McKee (Independent), Chair from 2 August 2012 to 31 December 2012, member from 1 January 2013 to 31 March 2013; Robert A Pearce (Independent), Chair from 11 April 2012 to 1 August 2012; Matthew G Hill (Executive, not Independent), from 2 August 2012 to 31 March 2013.

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

# THE BOARD

During the reporting period the Audit Committee held three meetings. Mr McKee and Mr Pringle attended all meetings, Mr Pearce attended one meeting and Mr Hill attended one meeting.

## NOMINATION COMMITTEE

Some responsibilities of the Nomination Committee were addressed at Board and Strategy meetings during the reporting period. The Board has adopted, and the Nomination Committee applies a Remuneration Committee Charter which is available on the Company's website. The Nomination Committee met once during the reporting period. During the reporting period the Nomination Committee members were Mr J (Murray) McKee (Chair) and Mr M G Hill.

## REMUNERATION COMMITTEE

During the reporting period the Remuneration Committee members were Mr J (Murray) McKee (Chair), Mr Ian Pringle and either Mr R A Pearce or Mr M Hill. The Remuneration Committee met once during the reporting period and assigned some responsibilities to the whole Board for consideration during two strategy meetings held during the reporting period. The Board has adopted, and the Remuneration Committee applies a Remuneration Committee Charter which is available on the Company's website.

## 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 2012/2013 accounts.

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

## ASSURANCES TO THE BOARD

Mr Matthew Hill, Executive Director and Mrs Sue Sangster, Company Secretary, have provided a declaration and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the risk management system is operating effectively in all material respects in relation to financial reporting risk.

## CONTINUOUS DISCLOSURE

The Company has adopted a Continuous Disclosure Policy which sets out obligations for directors, employees and consultants. 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 (or equivalent) 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.

## DIRECTOR AND OFFICER LIABILITY INSURANCE

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

## MATERIALITY

To the extent that it is necessary for the Board to consider issues of materiality, 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. More detailed criteria on materiality, including material 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

In connection with the Company's rights issue in October/November 2012, the Company obtained waivers from NZX Listing Rules 9.2.1 and 7.10.5 to enable:

- A related party of the Company, International Pacific Securities HK Limited, to sub-underwrite the rights issue on an arms' length basis; and
- Eligible shareholders to make application under the rights issue in excess of their pro-rata entitlement in accordance with an oversubscription facility.





## COMPANY DIRECTORY

### DIRECTORS

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

### COMPANY SECRETARY

Mrs Sue Sangster

Incorporated in New Zealand / ABN 009 474 702

### REGISTERED (HEAD) OFFICE

541 Parnell Road, Parnell  
Auckland, New Zealand  
Telephone (+64 9) 303-1893  
Facsimile (+64 9) 303-1612  
Email: [info@newtalisman.co.nz](mailto:info@newtalisman.co.nz)  
Website: [www.newtalisman.co.nz](http://www.newtalisman.co.nz)

### PRINCIPAL OFFICE IN AUSTRALIA

1st Floor, 25 Richardson Street  
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Telephone (+61 8) 9481-2040  
Facsimile (+61 8) 9481-2041

### BANKERS

Westpac Bank, Auckland  
National Australia Bank, West Perth

### AUDITORS

DFK Carlton  
Carlton DFK Centre  
135 Broadway  
Newmarket  
Auckland

### SOLICITORS

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

### SECURITIES LISTED

New Zealand Stock Exchange  
Code: Shares NTL  
Options NTLOA  
Australian Securities Exchange  
Code: Shares NTL

### SHARE REGISTRARS

#### New Zealand:

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

#### Australia:

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Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067, Australia  
Telephone 1300 850 505  
Overseas callers (+61 3) 9415 4000

### Managing your shareholding online:

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

[www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

### General enquiries can be directed to:

[enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

Please assist our registrar by quoting your CSN or shareholder number



25 June 2013

## Director's Statement

The directors of the company declare that:

1. The financial statements and notes, as set out in the Annual Report to 31 March 2013:

(a) Comply with New Zealand International Financial Reporting Standards (IFRS), and

(b) Give a true and fair view of the economic entity's financial position as at 31 March 2013 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.



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J Murray McKee  
Chairman  
New Talisman Gold Mines Limited