



TALISMAN MINING LIMITED

ABN 71 079 536 495

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.00am (WST)

DATE: Monday 24 November 2014

PLACE: Celtic Club
48 Ord Street
West Perth, Western Australia 6005

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 4230.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (WST) on Monday 24 November 2014 at:

Celtic Club
48 Ord Street
West Perth, Western Australia 6005

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

HOW TO VOTE

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

VOTING IN PERSON

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the

power of attorney under which they have been authorised to attend and vote at the meeting.

VOTING BY A CORPORATION

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed. Shareholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the share registry of the Company – www.linkmarketservices.com.au.

VOTING BY PROXY

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).

- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, for the purposes of Resolution 1 (Adoption of the Remuneration Report), Resolution 4 (approval of additional 10% share capacity) and Resolutions 5 and 6 (Issue of Director Options), where a Restricted Voter is appointed as your proxy, that person generally will not cast your vote on Resolution 1, 4, 5 or 6 if you have not directed them how to vote on that Resolution or, if the proxy is the Chair of the Meeting, unless the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. These rules are explained in this Notice.
- If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Adoption of the Remuneration Report), Resolution 4 (approval of additional 10% share capacity) or Resolutions 5 or 6 (Issue of Director Options) by marking either "For", "Against" or "Abstain" for that item of business.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director

that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions.

- To be effective, proxies must be lodged by 10.00am (WST) on 22 November 2014. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:

by post using the pre-addressed envelope provided with this Notice;

by post to Talisman Mining Ltd C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;

in person to 1A Homebush Bay Drive, Rhodes NSW 2138;

by faxing a completed proxy form to +61 2 9287 0309; or

online - www.linkmarketservices.com.au
Select 'Investor Login' and enter the holding details as shown on the proxy form. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, by facsimile, or online and by 10.00 am (WST) on 22 November 2014, being not later than 48 hrs before the commencement of the meeting. If facsimile transmission is used, the power of attorney must be certified.

SHAREHOLDERS WHO ARE ENTITLED TO VOTE

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00 pm (AEDT) (4.00pm WST) on 22 November 2014.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.00 am (WST) on Monday 24 November 2014 at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. ANNUAL REPORT

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2014.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2014 be adopted”.

The vote on this Resolution is advisory only and does not bind the Company or the directors. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this Resolution.

Voting Exclusion:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter whose remuneration details appear in the remuneration report for the financial year ended 30 June 2014. However, the Company need not disregard a vote on Resolution 1 if it is cast on behalf of a person who is entitled to vote and:

- (a) the proxy is appointed by writing and the appointment specifies how the proxy is to vote on the proposed resolution; or
- (b) if the appointment does not specify how the proxy is to vote (undirected proxy), the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair of the Meeting to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chair of the Meeting will vote any undirected proxies to vote in favour of Resolution 1.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either “For”, “Against” or “Abstain” for that item of business.

3. RESOLUTION 2 – RE-ELECTION OF MR GRAEME CAMERON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, Mr Graeme Cameron, a director of the Company who retires in accordance with clause 13.2 of the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company”.

4. RESOLUTION 3 – RE-ELECTION OF MR ALAN SENIOR

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, Mr Alan Senior, a director of the Company who retires in accordance with clause 13.2 of the Company’s constitution and, being eligible, offers herself for re-election, be re-elected as a director of the Company”.

5. RESOLUTION 4 – APPROVAL OF ADDITIONAL SHARE CAPACITY UNDER ASX LISTING RULE 7.1A

To consider and, if thought fit, to pass the following as a **special resolution**:

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the shareholders of the Company approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions as described in the Explanatory Memorandum which forms part of the Notice of Meeting.”

Voting Exclusion:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by or on behalf of a person (and any associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if this Resolution is passed. At this point in time, there are no potential allottees to whom shares may be issued under this Resolution.

However, the Company need not disregard a vote on Resolution 4 if:

- (a) it is cast on behalf of a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chair of the Meeting will vote any undirected proxies to vote in favour of Resolution 4.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either “For”, “Against” or “Abstain” for that item of business.

6. RESOLUTION 5 – ISSUE OF DIRECTOR OPTIONS -GARY LETHRIDGE-

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 2,500,000 Director Options for no consideration, vesting on the dates and subject to the exercise prices set out in the Explanatory Statement (including Annexure A) and expiring on 31 October 2017 to Mr Gary Lethridge (or his nominee) on the terms and conditions set out in the Explanatory Statement (including Annexure A to the Explanatory Statement).”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by Mr Lethridge (or his nominee/s) and any associate of Mr Lethridge (or his nominee/s). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy must not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of Resolution 5.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either “For”, “Against” or “Abstain” for that item of business.

7. RESOLUTION 6 – ISSUE OF DIRECTOR OPTIONS -KAREN GADSBY-

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with section 208 of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Director Options for no consideration, vesting on the dates and subject to the exercise prices set out in the Explanatory Statement (including Annexure A) and expiring on 31 October 2017 to Ms Karen Gadsby (or her nominee) on the terms and conditions set out in the Explanatory Statement (including Annexure A to the Explanatory Statement).”

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by Ms Gadsby (or her nominee/s) and any associate of Ms Gadsby (or her nominee/s). However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy must not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or

- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of Resolution 6.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on this Resolution by marking either "For", "Against" or "Abstain" for that item of business.

DATED: 21 OCTOBER 2014

BY ORDER OF THE BOARD



**DANIEL MADDEN
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 10.00am (WST) on Monday 24 November 2014 at the Celtic Club, 48 Ord Street, West Perth, WA 6005.

The purpose of this Explanatory Statement is to provide information which the directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the directors and of the auditors and the Annual Report, including the financial statements to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements.

Shareholders, as a whole, will be given the opportunity to raise questions on the reports and the statements and will be provided with a reasonable opportunity to ask questions or make comments on the management of the Company at the Annual General Meeting. Questions asked of the Auditor will be limited to those relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the auditor in relation to the conduct of the audit.

The Company's 2014 Annual Report is available at www.talismanmining.com.au. Those holders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires that a resolution that the Remuneration Report be adopted and be put to a vote of Shareholders at the Company's Annual General Meeting. The vote on this resolution is advisory only to the Company and does not bind the Board or the Company.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Remuneration Report is set out in and forms part of the Directors' Report within the Annual Report and is available on the Company website at www.talismanmining.com.au. The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- discusses the relationship between such policy and the Company's performance; and
- sets out remuneration details for each member of Key Management Personnel.

n.b: Executive and non-executive directors accepted a voluntary 15% reduction in salary and superannuation for the 2015 financial year as a result of a number of cost reduction initiatives introduced to reduce corporate and administrative overheads. This follows a 10% reduction in salary and superannuation accepted by all directors and executives in the 2014 financial year.

3. RESOLUTION 2 – RE-ELECTION OF MR GRAEME CAMERON

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors shall retire from office. Mr Graeme Cameron retires from office in accordance with this requirement and being eligible offers himself for re-election by Shareholders as a Director of the Company, with effect from the end of the meeting.

Mr Cameron has been an Executive/Non-Independent Director of the Company since November 2011. Graeme is a Geologist with over 20 years' experience in the mineral exploration industry, holds a BSc (Honours) in Geology and Geophysics from the University of Western Australia, an MSc from Edith Cowan University and is a Member of the Australian Institute of Mining and Metallurgy. Graeme has held Senior Management positions at Falcon Minerals, AngloGold Ashanti, Geoinformatics Exploration and Sons of Gwalia, exploring for large precious and base metals systems in Australia, Canada, South America and Indonesia. In particular, he has been involved in the discovery and development of several Precambrian gold and nickel deposits in the West Australian Goldfields, and the Tanami region of the Northern Territory.

4. RESOLUTION 3 – RE-ELECTION OF MR ALAN SENIOR

Clause 13.2 of the Constitution provides that at each Annual General Meeting one-third of the Directors shall retire from office. Mr Alan Senior retires from office in accordance with this requirement and being eligible offers herself for re-election by Shareholders as a Director of the Company, with effect from the end of the meeting.

Mr Senior has been a Non-Executive/Independent Director of the Company since November 2007 and has been Chairman since that time. Alan is an engineer with over 37 years' experience in design and project development, mainly associated with mining and mineral processing industry in Australia. Alan graduated from the West Australian Institute of Technology (Curtin University) with an Associateship in Mechanical Engineering in 1968 and is a Fellow of the Institution of Engineers Australia and a Fellow of the Australian Institute of Mining and Metallurgy. Alan has extensive experience at all stages of project, from pre-feasibility through to commissioning and operation, for plants handling and/or processing iron ore, gold, copper, bauxite, uranium and coal. Throughout his career Alan has worked for the iron ore industry. In the 1970's and early 80's he worked as a designer on major expansion projects for Mt Newman Mining (now BHPB) and Hamersley Iron (now CRA). Alan was a non-executive Director of Jubilee Mines NL up until its purchase by Xstrata. Before joining the board of Jubilee in 2003 he led the team which completed the feasibility study for the Cosmos Nickel project and its successful implementation, followed three years later by the transition from open cut to underground mining. Alan is the Chairman of the Company's Nomination and Remuneration Committees and also serves on the Company's Audit Committee.

5. RESOLUTION 4 – APPROVAL OF ADDITIONAL SHARE ISSUE CAPACITY UNDER ASX LISTING RULE 7.1A

ASX Listing Rule 7.1A enables mid to small cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placement over a 12 month period (10% Placement Facility). This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the Annual General Meeting:

- a. have a market capitalisation of \$300 million or less; and
- b. not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will satisfy both these criteria at the date of the Annual General Meeting.

Accordingly, Resolution 4 is seeking approval of ordinary shareholders by special resolution for the issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine, on the terms as described in this Explanatory Statement.

At the date of this Notice, the Company has on issue 131,538,627 fully paid ordinary shares and a capacity to issue:

- a. 19,730,794 equity securities under ASX Listing Rule 7.1; and
- b. 13,153,862 equity securities under ASX Listing Rule 7.1A.

The actual number equity securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the equity securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

The effect of Resolution 4 will be to allow the Directors to issue equity securities under ASX Listing Rule 7.1A during a 10% placement period, without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Information required by ASX Listing Rule 7.3A

For the purposes of ASX Listing Rule 7.3A, the following information is provided:

- The minimum price at which the equity securities will be issued will be no less than 75% of the volume weighted average price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
 - a. the date on which the price at which the shares are to be issued is agreed; or
 - b. if the shares are not issued within 5 trading days of the date in paragraph a., the date on which the shares are issued.
- If Resolution 4 is approved by shareholders and the Company issues equity securities under the 10% Placement Facility, the existing ordinary shareholders face the risk of economic and voting dilution as a result of the issue of equity securities which are the subject of this Resolution, to the extent that such shares are issued, including:
 - a. the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
 - b. the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date or the equity securities may be issued as part consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the shares.
- The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of shares and the current number of ordinary securities for variable "A", calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

- a. two examples where variable “A” has increased by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders’ meeting; and
- b. two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

No. of shares on issue ¹	Issue price (per share)	Dilution		
		\$0.093 50% decrease in Issue Price	\$0.185 Issue Price	\$0.37 100% increase in Issue Price
131,538,627 (Current)	Shares issued	13,153,863	13,153,863	13,153,863
	Funds raised	\$1,216,732	\$2,433,465	\$4,866,929
197,307,941 (50% increase)	Shares issued	19,730,794	19,730,794	19,730,794
	Funds raised	\$1,825,098	\$3,650,197	\$7,300,394
263,077,254 (100% increase)	Shares issued	26,307,725	26,307,725	26,307,725
	Funds raised	\$2,433,465	\$4,866,929	\$9,733,858

¹ Variable “A” in Listing Rule 7.1A.2

The table has been prepared on the following assumptions:

- a. the Company issues the maximum number of equity securities available under the 10% Placement Facility in ASX Listing Rule 7.1A;
 - b. no unlisted options (including any unlisted options issued under the 10% Placement Facility) are exercised into share before the date of issue of the equity securities;
 - c. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - d. the table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder’s holding at the date of the Annual General Meeting;
 - e. the table shows only the effect of issues of equity securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1;
 - f. the issue of equity securities under the 10% Placement Facility consists only of shares; and
 - g. the issue price is \$0.185 per share, being the closing price of the shares on ASX on 21 October 2014.
- If any of the shares being approved by this Resolution are issued, they will be issued during the placement period, that is, within 12 months of the date of the Annual General Meeting (i.e. by

24 November 2015) and the approval being sought under Resolution 4 will cease to be valid if ordinary shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) prior to 24 November 2015.

- The shares will be issued for the purpose of raising working capital for the Company, which includes continuation of the Company's mineral exploration activities, the assessment, evaluation and potential acquisition of new business development opportunities and general working capital purposes. A proportion of the shares may be issued for non-cash consideration and in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.
- The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.
- The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of allottees of any equity securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
 - a. the methods of raising funds available to the Company (including but not limited to, rights issue or other issues in which existing security holders can participate), while balancing interest from potential allottees with the interests of existing shareholders;
 - b. the effect of the issue of equity securities on the control of the Company and balancing the interests of existing shareholders. Allocation will be subject to takeover thresholds;
 - c. the financial situation and solvency of the Company and its need for working capital at any given time; and
 - d. advice from corporate, financial and broking advisors (if applicable).
- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting. Potential allottees under the 10% Placement Facility (should it be approved) have not been identified as at the date of this Notice, but may include existing shareholders and/or parties who are not currently shareholders and are not related parties or associates of a related party of the Company.

Resolution 4 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders present and entitled to vote on the resolution must be in favour of the resolution.

The Directors unanimously recommend shareholders vote in favour of Resolution 4.

6. RESOLUTION 5 AND 6 – ISSUE OF DIRECTOR OPTIONS TO RELATED PARTIES

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 3,000,000 Director Options to Mr Gary Lethridge and Ms Karen Gadsby (**Related Parties**) on the terms and conditions set out below. Mr Lethridge and Ms Gadsby are Directors of the Company and therefore related parties under the Corporations Act.

In accordance with the Corporations Act, the grant of a 'financial benefit' to a related party of the public company requires approval under Chapter 2E of the Corporations Act (unless an exception applies). As previously noted, Mr Lethridge and Ms Gadsby are related parties of the Company and the proposed issue of Director Options amounts to the provision of a 'financial benefit'.

In addition, ASX Listing Rule 10.11 requires shareholder approval to be obtained where a company issues, or agrees to issue, securities (including options) to a related party, unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act (in respect of Chapter 2E) and ASX Listing Rule 10.12 (in respect of Listing Rule 10.11) do not apply in the current circumstances. Accordingly, Shareholder approval is being sought for the grant of Director Options to the Related Parties.

6.2 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.13)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the Related Parties are Mr Gary Lethridge and Ms Karen Gadsby who are related parties by virtue of being Directors of the Company;
- (b) the primary purpose of the grant of Director Options to the Related Parties is to provide cost effective consideration to the Related Parties for their ongoing commitment and contribution to the Company in their role as Directors;
- (c) other than as set out in this explanatory statement, the Board does not consider that there are any significant opportunity costs or taxation consequences to the Company or benefits foregone by the Company in issuing the Director Options on the terms proposed;
- (d) the maximum number of Director Options to be granted to the Related Parties is:
 - i. 2,500,000 Director Options to Mr Gary Lethridge; and
 - ii. 500,000 Director Options to Ms Karen Gadsby.

The proposed number of Director Options to be granted is based upon what is considered by the Directors to be appropriate to fulfil the objectives of providing effective consideration for the ongoing commitment and contribution to the Company by Mr Lethridge and Ms Gadsby in their role as Directors and to provide an incentive for Mr Lethridge and Ms Gadsby to remain with the Company;

- (e) the nature of the proposed financial benefit to be given to Mr Lethridge and Ms Gadsby is the grant of 2,500,000 and 500,000 Director Options respectively for nil consideration.
- (f) the Director Options will have exercise prices, vesting dates and expiry dates as follows:

Gary Lethridge

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	625,000	145% of 5 day VWAP	245% of 5 day VWAP	6 months from date of grant	31/10/2017
2	625,000	190% of 5 day VWAP	290% of 5 day VWAP	12 months from date of grant	31/10/2017
3	625,000	235% of 5 day VWAP	335% of 5 day VWAP	18 months from date of grant	31/10/2017
4	625,000	280% of 5 day VWAP	380% of 5 day VWAP	24 months from date of grant	31/10/2017

Karen Gadsby

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	125,000	145% of 5 day VWAP	245% of 5 day VWAP	6 months from date of grant	31/10/2017
2	125,000	190% of 5 day VWAP	290% of 5 day VWAP	12 months from date of grant	31/10/2017
3	125,000	235% of 5 day VWAP	335% of 5 day VWAP	18 months from date of grant	31/10/2017
4	125,000	280% of 5 day VWAP	380% of 5 day VWAP	24 months from date of grant	31/10/2017

*The Exercise Price will be the 5 day volume weighted average share price (VWAP) prior to the commencement of trade on 24 November 2014 plus the VWAP multiplied by the Exercise Premium.

- (g) other terms and conditions of the Director Options are set out in Annexure A;
- (h) a valuation of the Director Options and the pricing methodology for that valuation is set out in Annexure B. The value of these options will be expensed in the Company's financial statements over the relevant vesting periods;
- (i) as at the date of this Notice, the Related Parties' interests in the securities of the Company are as set out below:

Related Party	Shares	Unlisted Options
Gary Lethridge	1,666,667	3,000,000*
Karen Gadsby	311,334	nil

*The following Unlisted Options of Gary Lethridge will expire on 31 October 2014:

No. Options	Exercise Price	Vesting Date	Expiry Date
750,000	\$0.72	7/12/2010	31/10/2014
750,000	\$0.80	1/12/2011	31/10/2014
750,000	\$1.00	30/6/2012	31/10/2014
750,000	\$1.12	1/12/2012	31/10/2014

- (j) a summary of the estimated value of the Director Options is tabled below:

Tranche	Value per Director Option (\$)
1	\$0.12
2	\$0.12
3	\$0.11
4	\$0.11

The total value of Director Options proposed to be issued to Mr Lethridge is \$290,626 and \$58,125 to Ms Gadsby. These are theoretical valuations derived using the Black- Scholes Model.

(Refer to Annexure B for full details of the valuation of the Director Options).

- (k) the remuneration and emoluments paid by the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current full financial year (including the value of Director Options proposed to be granted) are as follows:

Related Party	Current Financial Year				Previous Financial Year			
	Short term payments and post employment benefits	Non-Monetary	Share Based Payments	Total	Short term payments and post employment benefits	Non-Monetary	Share Based Payments	Total
Mr Lethridge	\$ 307,846	\$ 15,980	\$ 167,193	\$ 491,019	\$ 355,750	\$ 15,980	\$ 21,308	\$ 393,038
Ms Gadsby	\$ 50,261		\$ 33,439	\$ 83,699	\$ 58,995	\$ -	\$ -	\$ 58,995

- (l) if the Director Options granted to the Related Parties are exercised, a total of 3,000,000 Shares would be allotted and issued. The Company presently has on issue 131,538,627 Shares and 8,250,000 Options exercisable into Shares over various exercise periods and at various exercise prices. The dilution effect of exercise of the 3,000,000 Director Options as proposed above is 2.28% of Shares on issue (assuming no other Options are issued) and 2.15% on a fully diluted basis (that is, assuming that all other Options on issue are exercised);
- (m) the market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time, any of the Director Options are exercised and the Company's Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company. The trading history of the Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	\$0.26	16 July 2014
Lowest	\$0.09	6 June 2014
Last	\$0.185	21 October 2014

- (n) Mr Gary Lethridge has abstained from making a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest (as a potential recipient of Director Options) in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 5, recommend that shareholders vote in favour of Resolution 5 for the following reasons:
- i. the other Directors consider that it is important for the Company to be able to retain experienced directors and that the proposed grant of Director Options to Mr Lethridge is appropriate for his level of experience and contribution to the Company;
 - ii. the Company has previously issued options to Directors and Resolution 5 ensures consistency of treatment
 - iii. Mr Lethridge is the Managing Director of the Company, so therefore the Directors consider that the proposed number of 2,500,000 Director Options to be granted to Mr Lethridge are appropriate to:
 - motivate Mr Lethridge to pursue long term growth and success of the company (within an appropriate control framework);
 - align the interests of key leadership with the long-term interests of the Company's shareholders; and
 - ensure a clear correlation between performance and remuneration, in accordance with the Company's remuneration policy.

- iv. If the Company is unable to issue Director Options then it may need to consider whether, in order to attract and retain appropriate directors, it needs to increase the level of cash fees payable. By issuing Director Options the Company will be able to spend a greater portion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the related party;
 - v. Executive Director fees were reduced by 10% from 2013 as all directors accepted a voluntary 10% reduction in fees and superannuation for the 2014 financial year. In addition, all executive and non-executive directors have voluntarily accepted a 15% reduction in salary and superannuation for the 2015 financial year as a result of a number of initiatives introduced to reduce corporate and administrative overheads prior and subsequent to the financial year end; and
 - vi. the Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2014 Annual Report that, given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals.
- (o) Ms Karen Gadsby has abstained from making a recommendation to Shareholders in relation to Resolution 6 due to her material personal interest (as a potential recipient of Director Options) in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 6, recommend that shareholders vote in favour of Resolution 6 for the following reasons:
- i. the other Directors consider that it is important for the Company to be able to retain experienced directors and that the proposed grant of Director Options to Ms Gadsby is appropriate for her level of experience and contribution to the Company;
 - ii. the Company has previously issued options to Non-Executive Directors and Resolution 6 ensures consistency of treatment;
 - iii. the Non-Executive Directors' fee pool of \$300,000 is currently utilised as to \$180,100 (inclusive of superannuation) for the financial year ending 30 June 2015. If the Company is unable to issue Director Options then it may need to consider whether, in order to attract and retain appropriate directors, it needs to increase the level of cash fees payable. By issuing Director Options the Company will be able to spend a greater portion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the related party;
 - iv. Non-executive Director fees were reduced by 10% from 2013 as all directors accepted a voluntary 10% reduction in fees and superannuation for the 2014 financial year. In addition, all executive and non-executive directors have voluntarily accepted a 15% reduction in salary and superannuation for the 2015 financial year as a result of a number of initiatives introduced to reduce corporate and administrative overheads prior and subsequent to the financial year end;
 - v. The Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2014 Annual Report that, given the Company is at its early stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue unlisted options to Non-Executive Directors, subject to obtaining the relevant approvals; and
 - vi. although the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd ed) recommend against the issue of equity securities to non-executive directors, the Company does see merit in ensuring that the interests of all Directors (including non-executives) are further aligned with those of the shareholders so that all can participate in any future upside in the Company's share price.

- (p) The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution; and
- (q) The following information in relation to the Director Options to be granted pursuant to Resolutions 5 and 6 is provided to Shareholders for the purposes of Listing Rule 10.13:
- i. the Director Options will be granted to Mr Lethridge and Ms Gadsby (or their nominee/s);
 - ii. the maximum number of Director Options to be granted is 3,000,000 Director Options (being 2,500,000 and 500,000 to Mr Lethridge and Ms Gadsby respectively);
 - iii. the Director Options will be granted on 24 November 2014;
 - iv. the Director Options will be issued to the Related Parties no later than one (1) month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that all of the Director Options will be issued on one date;
 - v. the Director Options will be granted for nil cash consideration and accordingly no funds will be raised by their issue. Any funds raised upon the exercise of the Director Options will be used for working capital purposes; and
 - vi. other terms and conditions of the Director Options are set out in Annexure A.
- (r) Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being sought under ASX Listing Rule 10.11 (and where approval is given under Listing Rule 10.11, it is not separately required under Listing Rule 7.1). Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

Voting

Note that, pursuant to ASX Listing Rule 14.11, a voting exclusion applies to Resolutions 5 and 6 in the terms set out in the Notice of Meeting. In particular, Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on the Resolution.

6. ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9380 4230 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Savings Time.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party has the meaning given in the Corporations Act.

Company means Talisman Mining Limited (ABN 71 079 536 495).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current Directors of the Company.

Director Options means those Options to be granted to a Director the subject of Resolutions 5 and 6.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Key Management Personnel has the meaning given in the Corporations Act.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the explanatory statement.

Option means an option to acquire a Share.

Optionholder means a holder of an Option, Director Option or Employee Option as the context requires.

Related Body Corporate has the meaning given in the Corporations Act.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

VWAP means the volume weighted average price of Shares.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Director Option, the Optionholder must exercise the Director Options in accordance with the terms and conditions of the Director Options.
- (b) The Director Options will expire at 5:00 pm (WST) on 31 October 2017 (Expiry Date). Any Director Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Director Options shall comprise four tranches with the following exercise prices (Exercise Price) and different vesting dates as follows:

Gary Lethridge

Tranche	Number of options	Vesting date	Exercise Premium	Exercise Price*	Expiry date
1	625,000	6 months from date of grant	145% of 5 day VWAP	245% of 5 day VWAP	31 October 2017
2	625,000	12 months from date of grant	190% of 5 day VWAP	290% of 5 day VWAP	31 October 2017
3	625,000	18 months from date of grant	235% of 5 day VWAP	335% of 5 day VWAP	31 October 2017
4	625,000	24 months from date of grant	280% of 5 day VWAP	380% of 5 day VWAP	31 October 2017

Karen Gadsby

Tranche	Number of options	Vesting date	Exercise Premium	Exercise Price*	Expiry date
1	125,000	6 months from date of grant	145% of 5 day VWAP	245% of 5 day VWAP	31 October 2017
2	125,000	12 months from date of grant	190% of 5 day VWAP	290% of 5 day VWAP	31 October 2017
3	125,000	18 months from date of grant	235% of 5 day VWAP	335% of 5 day VWAP	31 October 2017
4	125,000	24 months from date of grant	280% of 5 day VWAP	380% of 5 day VWAP	31 October 2017

*The Exercise Price will be the 5 day volume weighted average share price (VWAP) prior to the commencement of trade on 24 November 2014 plus the VWAP multiplied by the Exercise Premium.

- (d) Any Director Options which have not vested at the time the Optionholder ceases to be a Director shall automatically lapse. Any that have vested shall remain capable of exercise up to the Expiry Date.
- (e) The Director Options held by the Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Optionholder may exercise their Director Options (provided that they have vested) by lodging with the Company, before the Expiry Date:
 - i. a written notice of exercise of Director Options specifying the number of Director Options being exercised; and

- ii. a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (i) The Director Options are not transferable.
- (j) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Director Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options without first exercising the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (n) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (o) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Director Option had been exercised before the record date for the bonus issue.
- (p) Upon the occurrence of a Trigger Event, all of the outstanding Director Options shall vest. For the purposes of this clause a Trigger Event means:
 - i. the Company obtaining approval at a general meeting for it and its members to enter a scheme of arrangement pursuant to the Corporations Act;
 - ii. the date that the relevant interest of a bidder under a takeover bid for the Company is recorded as a minimum of 50.1% and the bid being declared unconditional;
 - iii. the Company obtaining approval at a general meeting for a transaction under Section 611 Item 7 of the Corporations Act; or
 - iv. the date upon which a person or a group of associated persons becomes entitled to sufficient Shares to give it or them the ability, in general meeting, to replace all or appoint a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

ANNEXURE B – VALUATION OF DIRECTOR OPTIONS

The Director Options to be issued to the related parties pursuant to Resolutions 5 and 6 have been valued by internal management (who, it is considered, have sufficient qualifications, expertise and experience to conduct such a valuation) based on a valuation methodology using the Black-Scholes Option Pricing Model, which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the Black-Scholes Model is a function of a number of variables and is rounded to the nearest one hundredth of a cent.

The following estimated valuation assumes that the issue date and share price on date of issue of the Director Options is 24 November 2014. The valuation is not a representative valuation of the Director Options at the proposed date of issue. In order for this valuation to be provided, a new valuation model would need to be run at the time of issue (i.e. immediately following the General Meeting of Shareholders).

The assessment of the estimated value of the Options has been prepared applying the following assumptions:

G Lethridge and K Gadsby				
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Valuation date	21-Oct-14	21-Oct-14	21-Oct-14	21-Oct-14
Expiry date	31-Oct-17	31-Oct-17	31-Oct-17	31-Oct-17
5 day VWAP at 21 October	\$0.17	\$0.17	\$0.17	\$0.17
Exercise Premium*	145%	190%	235%	280%
Exercise Price*	\$0.42	\$0.50	\$0.58	\$0.65
Risk free rate	2.60%	2.60%	2.60%	2.60%
Volatility	139%	139%	139%	139%
Value per Option	\$0.122	\$0.118	\$0.114	\$0.111
Karen Gadsby				
Number of Options	125,000	125,000	125,000	125,000
Total value	\$15,301	\$14,744	\$14,257	\$13,823
Gary Lethridge				
Number of Options	625,000	625,000	625,000	625,000
Total value	\$76,507	\$73,722	\$71,283	\$69,114

*In the examples above the exercise price is the 5 day volume weighted average share price (VWAP) at valuation date (21 October 2014) plus the VWAP multiplied by the Exercise Premium.

The total value of Director Options issued to Mr Lethridge and Ms Gadsby in the example above is \$290,626 and \$58,125 respectively.

In deriving the valuation the Black-Scholes Model relies upon the following assumptions:

- there are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost;
- the risk free interest rate is known and constant throughout the duration of the option contract;
- the underlying shares do not pay a dividend; and
- share prices behave in a manner consistent with a random walk in continuous time.

Any change in the variables applied in the Black-Scholes Model between the date of the valuation and the date the Director Options are granted would have an impact on their value.



Talisman Mining Limited
ABN 71 079 536 495

LODGE YOUR VOTE



ONLINE >

www.linkmarketservices.com.au



By mail:
Talisman Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Talisman Mining Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Monday, 24 November 2014 at Celtic Club, 48 Ord Street, West Perth, WA 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 5 and 6: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intentions below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 5 and 6 even though the Items are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of Talisman Mining Limited.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 4 Approval of additional Share Capacity under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Mr Graeme Cameron	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Issue of Director Options - Gary Lethridge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-election of Mr Alan Senior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Issue of Director Options - Karen Gadsby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

TLM PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you have specified the way your proxy is to vote on a particular resolution, and if a poll is called on that resolution, and your named proxy does not attend the Meeting or does not vote on that resolution, the Chairman of the Meeting will be taken to have been appointed as your proxy for the purposes of voting on that resolution.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark with an 'X' in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (WST) on Saturday, 22 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

Talisman Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.