



TALISMAN MINING LIMITED

ABN 71 079 536 495

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.00 am (WST)

DATE: Thursday, 10 November 2016

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 10.00 am (WST) on Thursday, 10 November 2016 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, on-line, 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 and 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, 1,6,7,8,9,10 or 11 where a

Restricted Voter is appointed as your proxy, that person generally will not cast your vote on Resolutions 1, 6, 7, 8, 9, 10 or 11 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 6 (Re-Approval of Executive and Employee Option Plan) and Resolution 7-11 (Issue of options to related parties) 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 8 November 2016**. 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 Limited 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 8 November 2016, being not later than 48 hours 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 8 November 2016.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.00 am (WST) on Thursday, 10 November 2016 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 2016.

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 2016 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 section 250R(4) of the Corporations Act, a vote must not be cast (in any capacity) on Resolution 1 by, or on behalf of, either of the following persons:

- (a) a member of Key Management Personnel (“KMP”), details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, such a person may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (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 on the resolution (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 if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

The Chair of the Meeting will vote any undirected proxies in favour of Resolution 1 in accordance with the requirements of the Corporations Act and ASX Listing Rules.

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 JEREMY KIRKWOOD

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

“That Mr Jeremy Kirkwood, a director of the Company who retires in accordance with clause 13.4 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 DANIEL MADDEN

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

“That, Mr Daniel Madden, a director of the Company who retires in accordance with clause 13.4 of the Company’s constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company”.

5. RESOLUTION 4 – 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 himself for re-election, be re-elected as a director of the Company”.

6. RESOLUTION 5 – 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 Statement accompanying this Notice of Meeting.”

Voting Exclusion:

The Company will disregard any votes cast on Resolution 5 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 5 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 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 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 – RE-APPROVAL OF EXECUTIVE AND EMPLOYEE OPTION PLAN

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

“That, for the purposes of Listing Rule 7.2 (Exception 9), section 260C(4) of the Corporations Act and for all other purposes, approval is given to the issue of Options under the Talisman Mining Executive and Employee Option Plan (EEOP) as described in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 6 by any Director of the Company who is eligible to participate in the Talisman Mining Executive and Employee Option Plan (EEOP) and their associates.

However, the Company need not disregard a vote cast on Resolution 6 if:

- a. it is cast by 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.

In addition, a vote must not be cast on Resolution 6 by a member of the KMP, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 6.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolution 6 because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

The Chair of the Meeting will vote any undirected proxies 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.

8. RESOLUTION 7 – ISSUE OF OPTIONS -JEREMY KIRKWOOD-

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 10.14 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 750,000 Options to Mr Jeremy Kirkwood, or his nominee, under the Talisman Mining Executive and Employee Option Plan (EEOP) on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”

9. RESOLUTION 8 – ISSUE OF OPTIONS -DAN MADDEN-

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 10.14 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 3,000,000 Options to Mr Dan Madden, or his nominee, under the Talisman Mining Executive and Employee Option Plan (EEOP) on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”

10. RESOLUTION 9 – ISSUE OF OPTIONS -BRIAN DAWES-

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 10.14 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Options to Mr Brian Dawes, or his nominee, under the Talisman Mining Executive and Employee Option Plan (EEOP) on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”

11. RESOLUTION 10 – ISSUE OF 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 10.14 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Options to Ms Karen Gadsby, or her nominee, under the Talisman Mining Executive and Employee Option Plan (EEOP) on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”

12. RESOLUTION 11 – ISSUE OF OPTIONS -ALAN SENIOR-

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 10.14 and for all other purposes, the Directors be and are hereby authorised to grant and issue up to 500,000 Options to Mr Alan Senior, or his nominee, under the Talisman Mining Executive and Employee Option Plan (EEOP) on the terms described in the Explanatory Statement which forms part of the Notice of Meeting.”

Voting Exclusion Statement for Resolutions 7, 8, 9, 10 and 11:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolutions 7, 8, 9, 10 and 11 by any Director of the Company who is eligible to participate in the Talisman Mining Executive and Employee Option Plan (EEOP) and their associates.

However, the Company need not disregard a vote cast on Resolutions 7, 8, 9, 10 and 11 if:

- c. it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- d. 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.

In addition, a vote must not be cast on Resolutions 7, 8, 9, 10 and 11 by a member of the KMP, or a closely related party of a KMP, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolutions 7, 8, 9, 10 and 11.

This restriction on voting undirected proxies does not apply to the Chairman of the Meeting acting as proxy for a person entitled to vote on Resolutions 7, 8, 9, 10 and 11 because the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies.

The Chair of the Meeting will vote any undirected proxies in favour of Resolutions 7, 8, 9, 10 and 11.

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: 6 OCTOBER 2016
BY ORDER OF THE BOARD

A handwritten signature in black ink that reads "Alex Neuling". The signature is written in a cursive style with a long horizontal flourish extending to the right.

ALEX NEULING
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 10.00 am (WST) on Thursday, 10 November 2016 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 2016 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 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. However, if 25% or more of the votes are cast against two consecutive annual section 250R(2) resolutions, the Corporations Act requires a shareholder vote on whether to convene a special meeting at which all directors (other than a managing director), who were in office when the second 250R(2) resolution was voted on, must stand for re-election.

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 KMP of the Company;
- discusses the relationship between such policy and the Company's performance; and
- sets out remuneration details for each member of KMP.

Note: 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. RESOLUTIONS 2 & 3 – RE-ELECTION OF MR JEREMY KIRKWOOD AND MR DANIEL MADDEN

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Both Mr Jeremy Kirkwood and Mr Daniel Madden, having been appointed by the Directors during the year to 30 June 2016 will now retire at the Annual General Meeting in accordance with Clause 13.4 and, being eligible, seek election by Shareholders.

Jeremy Kirkwood BCom ANU, Non-Executive Chairman

Jeremy Kirkwood joined Talisman in April 2016 and has extensive experience in corporate strategy, investment banking and global capital market and provides invaluable strategic input and guidance to the Company's board and management team.

A highly respected corporate advisor, Mr Kirkwood is a principal of Pilot Advisory Group and was previously a Managing Director at Credit Suisse, Morgan Stanley and Austock. He has primarily worked in public markets, undertaking merger and acquisitions and capital raisings for companies principally in the metals and mining, energy and infrastructure sectors. Mr Kirkwood is a Director of BGD Corporation, Chair of Geelong Grammar School and a Director of Independent Schools Victoria.

Daniel Madden BComACC, ACA, Governance Institute of Australia, Managing Director

Dan Madden was appointed as acting CEO in April 2016 and has been with Talisman since 2009 in his previous role as Chief Financial Officer and Company Secretary. Dan has more than 15 years' experience in the resource sector, including as Financial Controller for Jubilee Mines NL and General Manager – Finance for Xstrata Nickel Australasia.

Dan graduated from the University of Birmingham with a degree in Commerce and Accounting before joining Deloitte in the UK and Australia. He is an Associate Member of the Institute of Chartered Accountants of England and Wales and a member of the Governance Institute of Australia.

On the 1st of July 2016, Mr. Madden was appointed as the Managing Director of Talisman Mining Ltd.

The Board (with Mr Kirkwood and Mr Madden each abstaining in respect of their own election) unanimously recommends that Shareholders vote in favour of Mr Kirkwood and Mr Madden's election as Directors.

4. RESOLUTION 4 – 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.

Alan Senior graduated from the West Australian Institute of Technology (Curtin University) with an Associateship in Mechanical Engineering in 1968. He is an engineer with extensive experience in design and project development, mainly associated with the mining and mineral processing industry in Australia.

Prior to joining Talisman, Alan operated as an independent consultant servicing the mineral processing industry. 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 was a non-executive Director of Jubilee Mines NL up until its purchase by Xstrata.

Alan was the Chairman of Talisman for over 8 years. He serves on the Company's Audit, Nomination and Remuneration Committees. With extensive industry experience and being financially literate, Alan is considered qualified to hold these responsibilities.

The Board (with Mr Senior abstaining) unanimously recommends that Shareholders vote in favour of Mr Senior's re-election as a Director.

5. RESOLUTION 5 – 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 5 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 185,699,879 fully paid ordinary shares. If Resolution 5 is passed, the Company will be permitted to issue (as at the date of this Notice):

- a. 27,854,981 equity securities under ASX Listing Rule 7.1; and
- b. 18,569,987 equity securities under ASX Listing Rule 7.1A.

The actual number of 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 5 will be to allow the Directors to issue equity securities under ASX Listing Rule 7.1A, 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:

1. 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.

2. If Resolution 5 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:
- 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
 - 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:

- 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
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rules 7.1A.2		Dilution		
		\$0.19 50% decrease in issue price	\$0.38 Issue price	\$0.76 100% increase in issue price
Current Variable A 185,699,879 Shares	10% voting dilution	18,569,987	18,569,987	18,569,987
	Funds raised	\$3,528,298	\$7,056,595	\$14,113,190
50% increase in current Variable A 278,549,819 Shares	10% voting dilution	27,854,981	27,854,981	27,854,981
	Funds raised	\$5,292,446	\$10,584,893	\$21,169,786
100% increase in current Variable A 371,399,758 Shares	10% voting dilution	37,139,975	37,139,975	37,139,975
	Funds raised	\$7,056,595	\$14,113,191	\$28,226,381

The table has been prepared on the following assumptions:

- the Company issues the maximum number of equity securities available under the 10% Placement Facility in ASX Listing Rule 7.1A;
- no unlisted options (including any unlisted options issued under the 10% Placement Facility) are exercised into shares before the date of issue of the equity securities;
- 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%;
- 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 \$0.38 per share, being the closing price of the shares on ASX on 5 October 2016 (rounded to the nearest cent).
3. 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 10 November 2017) and the approval being sought under Resolution 5 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 10 November 2017.
 4. 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.
 5. 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).
 6. The Company obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting on 6 November 2015. The total number of equity securities issued in the 12 months preceding the date of the Meeting is 37,639,975, representing 25.3% of the total number of equity securities on issue at the commencement of that 12 month period. Of these equity securities, 500,000 were issued under exception 9 to Listing Rule 7.1, 27,854,981 were issued within the 15% placement capacity allowed under Listing Rule 7.1 and 18,569,987 were issued within the Listing Rule 7.1A additional placement capacity. The details of all issues of equity securities by the Company during the 12 months preceding the date of the Meeting is set out in Annexure A to this Explanatory Statement.
 7. 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.
 8. 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.

Resolution 5 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 Board unanimously recommends that Shareholders vote in favour of this Resolution.

6. RESOLUTION 6 – RE-APPROVAL OF EXECUTIVE AND EMPLOYEE OPTION PLAN (EEOP)

In general terms, ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period.

An exception to Listing Rule 7.1 is set out in Listing Rule 7.2 (Exception 9) which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to Listing Rule 7.1. The Talisman EEOP was last approved by Shareholders at the 2015 Annual General Meeting on 6 November 2015. While the approval was less than three years ago, the Company has decided to seek re-approval as the Company has decided to use the EEOP to issue options to Directors. The Explanatory Statement in 2015 stated that:

- *“since the introduction of the EEOP, there have been no EEOP Options or Options outside of the EEOP issued to any Director.*
- *Options that have been issued to Directors in past years have been issued on terms and conditions outside of the EEOP and with separate Shareholder approval under the ASX Listing Rules.*
- *the Board does not currently intend to use the EEOP for any future award of Options to any Director.”*

For the reasons set out in this Explanatory Statement, the Board has now decided to use the EEOP to issue options to Directors, rather than issue Director Options outside the EEOP. The Board wishes to be fully transparent to Shareholders and refresh the approval. The Board is still seeking approval from Shareholders separately under Resolutions 7, 8, 9, 10 and 11 for the issue of options to Directors, this Resolution only seeks approval of the EEOP itself. This is consistent with past practice of seeking Shareholder approval for the EEOP.

Resolution 6 seeks Shareholder approval for the Company to have the capacity to issue Options under the EEOP as an exception to Listing Rule 7.1 in accordance with Listing Rule 7.2 (Exception 9). Furthermore, if Resolution 6 is passed, Listing Rule 7.2 (Exception 4) will exempt any shares that are issued on the conversion of EEOP Options that are issued under this approval from Listing Rule 7.1.

The purpose of the EEOP is to:

- recognise the ability and efforts of the Directors, employees and long term contractors of the Company who have contributed to the success of the Company;
- provide an incentive to Directors, employees and long term contractors to achieve the long term objectives of, and improve the performance of the Company;
- attract persons of experience and ability to the Company; and
- foster and promote loyalty between the Company and its Directors, employees and long term contractors.

In order to take advantage of the exemption from Listing Rule 7.1 contained in Listing Rule 7.2 (Exception 9) and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the EEOP as an exemption from Listing Rule 7.1.

The passing of this Resolution will provide approval for the giving of financial assistance to the acquisition of Shares on the conversion of EEOP Options pursuant to section 260C(4) of the Corporations Act.

For the purposes of Exception 9 of Listing Rule 7.2:

- a. 500,000 EEOP Options have been issued to employees under the EEOP since the date of the last Shareholder approval of the EEOP (on 6 November 2015). No Shares have been issued on the exercise of EEOP Options during this period;
- b. A summary of the key terms of the EEOP is set out in Annexure B to the Explanatory Statement; and
- c. A voting exclusion statement is included in the Notice of Meeting under Resolution 6.

A copy of the EEOP will be available at the Meeting venue immediately prior to and during the Meeting.

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

7. RESOLUTION 7, 8, 9, 10 AND 11 – ISSUE OF OPTIONS TO RELATED PARTIES

7.1 Background

Under resolutions 7 to 11, the Company is seeking Shareholder approval, to allot and issue a total of 5,250,000 Options under the Talisman EEOP to Directors of the Company on the terms and conditions set out below.

The primary purpose of the grant of share based payment compensation to KMP is to provide cost effective consideration for their ongoing retention, commitment and contribution to the Company.

The vesting dates of options granted as share based payments are structured to encourage and potentially reward longevity of service to the Company and realisation of value to Shareholders

Potential value at the vesting date of proposed options can only be realised by Directors upon increases in the Company's share price of between 25% and 70% to the 5 day volume weighted share price at the date of grant of the options. This represents a performance criteria directly related to substantial share price increases prior to realisation of potential value. Optionholders must also be a director at the time of vesting for granted options to vest and then subsequently exercise the options to realise value.

In determining the number and terms of the Options proposed to be granted, the Board has had regard to various factors, including but not limited to, alignment of incentives with increased Shareholder value, market practice for comparable companies, previous remuneration practice by the Company and consideration of the demands and responsibilities of the positions held. Specifically, the Board notes that:

- (i) Of the 2,750,000 options held by existing Directors as at 30 June 2016, 2,750,000 will have expired or been relinquished by the date of the Meeting, with the result that Directors will not hold any incentive options as at the Meeting Date;
- (ii) The Company's Chairman, Mr Jeremy Kirkwood, having been appointed in April 2016, has not previously received any equity-based remuneration awards from the Company; and
- (iii) The Company's Managing Director and CEO, Mr Daniel Madden, has not received any equity-based remuneration awards since being appointed to the role. Options granted to Mr Madden in his previous role as CFO were granted on 23 November 2013 and are due to expire on 31 October 2016.
- (iv) The quantum of options proposed to be issued to Mr Madden is consistent with the quantum of options issued to the previous Managing Director (Gary Lethridge) who resigned on 31 March 2016.

- (v) The quantum of options proposed to be issued to Non-Executive Directors is consistent with the quantum of options previously issued following approval by Shareholders and which have now expired.
- (vi) The total number of options proposed to be issued to Directors represents 2.8% of the Company's current share capital and will vest in 5 tranches over a four year period.

7.2 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 5,250,000 Options under the Talisman EEOP to Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior (**Related Parties**) on the terms and conditions set out below. Each of Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior 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 Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior are related parties of the Company and the proposed issue of Options amounts to the provision of a 'financial benefit'.

In addition, ASX Listing Rule 10.14 requires Shareholder approval to be obtained to issue securities under an employee incentive scheme to a Director of the Company. Accordingly, approval for the grant of the Options to Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior is required. Approval of this Resolution will result in the grant of Options to Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior falling within exception 14 in Listing Rule 7.2 (in addition to Exception 9, which will also apply if Resolution 6 is approved). Therefore, the issue of securities to Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior will not be included in the 15% calculation for the purposes of Listing Rule 7.1. The issue of Shares in the Company on the vesting of the Options will also be excluded from Listing Rule 7.1.

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) do not apply in the current circumstances. Accordingly, Shareholder approval is being sought for the grant of Options to the Related Parties under both the Corporations Act and the ASX Listing Rules.

7.3 Shareholder Approval (Chapter 2E of the Corporations Act and ASX Listing Rule 10.14)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed grant of Options under Resolutions 7, 8, 9, 10 and 11:

- (a) the Related Parties are Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior who are related parties by virtue of being Directors of the Company;
- (b) the primary purpose of the grant of 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 Options on the terms proposed;
- (d) the maximum number of Options to be granted to the Related Parties is:
 - i. 750,000 Options to Mr Jeremy Kirkwood;

- ii. 3,000,000 Options to Mr Dan Madden, the Managing Director;
- iii. 500,000 Options to Mr Brian Dawes;
- iv. 500,000 Options to Ms Karen Gadsby; and
- v. 500,000 Options to Mr Alan Senior.

The proposed number of 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 Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior in their role as Directors and to provide an incentive for Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior to remain with the Company. The quantum of options is consistent with past precedent for the Company and should Shareholder approval be obtained the total number of options held by Directors post the issue of the proposed options will represent 2.8% of the Company's issued share capital;

- (e) the nature of the proposed financial benefit to be given is the grant of Options for nil consideration as shown below:

- i. 750,000 Options to Mr Jeremy Kirkwood;
- ii. 3,000,000 Options to Mr Dan Madden, the Managing Director;
- iii. 500,000 Options to Mr Brian Dawes;
- iv. 500,000 Options to Ms Karen Gadsby; and
- v. 500,000 Options to Mr Alan Senior.

- (f) the Options will have exercise prices, vesting dates and expiry dates as follows:

Jeremy Kirkwood

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	150,000	125% of the current share price*	\$0.48*	Immediately upon grant	31/10/2018
2	150,000	135% of the current share price*	\$0.51*	30 June 2017	31/10/2019
3	150,000	145% of the current share price*	\$0.55*	30 June 2018	31/10/2019
4	150,000	160% of the current share price*	\$0.61*	30 June 2019	31/10/2021
5	150,000	170% of the current share price*	\$0.65*	30 June 2020	31/10/2021

* Premium to be calculated relative to the 5-day Volume Weighted Average Price (VWAP) immediately prior to the date of the Meeting, indicative exercise prices are based on a \$0.38 VWAP share price.

Dan Madden

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	600,000	125% of the current share price*	\$0.48*	Immediately upon grant	31/10/2018
2	600,000	135% of the current share price*	\$0.51*	30 June 2017	31/10/2019
3	600,000	145% of the current share price*	\$0.55*	30 June 2018	31/10/2019
4	600,000	160% of the current share price*	\$0.61*	30 June 2019	31/10/2021
5	600,000	170% of the current share price*	\$0.65*	30 June 2020	31/10/2021

** Premium to be calculated relative to the 5-day VWAP immediately prior to the date of the Meeting, indicative exercise prices are based on a \$0.38 VWAP share price.*

Brian Dawes

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	100,000	125% of the current share price*	\$0.48*	Immediately upon grant	31/10/2018
2	100,000	135% of the current share price*	\$0.51*	30 June 2017	31/10/2019
3	100,000	145% of the current share price*	\$0.55*	30 June 2018	31/10/2019
4	100,000	160% of the current share price*	\$0.61*	30 June 2019	31/10/2021
5	100,000	170% of the current share price*	\$0.65*	30 June 2020	31/10/2021

** Premium to be calculated relative to the 5-day VWAP immediately prior to the date of the Meeting, indicative exercise prices are based on a \$0.38 VWAP share price.*

Karen Gadsby

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	100,000	125% of the current share price*	\$0.48*	Immediately upon grant	31/10/2018
2	100,000	135% of the current share price*	\$0.51*	30 June 2017	31/10/2019
3	100,000	145% of the current share price*	\$0.55*	30 June 2018	31/10/2019
4	100,000	160% of the current share price*	\$0.61*	30 June 2019	31/10/2021
5	100,000	170% of the current share price*	\$0.65*	30 June 2020	31/10/2021

** Premium to be calculated relative to the 5-day VWAP immediately prior to the date of the Meeting, indicative exercise prices are based on a \$0.38 VWAP share price.*

Alan Senior

Tranche	Numbers	Exercise Premium	Exercise Price*	Vesting Date	Expiry Date
1	100,000	125% of the current share price*	\$0.48*	Immediately upon grant	31/10/2018
2	100,000	135% of the current share price*	\$0.51*	30 June 2017	31/10/2019
3	100,000	145% of the current share price*	\$0.55*	30 June 2018	31/10/2019
4	100,000	160% of the current share price*	\$0.61*	30 June 2019	31/10/2021
5	100,000	170% of the current share price*	\$0.65*	30 June 2020	31/10/2021

** Premium to be calculated relative to the 5-day VWAP immediately prior to the date of the Meeting, indicative exercise prices are based on a \$0.38 VWAP share price.*

- (g) in the case of vested Options, clause 11.1(3) of the EEO Rules (as explained in clause 2.5 in Annexure B) will not apply. Therefore any vested Options will expire on the earlier of the Expiry Date or a determination of the Board that the Director has, in the Board's opinion:
- (i) been dismissed or removed from office for a reason which entitles a company in the Group to dismiss the Optionholder without notice or has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of that company (whether or not charged with an offence); or

- (ii) done any act which brings the Group or any company in the Group into disrepute;
- (h) other terms and conditions of the Options are as set out in Annexure B;
- (i) a valuation of the Options and the pricing methodology for that valuation is set out in Annexure C. The value of these options will be expensed in the Company's financial statements over the relevant vesting periods;
- (j) 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
Jeremy Kirkwood	119,000	Nil
Dan Madden	Nil	1,000,000 (expiry 31 Oct 2016)
Brian Dawes	353,333	500,000 (expiry 31 Oct 2016)
Karen Gadsby	311,334	Nil
Alan Senior	116,666	750,000 (expiry 31 Oct 2016)

As at the date of the AGM no Directors will hold options.

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

Tranche	Value per Option (\$)
1	0.1227
2	0.1513
3	0.1437
4	0.1876
5	0.1823

The total value of Options proposed to be issued to each Director is as follows. These are theoretical valuations derived using the Black-Scholes Model.

Related Party	Value of Options over the 5 tranches
Jeremy Kirkwood	\$118,140
Dan Madden	\$472,560
Brian Dawes	\$78,760
Karen Gadsby	\$78,760
Alan Senior	\$78,760

The Black Scholes valuations are non-cash, inferred values and realisation of any value from the options requires growth in the share price between the date of grant of the options and the vesting date of the options in addition to the options then being exercised. This represents a performance criteria directly related to share price increases prior to realisation of potential value. Optionholders must also be a Director at the time of vesting for granted options to vest.

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

- (l) the remuneration details of each of the Directors are set out on pages 25 to 32 of the Company's remuneration report, which forms part of the Annual Report and is available on the Company's website at <http://www.talismanmining.com.au/investor-centre/annual-reports.html>;
- (m) if the Options granted to the Related Parties are exercised, a total of 5,250,000 Shares would be allotted and issued. The Company presently has on issue 185,699,879 Shares and 5,650,000 Options exercisable into Shares over various exercise periods and at various exercise prices. The dilution effect of exercise of the 5,250,000 Options as proposed above is 2.83% of Shares on issue (assuming no other Options are issued) and 2.74% on a fully diluted basis (that is, assuming that all other Options on issue are exercised);
- (n) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time, any of the Options are exercised and the Company's Shares are trading on ASX at a price that is higher than the exercise price of the 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	\$0.62	3 November 2015
Lowest	\$0.35	20 September 2016
Last	\$0.38	5 October 2016

**rounded to the nearest cent*

- (o) Jeremy Kirkwood has abstained from making a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest (as a potential recipient of Options) in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 7, recommend that Shareholders vote in favour of Resolution 7 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 Options to Mr Kirkwood is appropriate for his level of experience and contribution to the Company;
 - ii. the issue of Options is a cost-effective and efficient incentive and retention mechanism when compared to other forms of incentive, taking into account the circumstances of the Company;
 - iii. the Company has previously issued options to Directors and Resolution 7 ensures a congruent and consistent remuneration philosophy;
 - iv. the Non-Executive Directors' fee pool of \$300,000 is currently utilised as to \$194,671 (inclusive of superannuation) for the financial year ending 30 June 2016. If the Company is unable to issue 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 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. the Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2016 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. the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.) (**Principles**) note that it is generally acceptable for

non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. In accordance with the Principles, these Options do not have Company specific performance conditions so as to not lead to bias in the Non-Executive Directors' decision-making nor to compromise their objectivity.

(p) Dan Madden has abstained from making a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest (as a potential recipient of Options) in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 8, recommend that Shareholders vote in favour of Resolution 8 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 Options to Mr Madden is appropriate for his level of experience and contribution to the Company;
- ii. the issue of Options is a cost-effective and efficient incentive and retention mechanism when compared to other forms of incentive, taking into account the circumstances of the Company;
- iii. the Company has previously issued options to Directors, in particular the Managing Director, and Resolution 8 ensures a congruent and consistent remuneration philosophy;
- iv. Mr Madden is the Managing Director of the Company, so therefore the Directors consider that the proposed number of 3,000,000 Options to be granted to Mr Madden are appropriate to:
 - motivate Mr Madden 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.
- v. If the Company is unable to issue 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 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; and
- vi. the Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2016 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 Directors, subject to obtaining the relevant approvals.

(q) Mr Brian Dawes has abstained from making a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest (as a potential recipient of Options) in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 9, recommend that Shareholders vote in favour of Resolution 9 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 Options to Mr Dawes is appropriate for his level of experience and contribution to the Company;
- ii. the issue of Options is a cost-effective and efficient incentive and retention mechanism when compared to other forms of incentive, taking into account the circumstances of the Company;
- iii. the Company has previously issued options to Non-Executive Directors and Resolution 9 ensures a congruent and consistent remuneration philosophy;

- iv. the Non-Executive Directors' fee pool of \$300,000 is currently utilised as to \$194,671 (inclusive of superannuation) for the financial year ending 30 June 2016. If the Company is unable to issue 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 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. the Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2016 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
 - vii. the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.) (*Principles*) note that it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. In accordance with the Principles, these Options do not have Company specific performance conditions so as to not lead to bias in the Non-Executive Directors' decision-making nor to compromise their objectivity.
- (r) Ms Karen Gadsby has abstained from making a recommendation to Shareholders in relation to Resolution 10 due to her material personal interest (as a potential recipient of Options) in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 10, recommend that Shareholders vote in favour of Resolution 10 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 Options to Ms Gadsby is appropriate for her level of experience and contribution to the Company;
 - ii. the issue of Options is a cost-effective and efficient incentive and retention mechanism when compared to other forms of incentive, taking into account the circumstances of the Company;
 - iii. the Company has previously issued options to Non-Executive Directors and Resolution 10 ensures a congruent and consistent remuneration philosophy;
 - iv. the Non-Executive Directors' fee pool of \$300,000 is currently utilised as to \$194,671 (inclusive of superannuation) for the financial year ending 30 June 2016. If the Company is unable to issue 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 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;
 - viii. The Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2016 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
 - ix. the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.) (*Principles*) note that it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. In accordance with the Principles, these Options do not have Company specific performance conditions so as to not lead to bias in the Non-Executive Directors' decision-making nor to compromise their objectivity.
- (s) Mr Alan Senior has abstained from making a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest (as a potential recipient of Options) in the

outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 11, recommend that Shareholders vote in favour of Resolution 11 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 Options to Mr Senior is appropriate for his level of experience and contribution to the Company;
 - ii. the issue of Options is a cost-effective and efficient incentive and retention mechanism when compared to other forms of incentive, taking into account the circumstances of the Company;
 - iii. the Company has previously issued options to Non-Executive Directors and Resolution 11 ensures a congruent and consistent remuneration philosophy;
 - iv. the Non-Executive Directors' fee pool of \$300,000 is currently utilised as to \$194,671 (inclusive of superannuation) for the financial year ending 30 June 2016. If the Company is unable to issue 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 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. The Company has previously noted in the Corporate Governance Statement and Remuneration Report within its 2016 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
 - x. the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd ed.) (*Principles*) note that it is generally acceptable for non-executive directors to receive securities as part of their remuneration to align their interests with the interests of other security holders. In accordance with the Principles, these Options do not have Company specific performance conditions so as to not lead to bias in the Non-Executive Directors' decision-making nor to compromise their objectivity.
- (t) 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
- (u) The following information in relation to the Options to be granted pursuant to Resolutions 7, 8, 9, 10 and 11 is provided to Shareholders for the purposes of Listing Rule 10.15:
- i. the Options will be granted to Mr Jeremy Kirkwood, Mr Dan Madden, Mr Brian Dawes, Ms Karen Gadsby and Mr Alan Senior (or their nominee/s);
 - ii. the maximum number of Options to be granted is:
 - (A) 750,000 Options to Mr Jeremy Kirkwood;
 - (B) 3,000,000 Options to Mr Dan Madden, the Managing Director;
 - (C) 500,000 Options to Mr Brian Dawes;
 - (D) 500,000 Options to Ms Karen Gadsby; and
 - (E) 500,000 Options to Mr Alan Senior.
 - iii. the Company intends to grant the Options shortly after the AGM but in any event within one year after the AGM;
 - iv. the Options will be granted for nil cash consideration and the exercise prices outlined in 6.2 (f) above will be required to be paid on exercise of any Options;
 - v. with the exception of Mr Dan Madden who received options under the EEOP in his previous role as CFO on 23 November 2013 (and which are due to expire on 31 October 2016), no persons referred to in ASX Listing Rule 10.14 have received securities under the EEOP previously;

- vi. a voting exclusion statement is set out under Resolutions 7, 8, 9, 10 and 11 in the Notice of Meeting;
- vii. there is no loan attaching to the offer of Options under the EEOP;
- viii. if approval is given for the issue of securities under ASX Listing Rule 10.14, approval is not required under Listing Rule 7.1; and
- ix. other terms and conditions of the Options are set out in Annexure B.

8. 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.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it.

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.

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 or a person otherwise not entitled to vote on a resolution in accordance with the voting exclusion as applicable to a resolution.

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

Shareholder means a holder of a Share.

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

ANNEXURE A – INFORMATION REQUIRED BY LISTING RULE 7.3A.6

	<i>Issue 1</i>	<i>Issue 2</i>
Date of issue	17 March 2016	4 April 2016
Number issued	37,139,975	500,000
Class and terms of equity security	Ordinary Shares.	Unlisted options expiring 31 March 2019, exercisable at \$0.80 - \$1.00
Names of persons who received securities or basis on which those persons was determined	Institutional and sophisticated investors (determined at the discretion of the Board and Joint Lead Managers)	Employee under EEO (as determined by the Board)
Price	\$0.45	Nil
Discount to market price (if any)	6.25%	N/A
<i>For cash issues:</i>		
Total cash consideration received (before costs)	\$16,712,989	N/A
Amount of cash consideration spent	Nil	N/A
Use of cash consideration	N/A	N/A
Intended use for remaining amount of cash (if any)	To enable Talisman to continue to contribute to joint venture funding at the Springfield copper-gold joint venture, to progress Talisman's growth strategy at the Sinclair Nickel Project and for general working capital.	N/A

ANNEXURE B – SUMMARY OF THE EXECUTIVE AND EMPLOYEE OPTION PLAN

A summary of the terms and conditions of the Executive and Employee Option Plan (“EEOP”) is set out below.

1. Eligible Persons

The Board may, from time to time, determine the extent to which eligible persons participate in the EEOP. An eligible person is a person who is a full or part-time employee, Director, officer or contractor (in general, being a person who has worked for the Company for more than one year and who is engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the Company) of the Company or a Related Body Corporate.

2. Terms of the Offer of Options

- 2.1. No monies will be payable for the issue of the EEOP Options.
- 2.2. The exercise price and expiry date of each EEOP Option will be determined by the Board from time to time, but prior to the issue of the EEOP Option.
- 2.3. Each vested EEOP Option shall convert to one Share on payment of the exercise price. All Shares issued upon the exercise of the EEOP Options will rank *pari passu* in all respects with the Company’s then issued Shares. The Company will apply for the Shares issued upon the exercise of the EEOP Options to be listed on ASX.
- 2.4. The Board may, in its absolute discretion, issue EEOP Options with performance hurdles, exercise conditions or a combination thereof.
- 2.5. Generally, EEOP Optionholders will have 90 days to exercise vested EEOP Options if they cease to be an eligible person. EEOP options will expire immediately on dismissal of the EEOP Optionholder as an employee or contractor from the Company for cause (e.g. in cases of fraud, defalcation or gross misconduct). If an EEOP Optionholder retires or ceases to be an eligible person due to their death or permanent disability, the EEOP Options will remain exercisable on their terms.
- 2.6. The performance hurdles or exercise conditions (if any) may be waived or varied by the Board in special circumstances, such as death, retirement or permanent disability of the EEOP Optionholder.
- 2.7. EEOP Options will not be listed for official quotation on ASX.
- 2.8. If at any time the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed to comply with the ASX Listing Rules and Corporations Act at the time of the reorganisation.
- 2.9. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without first exercising the Options.
- 2.10. 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 Options, the exercise price of the Options will be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- 2.11. In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

2.12. Upon the occurrence of a Trigger Event, all of the outstanding 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.

3. Termination

The EEOP may be terminated, amended or suspended at any time by the Board. However, the termination of the plan will not affect or prejudice EEOP Options granted prior to the termination or suspension.

ANNEXURE C – VALUATION OF OPTIONS

The Options to be issued to the related parties pursuant to Resolutions 7, 8, 9, 10 and 11 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 Options is as at 5 October 2016. The valuation is not necessarily a representative valuation of the Options at their actual 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 Annual General Meeting of Shareholders).

The assessment of the estimated value of the Options is as follows:

Name	Number of Options	Value of Options
Jeremy Kirkwood	750,000	\$118,140
Dan Madden	3,000,000	\$472,560
Alan Senior	500,000	\$78,760
Brian Dawes	500,000	\$78,760
Karen Gadsby	500,000	\$78,760
Total	5,250,000	\$826,980

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

- a share price of \$0.38 and assumed volatility of 72.5% was used
- 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 (assumed to be 1.585%);
- 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 Options are granted would have an impact on their value.

The Black Scholes valuations are non-cash, inferred values and realisation of any value from the Options requires growth in the share price between the date of grant of the Options and the vesting date of the Options in addition to the Options then being exercised. This represents a performance criteria directly related to share price increases prior to realisation of potential value. Optionholders must also be a Director at the time of vesting for granted Options to vest. Options vest in 5 tranches over a four year period.

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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

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **10:00am (WST) on Tuesday, 8 November 2016**, 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 reverse of this Proxy Form).

HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark 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.

**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.**

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 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 act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (WST) on Thursday, 10 November 2016 at the Celtic Club, 48 Ord Street, West Perth, Western Australia 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 6, 7, 8, 9, 10 and 11: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 6, 7, 8, 9, 10 and 11, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

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

STEP 2

VOTING DIRECTIONS

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

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Options – Brian Dawes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Jeremy Kirkwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of Options – Karen Gadsby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Daniel Madden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Issue of Options – Alan Senior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Mr Alan Senior	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Approval of additional share capacity under ASX listing rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Re-approval of Executive and Employee option plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of Options – Jeremy Kirkwood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Options – Dan Madden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* 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).

